

Energy Efficiency Independent Evaluators' **Semiannual Report**

Southern California Gas Company

Third-Party Energy Efficiency Program Solicitations

Reporting Period: October 2023 through March 2024

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Disclaimer: This Report includes sensitive and confidential information.

ENERGY EFFICIENCY INDEPENDENT EVALUATORS' SEMIANNUAL REPORT

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I. Overview

A. Purpose

The Independent Evaluators' (IE) Semiannual Report (Semiannual Report or Report) provides an assessment of the Southern California Gas Company (SoCalGas or Company) third-party energy efficiency (EE) program solicitation process and progress by SoCalGas' assigned IEs.

Each investor-owned utility (IOU) is required to select and utilize a pool of IEs with EE expertise to serve as consultants to the Procurement Review Group (PRG).¹ For the entire solicitation process, the IE serves as a consultant to the PRGs, participates in PRG meetings, and provides assessments of the overall third-party solicitation process and progress.² The IEs are privy to viewing all submissions, are invited to participate in the IOU's solicitation-related discussions, and are bound by confidentiality obligations.

In Decision 18-01-004, the California Public Utilities Commission (CPUC or Commission) directs that a semiannual report on the overall process and conduct of the third-party solicitations be filed in the relevant EE rulemaking proceeding.³ This Report is provided in response to this requirement and represents an assessment of the program solicitation activities conducted from April 1, 2023, through September 30, 2023. This Report provides feedback to the CPUC on the progress of SoCalGas' EE program solicitations.

This Report identifies areas for improvement and highlights effective practices recognized by the IEs based on SoCalGas' current program solicitations. The Report does not replace the required Final IE Solicitation Reports, which each respective assigned IE will provide to SoCalGas and its PRG after each solicitation. These reports will be filed periodically throughout SoCalGas' third-party program solicitation process.

B. Background

In August 2016, the CPUC adopted Decision 16-08-019, which defined a "third-party program" as a program proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator.⁴

In January 2018, the CPUC adopted Decision 18-01-004 directing the four California IOUs, San Diego Gas & Electric (SDG&E), Pacific Gas and Electric (PG&E), Southern California Edison (SCE), and SoCalGas, to assemble an EE PRG⁵. The IOU's PRG, a CPUC-endorsed entity, is composed of non-

¹ Decision 18-01-004, OP 2.

² Id, p. 38.

³ OP 5.c.

⁴ Decision 16-08-019, OP 10.

⁵ Decision 18-01-004, OP 3.

financially interested parties such as advocacy groups, utility-related labor unions, and other non-commercial, energy-related special interest groups. The PRG oversees the IOU's EE solicitation process (both local and statewide), reviewing procedural fairness and transparency. This oversight includes examining overall procurement prudence and providing feedback during all solicitation stages. Each IOU periodically⁶ briefs its PRG throughout the process on topics including Request for Abstract (RFA) and Request for Proposal (RFP) language development, abstract and proposal evaluation, contract negotiations, and program Implementation Plan development.

Minimum Threshold Requirement for Third-Party Programs

In Decision 18-01-004, the CPUC directed the IOUs to ensure their EE portfolios contain minimum percentages of third-party-designed and implemented programs by predetermined dates.⁷ In November 2019, the CPUC granted IOUs various extension requests to meet the CPUC's initial 25% threshold requirement⁸ due to delays with the initial phases of the third-party solicitation efforts. Beginning December 31, 2022, the IOUs must maintain at least 60% of third-party programs within their EE portfolios. The IOUs are required to list their current third-party contracts, including an aggregate dollar value, in their Annual Energy Efficiency Reports on the CPUC's CEDARS reporting system.⁹

Guidance Letter from the Energy Division

On March 11, 2020, the Energy Division provided additional guidance to the IOUs in response to specific challenges experienced in the market, as raised through the semiannual CPUC-hosted public workshops to identify process improvements directed at the following issues:

Solicitation Schedules

- Allocate up to 12 weeks from RFA release to notify bidders of the invitation to respond to RFP.
- Allocate up to 15 weeks from RFP release to notification of bidders' invitation to Contract negotiation.
- Execute Contract 12 weeks after an invitation to Contract negotiation unless the IOU conducts multiple negotiations within the same solicitation, the program is complex, or the Contract addresses challenging elements.
- Update the solicitation schedules in the next quarterly update.

⁶ At monthly PRG meetings and off-cycle meetings as needed.

⁷ Decision 18-01-004, OP 1.

⁸ CPUC Letter to IOUs regarding the "Request for Extension of Time to Comply with Ordering Paragraph 4 of Decision 18-05-041", November 25, 2019.

⁹ Decision 18-01-004, OP 8.

RFA Guidance

- Adhere to the intent of the RFA stage explained in Decision 18-01-004.
- Refrain from requesting excessive detail in the RFA stage.

IOU Communication to Bidders

- Notify bidders of the status of the solicitation throughout the entire process.
- Provide better feedback to bidders by delivering on their commitments made in response to stakeholder requests.
- Provide non-advancing bidders notification if their abstracts/proposals did not advance due to an incomplete or non-conforming submission, a violation, or an unmitigated conflict of interest.
- After the deadlines are met for June 30 and September 30, 2020, the Energy Division encourages the IOUs to make feedback available to bidders notified before the date of this letter that they did not advance to the next stage of solicitations.

Energy Efficiency Portfolio Segments & Total System Benefits

In Decision 21-05-031, the CPUC approved significant changes to EE policy, most notably adopting a new metric for EE programs called Total System Benefit (TSB) and segmenting the EE portfolios into programs whose primary purposes are Resource Acquisition, Market Support, or Equity.¹⁰ Program Administrators are required to apply the TSB metric to program years 2024 and beyond.¹¹ Generally, IOUs will conduct a solicitation for programs within one of these portfolio segments. A summary of the key objectives for each portfolio segment is presented below.

- **Resource Acquisition** – Programs with a primary purpose of, and a short-term ability to, deliver cost-effective avoided cost benefits to the electricity system. Short-term is defined as during the approved budget period for the portfolio. This segment should make up the bulk of savings to achieve TSB goals.
- **Market Support** – Programs with a primary objective of supporting the long-term success of the EE market by educating customers, training contractors, building partnerships, or moving beneficial technologies towards greater cost-effectiveness.
- **Equity** – Programs with a primary purpose of serving hard-to-reach (HTR) or underserved customers and disadvantaged communities (DAC) in the advancement of the Commission's Environmental and Social Justice Action Plan; the objectives of such programs may include increasing customer safety, comfort, resiliency, and/or reducing customers' energy bills.

¹⁰ Decision 21-05-031, OP 2.

¹¹ Id, OP 1.

Single- or Two-Stage Solicitation Approaches

Effective February 3, 2023, the CPUC allows IOUs to launch either a single- or two-stage solicitation approach for soliciting third-party program design and implementation services as part of the EE portfolio. The IOU is required to provide its PRG with the rationale for conducting either a single- or two-stage solicitation.¹²

C. Overview of Solicitations

This Report represents a collection of individual IE assessments for SoCalGas' active program solicitations. It also provides an overview of solicitation activities and a high-level summary of issues and potential recommendations gleaned from the individual IE assessments for ease of review. The Report does not address program solicitations for which SoCalGas has yet to release an RFA or RFP.

Table C.1 lists SoCalGas' current third-party solicitations, including a breakdown of each solicitation, assigned IE, and status.

Solicitations	Assigned IEs	Solicitation Status
Local Residential Single Family	The Mendota Group	Completed
Local Residential Multifamily	The Mendota Group	Completed
Local Small and Medium Commercial	Don Arambula Consulting	Completed
Local Small and Medium Public	Apex Analytics	Completed
Statewide Point-of-Sale Food Service	MCR Corporate Services	Completed
Statewide Midstream Water Heating	MCR Corporate Services	Completed
Statewide Gas Emerging Technologies	Don Arambula Consulting	Completed
Local Residential Manufactured Homes	Apex Analytics	Completed
Local Large Commercial	Don Arambula Consulting	Completed
Local Agricultural	MCR Corporate Services	Completed
Local Behavioral (Residential, Business)	Apex Analytics	Completed
Local Industrial	Don Arambula Consulting	Completed
Local Outreach	Apex Analytics	Completed
Local Large Public	Apex Analytics	Completed
Retail Channel Support	MCR Corporate Services	Completed
Local Nonresidential Energy Advisor	MCR Corporate Services	Completed
Local Multifamily Whole Building	Apex Analytics	Completed
Local Marketplace	Don Arambula Consulting	Completed
Local HERS Rater Training	MCR Corporate Services	Completed
Local IDEEA 365 – Round 1	Don Arambula Consulting	Contracting
Local Commercial SEM	Apex Analytics	Contract Executed
Local IDEEA 365 – Round 2	Don Arambula Consulting	RFP

¹² Decision 23-02-002, OP 7.

Table C.1: Solicitations Overview		
Solicitations	Assigned IEs	Solicitation Status
Legend: Pre-RFA: Activities conducted before RFA release. RFA: Includes bid preparation and evaluation period. Pre-RFP: Activities conducted before RFP release. RFP: Includes bid preparation and evaluation period. Contracting: Contract negotiations are being held. Contract Executed: Both parties signed the contract. Completed: All solicitation activities have been concluded. Suspended: Solicitation held until a later date. Canceled: Solicitation was withdrawn; scope may be included in a future solicitation.		

Since starting the third-party solicitation process in late 2018, SoCalGas has executed the contracts listed in Table C.2. These executed contracts represent third-party programs that may be eligible towards SoCalGas' minimum third-party program threshold requirements as directed by the CPUC in Ordering Paragraph 4 of Decision 18-05-041.

Table C.2: Summary of Executed Contracts					
Solicitation	Implementer	Program Name	Contract Execution Date	Total Contract Value	Diverse Business Enterprise (DBE) % ¹³
Local Small and Medium Commercial	Franklin Energy Services	Small and Medium Commercial Energy Efficiency Program	September 24, 2020	\$4,499,999	9.6%
Local Small and Medium Commercial	ICF Resources	C-BEST Program	August 31, 2020	\$5,996,023	10.4%
Local Residential Single Family	Synergy Companies	Residential Advanced Clean Energy Program	September 21, 2020	\$9,000,000	42%
Local Residential Single Family	Global Energy Services, Inc.	Community Language Efficiency Outreach Program	September 21, 2020	\$2,994,250	100%
Local Residential Multifamily	ICF Resources	Multifamily Energy Alliance Program	September 21, 2020	\$5,999,990	12.4%
Local Residential Multifamily	Energx Controls, Inc.	Multi-Family Space and Water Heating Controls Program	December 23, 2020	\$1,338,039	20.7%

¹³ The DBE spend is an estimate from the Contracts to show the percentage of the budget that is forecasted to be contracted and/or subcontracted with DBE firms. Actual DBE spend will be reported by the IOU per General Order 156. 100% DBE indicates the Implementer is a qualified DBE. These programs may contain significant levels of customer incentives that are not eligible for DBE classification.

Table C.2: Summary of Executed Contracts					
Solicitation	Implementer	Program Name	Contract Execution Date	Total Contract Value	Diverse Business Enterprise (DBE) % ¹³
Local Small and Medium Public	Synergy Companies	Small-Medium Public Program	August 31, 2020	\$6,000,000	42%
Statewide Point-of-Sale Food Service	Energy Solutions	California Foodservice Instant Rebates Program	November 23, 2020	\$46,826,772	6.8%
Statewide Midstream Water Heating	DNV Energy Services USA, Inc.	Statewide Midstream Water Heating Program	November 20, 2020	\$45,840,873	20.3%
Local Agricultural	ICF Resources	Agriculture Energy Efficiency Program	December 14, 2020	\$8,996,359	0.7%
Large Commercial	Willdan	Large Commercial Program	December 17, 2020	\$12,350,000	40%
Local Manufactured Homes	Synergy Companies	Comprehensive Manufactured Homes Program	December 21, 2020	\$4,800,000	42%
Large Commercial	Enovity, Inc.	Service RCx+ Large Commercial Program	December 23, 2020	\$2,650,000	0%
Local Manufactured Homes	Staples & Associates	Residential Manufactured Homes Program	December 23, 2020	\$2,700,000	13.3%
Statewide Gas Emerging Technologies	ICF Resources	Statewide Gas Emerging Technologies Program	June 24, 2021	\$8,880,804	21%
Local Behavioral	Oracle	Customer Usage and Therm Engagement Program	October 29, 2021	\$9,279,600	31%
Local Behavioral	Bidgely	Performance-Based Next Gen HERs for All	November 1, 2021	\$2,078,883	0%
Local Behavioral	Bidgely	Performance-Based Next Gen HERs for Small Business	December 23, 2023	\$1,672,125	0%
Local Outreach	Global Energy Services	Disadvantaged Communities Outreach Program	May 3, 2022	\$2,700,000	100%
Local Large Public	Energy Infrastructure Partners	Large Public Sector Program	October 12, 2022	\$4,882,770	100%
Local Industrial	Wildan	Refinery Gas Energy Efficiency	December 19, 2022	\$24,629,078	0%

Table C.2: Summary of Executed Contracts					
Solicitation	Implementer	Program Name	Contract Execution Date	Total Contract Value	Diverse Business Enterprise (DBE) % ¹³
Local Retail Channel Support	ICF Resources	Retail Channel Support Program	December 22, 2022	\$2,997,250	10%
Local Nonres. Energy Advisory	Richard Heath & Associates	Business Energy Efficiency Survey	December 27, 2022	\$2,315,750	100%
Local Multifamily Whole Building	Richard Heath & Associates	Comprehensive Multifamily Incentive Program	December 28, 2022	\$18,000,000	100%
Local Industrial	Cascade Energy	I2i SEM	December 28, 2022	\$6,800,000	13.36%
Local Industrial	Cascade Energy	I-STAR	December 28, 2022	\$5,500,000	13.42%
Local Industrial	CLEAResult	Industrial Energy Partners	December 28, 2022	\$24,600,000	37.30%
Local Marketplace	Enervee	Local SoCalGas Marketplace powered by Enervee	December 29, 2022	\$4,851,400	0%
Local HERS Rating Training	CHEERS	HERS Training by CHEERS	December 30, 2022	\$1,350,000	0%
Local IDEEA	Frontier Energy	BEER Program	December 31, 2023	\$669,850	8%
Local IDEEA	Okapi Architecture	A+K-12 Program	December 31, 2023	\$699,422	100%
Local Commercial SEM	CLEAResult	Commercial SEM Program	January 11, 2024	\$8,397,740	10%
Local IDEEA	CEGY	Pool Energy Efficiency Program	February 15, 2024	\$699,920	36%
Total				\$290,996,469	26%

D. IE Assessment of Solicitations

Table D.1 reflects a detailed summary of IE recommendations and outcomes during the reporting period, gleaned from the individual IE reports on specific solicitations, as presented in Attachment II. It is important to note that the recommendations listed in Table D.1 may not reflect the opinions of all IEs. For a complete list of all IE recommendations made during this reporting period, please refer to the individual IE reports in Attachment II.

Table D.1: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
Innovative Program Deployment	With its IDEEA solicitation, SoCalGas reestablished a previous solicitation approach successfully implemented by several IOUs before the 2018 EE funding cycle. With Decision 21-05-041, the CPUC relieved the tensions between cost-effectiveness and innovation by segregating the EE portfolio budget into three segments and applying a cost-effectiveness threshold (prospectively) only to the Resource Acquisition segment. Recognizing the opportunity to promote greater innovation in its EE portfolio, SoCalGas re-introduced the IDEEA solicitation under the Market Support segment in its EE portfolio.	The IDEEA solicitation allows the bidder community to test new strategies and promote new technologies in the marketplace with limited financial risk exposure for the ratepayer and implementer because of the smaller budgets and shorter contract terms. SoCalGas received an overwhelming response from bidders to its renewed IDEEA solicitation. The Company's solicitation received one of the highest response rates in the past five years. SoCalGas should continue offering the IDEEA solicitation and share what it has learned with other portfolio administrators. The IDEEA solicitations should encourage innovative program design and delivery while providing a pathway for new and/or smaller firms to implement programs.	SoCalGas plans to continue offering the IDEEA solicitation through 2024.

Table D.1: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
Conducting Timely Proposal Evaluations	SoCalGas evaluated [REDACTED] [REDACTED] proposals in just three weeks, a shorter time than previous solicitations with fewer proposals.	In the future, SoCalGas should continue incorporating a shorter evaluation period in solicitation schedules to support the timely procurement of third-party programs.	The IOU will apply to future solicitations.
Revision to Drug Screening Requirements	SoCalGas’ proposed additional terms and conditions require the implementer to conduct a mandatory drug screening that includes the use of the Substance Abuse and Mental Health Administration’s five categories of drugs, also known as the “SAMHSA 5.” Among other tests, SAMHSA 5 tests for marijuana (THC-tetrahydrocannabinol). Starting in 2024, California	Future standard contracts should remove the reference to SAMHSA 5 testing and retain the employee drug screening requirements permissible by state law.	SoCalGas has adopted new contract language that recognizes the new California drug screening limits.

Table D.1: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
	law only permits THC testing for specific job classifications (e.g., building construction) that did not apply to the contract's scope of work.		
Timely Negotiations	SoCalGas held weekly negotiation meetings supported by detailed agendas and a contract tracker, which records ongoing contracting issues and their resolutions. The timeliness was due to SoCalGas' commitment to shorten negotiations and schedule weekly meetings supported by detailed agendas with itemized deliverables assigned to both parties.	SoCalGas should continue practicing a disciplined approach to contract negotiations and communicate to bidders in the RFP instructions that SoCalGas expects the same commitment from the bidder in contract negotiations.	The IOU will apply to future solicitations.
Bidder Debriefs	SoCalGas' program lead discussed the strengths and weaknesses of the bidder's proposal according to the evaluation criteria of the RFP (e.g., program design). The IE noted that having the program subject matter expert (SME) provide input	The IE recommends that SoCalGas continue to use the program SME to lead bidder debriefing discussions.	While SoCalGas will make every effort to line up an SME for the unsuccessful bidder's feedback to provide that feedback in a timely manner,

Table D.1: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
	directly to the bidder allowed for more informed feedback and a conversation-style approach rather than a simple report-out.		that meeting may be arranged without an SME and Solicitation Team (Sol Team) lead providing the feedback to the bidder. This should not be a problem because the Sol Team lead participates in all the meetings where a solicitation's proposals are evaluated and decided on, and they can comfortably provide the reason(s) for not selecting a proposal.
Attracting Smaller-sized Bidders to Participate in EE Solicitations	SoCalGas received an overwhelming response from bidders. The Company's solicitation received one of the highest response rates in the past five years. Many of the bidders were smaller firms, which SoCalGas and other IOUs have struggled to attract in energy efficiency solicitation for several years. The reason for the larger number of smaller bidders was likely due to the smaller-sized budgets of \$0.7 million and the open-ended RFP scope.	SoCalGas should share its experiences and approach to attracting bidders, including smaller-sized firms, especially DBE and SBEs, with other IOUs.	Pending
		In the future, SoCalGas should clearly state that an objective of the IDEEA solicitation is to encourage smaller-sized bidders to participate. SoCalGas should include this objective in its bidder outreach channels, such as RFP announcements.	The IOU will apply to future solicitations.
Financial Thresholds		Notify bidders in the RFP instructions about how	New recommendations.

Table D.1: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
		they plan to use the financial rating and recommend bidders review their Dun & Bradstreet (D&B) ratings to ensure accuracy before submitting a bid. Verify the accuracy of the financial information and the D&B ratings before disqualifying participants. Notify bidders immediately if they fail the D&B ratings threshold and allow them to provide additional information. Ensure that future solicitations have a sufficient schedule to conduct a thorough review and analysis of the financial information. If bidders are scored for benchmarking purposes due to disqualification for financial reasons, let them know and provide feedback on the proposal elements similar to qualified proposals.	
RFP Scoring	In bidders' RFP responses, the IE observed that neither bidder attempted to provide the RFP-requested information to provide "a detailed analysis showing how the innovative approach will yield increased savings and/or participation beyond existing strategies."		

Table D.1: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
Contract Negotiations	The expedited schedule required continuous and focused conversations for contract negotiations. Overall, the process was efficient because both parties were engaged and motivated to meet the deadlines. However, it did not allow time to fully vet the financial threshold issue described above.	Future solicitations should allow more time to complete negotiations but plan for similar focused and continuous attention to completing contract negotiations.	New recommendation.

E. IOU Emerging Effective Practices

Effective practices reported in Table E.1 reflect individual IE assessments of their assigned solicitations and are not consensus recommendations of all IEs. Some apply only to certain types of solicitations (e.g., cost-effectiveness requirements are typically applicable to only resource acquisition solicitations) or were effective because of the circumstances of a particular solicitation. The IEs recommend that the IOU consider the applicability of these to its future solicitations. Where the practice reported has been broadly applicable and adopted by all IOUs, the PRG has added it to its PRG Solicitation Guidelines.

Table E.1: Effective Solicitation Practices		
Emerging Effective Practice	IE Analysis	Initial Date
Timely Contract Negotiations	SoCalGas schedules weekly meetings supported by detailed agendas with itemized deliverables assigned to both parties to support timely negotiations.	June 2024
Timely Debriefing Sessions	SoCalGas scheduled bidder debriefing sessions immediately following its proposal selections to help bidders understand their proposal's strengths and weaknesses and to provide feedback to SoCalGas from bidders on how to improve future solicitations.	June 2024
Contract Negotiations	SoCalGas instituted the good practice of distributing notes of each negotiation session soon afterward, which allowed both parties to remain in sync.	June 2023

Table E.1: Effective Solicitation Practices		
Emerging Effective Practice	IE Analysis	Initial Date
Solicitation Kickoff Meeting	SoCalGas hosts a solicitation kickoff meeting with the assigned IE, program staff, and solicitation staff to discuss the solicitation and understand the current program structure and SoCalGas' solicitation goals. The meeting helps align the SoCalGas team early in the solicitation and makes the RFA package review more efficient.	June 2021
Bidders' Conference	SoCalGas uses a new conference system with improved features such as attendee tracking, recording, and integrated Q&A. This information is helpful and provides a good foundation for new market entrants.	June 2021
Contract Negotiations	SoCalGas utilizes an Excel-based comment tracker to record proposed changes and responses to the initial draft Contract. The tracker lets both parties quickly identify proposed changes and record the outcome and rationale.	December 2020
Multiple Rounds of Q&A	SoCalGas provides more than a single round of Q&A, allowing bidders to provide follow-up questions and affords bidders more opportunities to ask questions.	December 2020
Collaborative Negotiations	Collaborative negotiations focus on improving the program offering, a primary consideration in contract negotiations.	December 2020

F. PRG Feedback

The IOU generally accepted the PRG recommendations during this reporting period. Individual reports reflect specific PRG feedback and the IOU's responses. For a greater discussion of the PRG and IE recommendations, refer to the individual IE solicitation reports in Attachment II.

G. Stakeholder Feedback from CPUC Workshops

Annual Workshop

In Decision 18-01-004, the CPUC required its Energy Division to host semiannual workshops through the end of 2022 to "allow for information discussion and problem-solving among stakeholders about the progress of the third-party solicitations and for consideration of the semiannual IE reports."¹⁴ Decision 23-02-002 later modified the requirement to at least once per year.¹⁵ The most recent

¹⁴ OP 26.

¹⁵ COL 2: "Commission staff should hold at least an annual stakeholder workshop for the third-party solicitation process."

stakeholder meeting occurred on February 29, 2024, at PG&E's offices in Oakland, California. The hybrid meeting lasted from 10:30 a.m. to 3:00 p.m. with 30 in-person and 60 virtual attendees.

The workshop provided an opportunity for stakeholders to ask questions, provide comments, and receive updates on past and future solicitations and utility and CPUC plans moving forward. Participants included PRG members, IEs, CPUC Energy Division staff, IOUs, program implementers, prospective bidders in solicitations, and other stakeholders. The meeting presentations, agenda, and notes are available on the California for Energy Efficiency Coordinating Committee's (CAEECC) website.¹⁶

The topics presented included the following:

- **Workshop Opening Remarks and EE Decision and Trends:** Energy Division staff outlined the workshop purpose and goals and provided an update on the solicitations process. The outline included an overview of the latest CPUC decisions, relevant EE applications, and resources for Implementers.
- **IE Presentation on the Semiannual Reports:** A representative from the IE pool presented effective practices noted from the most recent Semiannual Reports (April 2023 – September 2023).
- **IOU Portfolio Updates and Upcoming Solicitations:** Each of the four IOUs provided updates on executed contracts and how they fit into their portfolios, the status of contracts meeting the 60 percent threshold requirement, process improvements to encourage bidder participation, and changes made to future solicitations.
- **Implementer Panel:** A panel of four third-party (3P) program implementers plus a 3P facilitator used a survey of California Energy and Demand Management Council (CEDMC) members and their own experiences to discuss challenges and successes with the current solicitation process, including policy challenges like Net to Gross and Cost Effectiveness Tool (CET) calculations, inconsistencies across different IOUs, bidder debriefs, one stage vs two stage solicitations and the movement to Total System Benefit (TSB).
- **Independent Evaluator Panel:** Energy Division staff facilitated a panel to garner IE perspectives on the progression of the third-party solicitations and how this should inform emerging and future efforts. Topics discussed by the three-member panel included ways to encourage and facilitate more small and diverse business enterprise participation in solicitations, program implementation, and tips and tactics for bidders in the solicitation response and negotiations stages.
- **Open Discussion:** The workshop yielded questions and recommendations from stakeholders and other attendees and focused mainly on encouraging Diverse Business Enterprises/Small

¹⁶ <https://www.caeccc.org/cpuc-third-party-public-meetings>

Business Enterprises (DBE/SBE) involvement, including concerns about financial and insurance risk for smaller companies and a proposal to revisit the CET.

Twenty-one individuals participated in the post-event survey and were very supportive of the event and the information shared and learned. The survey respondents appreciated the topics discussed at each session, and the time allocated for the event allowed greater stakeholder participation and discussion opportunities.

Attachment II: Individual EE Independent Evaluators' Semiannual Reports

Energy Efficiency Independent Evaluators' Semiannual
Report on the

**LOCAL INNOVATIVE DESIGN FOR ENERGY EFFICIENCY
APPLICATIONS SOLICITATION – ROUND 2**

Reporting Period: October 2023 through March 2024

Prepared by:
Don Arambula Consulting



Disclaimer: This Report includes sensitive and confidential information.

Local Innovative Design for Energy Efficiency Application Solicitation – Round 2

1. Solicitation Overview

SoCalGas has released the Local Innovative Design for Energy Efficiency Application (IDEEA)-Round 2 (IDEEA2) in support of the ongoing nature of the IDEEA solution approach. IDEEA2 was immediately released after SoCalGas proposal selections were made in IDEEA - Round 1. It is important to note that the IDEEA2 report is limited to the IDEEA2 solicitation. For the IE's assessment of the IDEEA1 solicitation, please refer to the IDEEA1 solicitation presented in this semiannual report.

The Semiannual Report on the IDEEA2 program solicitation addresses the development and release of the RFP through proposal selections.

1.1. Overview

The IDEEA solicitation approach provides the bidder community with an ongoing opportunity to test new program concepts and technologies to advance customer adoption of EE. The approach's ongoing nature creates a collaboration between the industry and SoCalGas. Implementers who ultimately deliver successful IDEEA programs may be allowed to expand their scope and funding.

a. Scope

Interested bidders are encouraged to propose innovative programs that will use various program strategies and tactics, which may include but are not limited to:

- Providing comprehensive deep EE retrofits and whole building improvements to achieve long-term energy savings (i.e., direct install with co-pay, custom measures, NMEC);
- Offering energy assessments and other forms of technical assistance to drive EE actions;
- Providing financial incentives to customers and/or targeted market actors;
- Leveraging available financing options to fund project co-pays (e.g., 0% On-Bill Financing with favorable terms for Public institutions, Public Funding Assistance, private sector financing, etc.);
- Coordinating with available Regional Energy Networks (RENs), which provide added support to customers;
- Stacking incentives from other entities, such as municipal utilities and water agencies, where available in their design, including those customers that SoCalGas and other utilities dually serve;

- Partnering with local small business organizations and community-based organizations;
- Offering ways to use local contractors (e.g., trade allies);
- Modifying the customer’s organizational decision-making; and/or
- Focusing on SoCalGas customers in rural, hard-to-reach, and/or disadvantaged communities.

b. Objectives

This RFP looks for innovative approaches to reduce perceived program operational and market barriers, ultimately resulting in SoCalGas customers' saving energy. Selected programs will test new ways to increase customer adoption of EE, which will assist SoCalGas in achieving portfolio and sector-level metrics.¹⁷

As with its preceding IDEEA1 solicitation, SoCalGas’ IDEEA2 solicitation encourages the exploration of all relevant delivery channels and/or market-ready new technologies to produce an EE program directed at SoCalGas customers. Proposals may include the flexibility to target specific customers based on criteria such as, but not limited to, specific climate zones, income levels, customer HTR status, and customers located in disadvantaged communities.¹⁸

1.2. Timing

SoCalGas released the RFP on October 20, 2023. The RFP stage duration extends beyond SoCalGas’ PRG, and the CPUC’s Energy Division (ED) recommended 15 weeks. This extended RFP period accommodates a new bidder interview process critical to SoCalGas IDEEA evaluation and the year-end holiday season. Table 1.1 below includes key milestones for this program solicitation.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFP Stage		
1. RFP Released	October 20, 2023	20 weeks
2. Optional Bidder Conference	October 26, 2023	
3. Bidder Questions Due	November 3, 2023 *	
4. Responses to Bidder Questions	November 17, 2023 *	
5. Bidder's Proposal Due	January 5, 2024	
6. Selected Bidders Notified	March 8, 2024 *	
7. Bidder Debriefing Sessions	March 25 – 29, 2024 *	
Selections & Contracting Stage		
1. Contract Negotiations Begin	March 18 – April 5, 2024 **	7 weeks **
2. Contract Execution Dates	May 6, 2023 **	

¹⁷ See SoCalGas Portfolio And Sector-Level Metrics Compliance Filing, pp. 57-61, available at <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M233/K545/233545545.PDF>.

¹⁸ See Decision 18-05-041, COL 26 and 27, available at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M215/K706/215706139.PDF>.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
Contract Approval and Program Rollout		
1. Implementation Plan Due	June 2024**	60 Days **
2. Program Launch	July 1, 2024**	
* - Delayed from the original schedule. ** - Estimated.		

1.3. Key Observations

During the development of the RFP materials, SoCalGas accepted most of the IE’s recommendations and adhered to all PRG guidance. As a result, there are no key issues or observations related to the RFP stage.

2. RFP Bidder Response and Selections

2.1. RFP Development

The RFP balanced the need for information to evaluate bidder proposals with the effort placed on the bidder in responding to the RFP. The RFP included general instructions, a response form (narrative and data), and the newly adopted CPUC-required standard and modifiable contract terms and conditions.¹⁹ SoCalGas also presented its proposed Company-specific terms and conditions for the bidder’s consideration.

SoCalGas reduced the number of bidder questions from 20 or more to 11. The RFP imposed reasonable page limits that allowed ample opportunity for bidders to provide a clear and complete response to each question. Based on IE feedback, SoCalGas refined its RFP outline to enable bidders to easily review the RFP instructions and assist them in responding to the solicitation.

The overall approach of the IDEEA solicitation departs from prior SoCalGas EE solicitations. The approach borrows from prior IDEEA solicitations conducted by the IOU and others over the past several years. The IDEEA solicitation looks to find and fund newer, untested program approaches. As a result, SoCalGas provides the bidder community multiple opportunities to submit their proposal in 2023-2024 with the expectation that the IDEEA solicitation will be available to bidders throughout the program cycle. If successful, the IDEEA approach will genuinely produce the innovation sought by the CPUC in these third-party program solicitations.²⁰

SoCalGas offered an optional debriefing session to encourage unsuccessful bidders to participate in future IDEEA solicitations. As presented in the RFP schedule, the optional debriefing sessions will

¹⁹ Decision 23-02-002, OP 1.

²⁰ The CPUC, in Decision 18-05-041, states: “Our fundamental intent with both these transitions [program outsourcing and new statewide program governance structure] is to achieve greater energy savings more efficiently, on the premises that (1) third parties will bring innovative strategies to bear on California’s energy efficiency market, thereby achieving savings that would otherwise go untapped; and (2) statewide administration of certain programs could yield efficiency benefits in the form of standardized processes and seamless customer experience.”, p. 71 [emphasis added].

be held immediately following bidder notifications. The timeliness of these debriefing sessions enables the bidders to address their proposal deficiencies and participate in the next IDEEA solicitation that SoCalGas has scheduled for the latter part of 2024.

2.2. RFP Outreach

SoCalGas employed various channels to inform the bidder community of the upcoming solicitation. This outreach included performing DBE/SBE outreach, posting a notice on the CAEECC and PEPMA websites, informing the CPUC service list for Rulemaking 13-11-005, and sending invitations to bidders who registered through the Ariba platform.

2.3. RFP Bidders' Conference

On October 26, 2023, SoCalGas held an RFP bidders' conference. Due to technical difficulties, potential bidders could not access the conference. The IE recommended that SoCalGas re-schedule the event. SoCalGas opted to direct registered bidders to the recorded conference on Ariba. As a result, SoCalGas extended the bidder Q&A deadline by one week, from November 3 to 10, 2023.

SoCalGas provided bidders an opportunity to provide written questions about the RFP. SoCalGas received two questions about potential overlap with existing EE programs and the process for submitting multiple proposals. The IOU allowed the IE to review SoCalGas' draft response to each question before releasing it to the bidders. The responses were complete and accurate. The IE recommended minor adjustments to a few draft responses, and SoCalGas accepted them. SoCalGas responded to all bidder questions on schedule.

2.4. RFP Bidders' Response

Table 2.1 below summarizes the proposals received. As with the previous IDEEA1 solicitation, SoCalGas received a strong response from the bidder community.

Many bidders who responded to the prior IDEEA1 solicitation submitted proposals in response to IDEEA2. As designed, the IDEEA approach encourages unsuccessful bidders to improve their program designs, with input from the IOU debriefing sessions, and submit revised program proposals in subsequent solicitations. SoCalGas should continue offering IDEEA solicitation opportunities in the future as it allows the bidders to improve on their proposals.

Table 2.1: Solicitation Response		
	Number	
Proposals Expected		
Proposals Received		
Proposals Disqualified		
Proposal Withdrawn		

2.5. Proposal Selection Process

a. RFP, Bid Screening Process, and Management of Deficient Bids

SoCalGas implemented a bid screening process that was generally consistent with the approach presented to bidders in the RFP package. The bid evaluation consisted of two parts: (1) a threshold assessment to determine the responsiveness of the proposal to minimum requirements and (2) proposal content scoring (for proposals that meet the threshold assessment requirements).

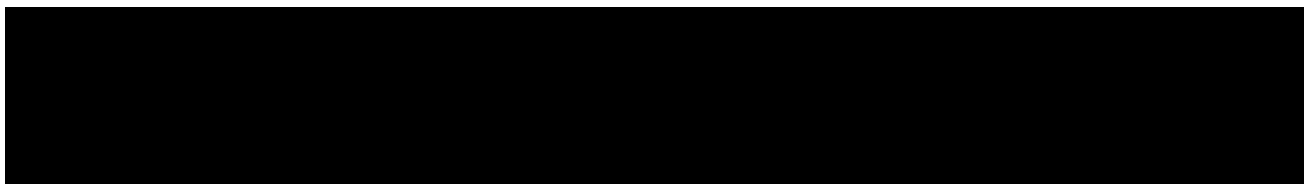
SoCalGas first evaluated the threshold assessment criteria (Items A, B, and C) on a pass/fail basis, as presented below. SoCalGas only evaluated proposals for content that received a “Pass” on the threshold assessment.

Threshold Assessment Criteria

- On-time submittal via Ariba
- Proposal responsiveness

The bidder’s proposed Program was eligible if the bidder met the RFP requirements and the proposal did not include the following:

- Statewide energy efficiency programs or programs that overlap with statewide programs;
- Energy efficiency programs designed exclusively for Income Qualified customers; or
- Programs that overlap or duplicate the efforts of Regional Energy Networks.²¹

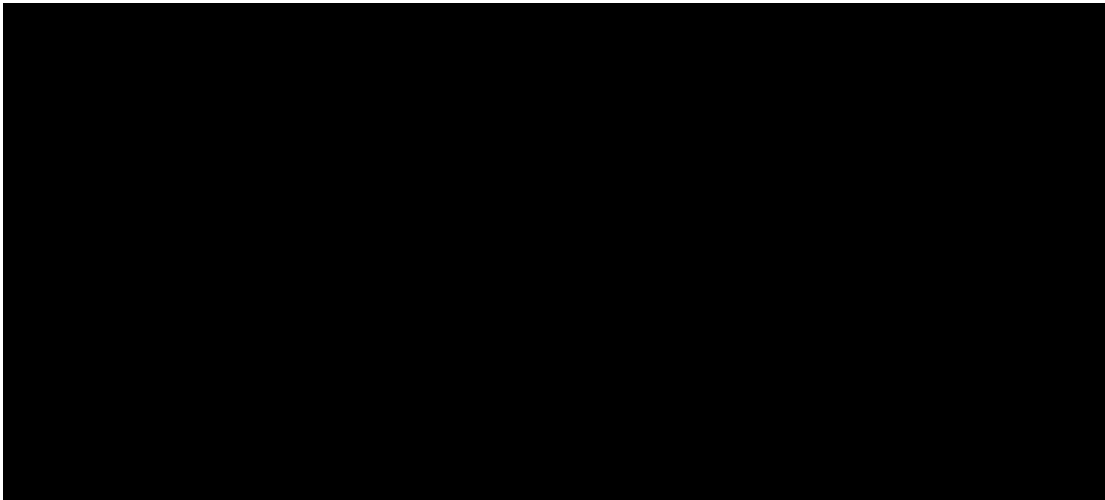


²¹See D.18-05-041, OP 30, “The investor owned utilities must work with Local Government Partnership partners to improve cost-effectiveness and to meet the local governments’ needs with respect to data sharing and contract terms that align with local government budgeting, legal, and other constraints; quantify co-benefits and local economic benefits of Local Government Partnerships in hard-to-reach and disadvantaged communities; and support local governments’ efforts to increase local capacity to conduct energy efficiency activities.” See also Joint Cooperation Memorandum of SoCalGas, PG&E, SCE, and 3C-REN, Pg. 1-2, “D.18-05-041 acknowledged the potential overlaps between IOU PAs and non-IOU PAs and directed PAs with overlapping service areas to submit annual JCMs that show how the PAs would avoid or minimize duplication for programs that address a common sector in overlapping service territories. Specifically, OP 38 of D.18-05-041 directed the IOU PAs and Non-IOU PAs to submit their first annual JCMs for approval via Tier 2 advice letters no later than August 1, 2018, noting that the IOU PAs and Non-IOU PAs shall: (1) summarize all the programs they intend to run and indicate which programs may overlap; (2) describe how each will work with the other so that customers are informed of all options and not steered simply to their own programs; and (3) describe how each will ensure customers are also aware of the others’ programs, where that administrator does not have a similar offering.

b. RFP Evaluation Team

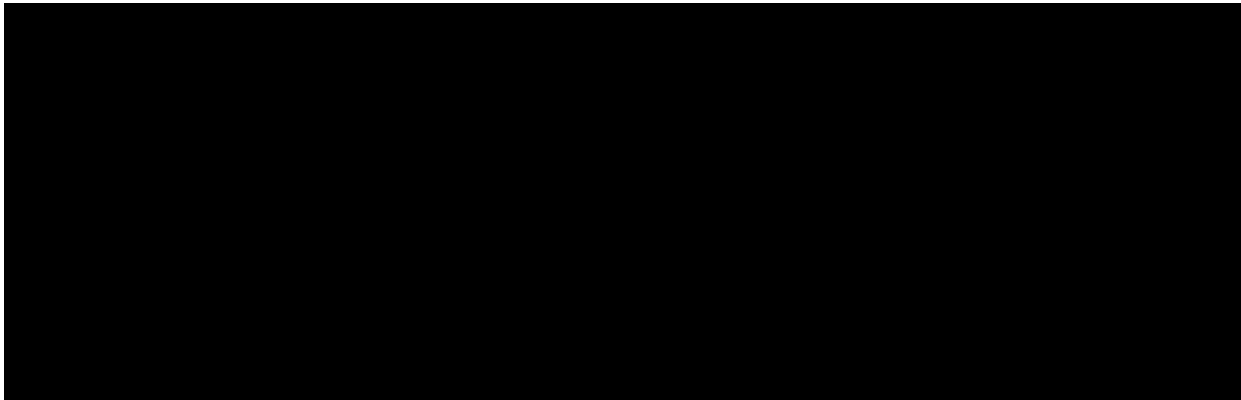
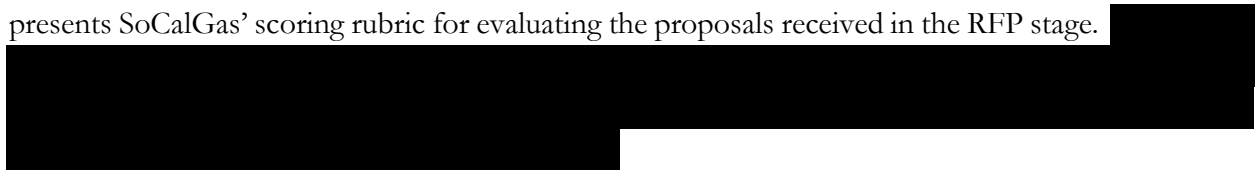
Table 2.2 lists the SoCalGas evaluation team rosters. The team consisted of experienced subject matter experts drawn from the IOU's staff. To improve upon the prior IDEEA1 solicitation and recognize the varied program designs caused by the open-ended RFP scope, SoCalGas created unique evaluation teams, albeit smaller in size, based on the proposals' targeted customer groups (e.g., residential, industrial, contractor training, etc.).

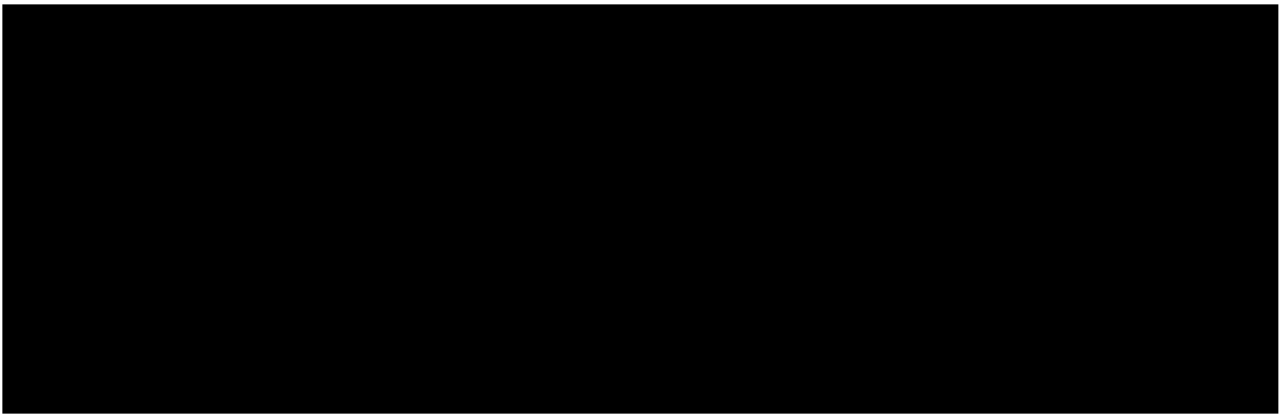
SoCalGas or individual team members reported no conflicts of interest. Before evaluating the proposals, SoCalGas held a group training session for the evaluators. The training included a review of the solicitation schedule, RFP scope, RFP scoring process, calibration meeting objectives, and detailed scorecard review, including a detailed discussion of the scoring guides for each bidder question.



c. RFP Scoring Rubric Design

The scoring categories and weighting generally followed the PRG and the IE guidance. Table 2.3 presents SoCalGas' scoring rubric for evaluating the proposals received in the RFP stage.





d. RFP Evaluation Processes and Scoring Calibration

On January 5, 2024, SoCalGas [REDACTED] moved to the evaluation phase. The evaluation team began scoring on January 26 and concluded on February 7, 2024.

SoCalGas held an evaluation teams' calibration meeting on February 8, 2024. The teams addressed those scores with a two-point or greater deviation among individual scorers. The IE also called out additional scores for the evaluation team to discuss.

SoCalGas held interviews with all remaining bidders. Based on the need to clarify various aspects of the proposals, SoCalGas believed all proposals should advance to interviews.

Before the interviews, SoCalGas provided a set of questions to the bidders and directed them to respond to each question during the interview. Interview questions were based on areas of their proposals that required clarification.



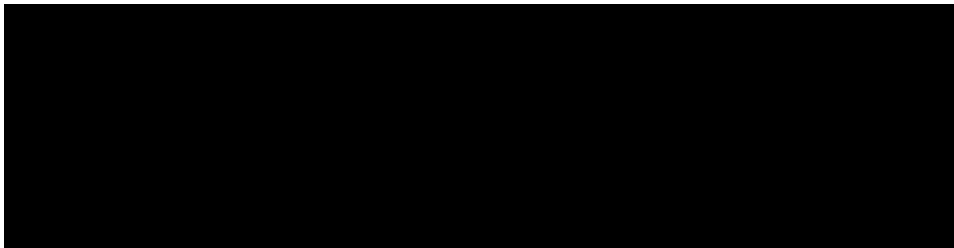


e. RFP Shortlist and Final Selection

On March 11, 2024, SoCalGas held its final selection meeting with its senior management. The evaluation team presented an overview of the proposals and the final scores. Due to the unique open-end RFP scope, the bidders' program approaches and targeted customer groups were diverse. SoCalGas concluded it was best to group them into similar categories to help with the selection process. The groupings were based on the proposals received. Figure 2.1 illustrates the various groupings, which included workforce training, decarbonization, residential, and industrial.

The evaluation team suggested that the two training proposals, the EE/decarbonization proposal, and the residential proposal, be advanced to preliminary contract negotiations. [REDACTED]

[REDACTED]



The team [REDACTED] RFP objectives best to test innovative approaches that could reduce market and operational barriers, improve contractor training, promote customer opportunities in the EE/decarbonization nexus, and reduce the financial market barrier to EE facing moderate-income households and public sector customers.

[REDACTED]

[REDACTED] SoCalGas senior management agreed with the team's recommendations.

2.6. PRG and IE Feedback to Proposal Process and Selection

a. Adherence to PRG Guidance and Feedback

The PRG provided the IOU with the PRG Guidance document, which includes more than 100 PRG recommendations regarding the RFP stage. As confirmed by the IE, SoCalGas incorporated all applicable PRG recommendations into the RFP materials and scoring rubric.

b. Response to IE Feedback

The IE provided 24 discrete comments and corresponding recommendations addressing various topics, including program design, program operations, contract extensions, customer incentives, DBE/SBE evaluations, M&V plans, program overlaps, RFP instructions, SoCalGas additional Terms and Conditions, and HTR/DAC related questions. SoCalGas accepted all IE recommendations with one exception, as listed in Table 2.4.

Table 2.4: IE Recommendation Considered, Not Accepted		
Topic	Comment	Recommendation
Reduce the Length of the Contracting Phase	Based on the proposed schedule, SoCalGas has set aside over 17 weeks for the contracting phase. The IE recommends that the contracting phase be reset to 15 weeks. The time allotted for contract review can be reduced by two weeks.	From Round 1 negotiations, we learned that finalizing a draft agreement with those firms without prior experience with a California IOU takes longer. Nine weeks for contract negotiation, IE and PRG reviews, and signatures by company and implementer would be a more realistic length of time. Also, for this solicitation, more time was allowed for proposal submittal recognizing the year-end holiday season.

3. Contracting Process

This solicitation activity has not yet occurred. Future Semiannual Reports will address this topic.

4. Assessment of Final Contract

This solicitation activity has not yet occurred. Future Semiannual Reports will address this topic.

5. Overall Assessment of Solicitation

This solicitation activity has not yet occurred. Future Semiannual Reports will address this topic.

6. Implementation Plan Assessment

This solicitation activity has not yet occurred. Future Semiannual Reports will address this topic.

Energy Efficiency Independent Evaluators' Semiannual
Report on the

**LOCAL INNOVATIVE DESIGN FOR ENERGY EFFICIENCY
APPLICATIONS SOLICITATION – ROUND 1**

Reporting Period: October 2023 through March 2024

Prepared by:
Don Arambula Consulting



Disclaimer: This Report includes sensitive and confidential information.

Local Innovative Design for Energy Efficiency Application Solicitation – Round 1

1. Solicitation Overview

The Semiannual Report on the Local Innovative Design for Energy Efficiency Application–Round 1 (IDEEA1) program solicitation covers the development and release of the RFP through contract executions.

1.1. Overview

The Innovative Design for Energy Efficiency Applications 365 (IDEEA 365 or IDEEA) solicitation approach provides the bidder community with an ongoing opportunity to test new program concepts and technologies to advance customer adoption of EE. The ongoing nature of the IDEEA 365 approach creates a collaboration between the industry and SoCalGas. Implementers who ultimately deliver successful IDEEA 365 programs may be allowed to expand their scope and funding.

c. Scope

Interested bidders are encouraged to propose innovative programs that will use various program strategies and tactics, which may include but are not limited to:

- Providing comprehensive deep EE retrofits and whole building improvements to achieve long-term energy savings (i.e., direct install with co-pay, custom measures, NMEC);
- Offering energy assessments and other forms of technical assistance to drive EE actions;
- Providing financial incentives to customers and/or targeted market actors;
- Leveraging available financing options to fund project co-pays (e.g., 0% On-Bill Financing with favorable terms for Public institutions, Public Funding Assistance, private sector financing, etc.);
- Coordinating with available Regional Energy Networks (RENs), which provide added support to customers;
- Stacking incentives from other entities, such as municipal utilities and water agencies, where available in their design, including those customers that SoCalGas and other utilities dually serve;
- Partnering with local small business organizations and community-based organizations;
- Offering ways to use local contractors (e.g., trade allies);
- Modifying the customer's organizational decision-making; and/or

- Focusing on SoCalGas customers in rural, HTR, and/or DACs.

d. Objectives

This RFP looks for innovative approaches to reduce perceived program operational and market barriers, ultimately resulting in SoCalGas customers' saving energy. Selected programs will test new ways to increase customer adoption of EE, which will assist SoCalGas in achieving portfolio and sector-level metrics.²²

The IDEEA 365 solicitation encourages the exploration of all relevant delivery channels and/or market-ready new technologies to produce an EE program directed at SoCalGas customers. Proposals may include the flexibility to target specific customers based on criteria such as, but not limited to, specific climate zones, income levels, customer HTR status, and customers located in disadvantaged communities.²³

1.2. Timing

SoCalGas released the RFP on April 20, 2023. The RFP stage duration extends beyond SoCalGas' PRG, and the CPUC's Energy Division (ED) recommended 15 weeks. This extended RFP period accommodates a new bidder interview process critical to SoCalGas IDEEA evaluation. SoCalGas completed contract negotiations within seven weeks for many of the contracts, quicker than the ED's suggested 12-week period for three executed contracts. Table 1.1 below includes key milestones for this program solicitation.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFP Stage		
1. RFP Released	April 20, 2023	20 weeks
2. Optional Bidder Conference	April 26, 2023	
3. Bidder Questions Due	May 3, 2023	
4. Responses to Bidder Questions	May 10, 2023	
5. Bidder's Proposal Due	May 31, 2023	
6. Bidder Interviews Notification	July 7, 2023	
7. Bidder Interviews/ Presentations	July 13 – August 18, 2023	
8. Selected Bidders Notified	September 8, 2023	
9. Bidder Debriefing Sessions	August 11 – October 10, 2023	
Selections & Contracting Stage		
1. Contract Negotiations Begin	October 6 – October 24, 2023 *	pending
2. Contract Execution Dates		
BEER Program	December 31, 2023 *	

²² See SoCalGas Portfolio And Sector-Level Metrics Compliance Filing, pp. 57-61, available at <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M233/K545/233545545.PDF>.

²³ See Decision 18-05-041, COL 26 and 27, available at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M215/K706/215706139.PDF>.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
A+K-12 Program	December 31, 2023 *	
Pool Energy Efficiency Program	February 15, 2024 *	
Pending Contract	June 2024 *	
Contract Approval and Program Rollout		
1. Implementation Plan Due		60 Days
BEER Program	February 29, 2024 *	
A+K-12 Program	February 29, 2024 *	
Pool Energy Efficiency Program	April 8, 2024 *	
Pending Implementation Plan	July 2024 **	
2. Program Launch	March 2024 **	
* - Delayed from the original schedule. ** - Estimated.		

1.3. Key Observations

Table 1.2 presents key observations made by the IE during the solicitation. The IE shared these key recommendations and others with the IOU and PRG throughout the solicitation. The IOU was allowed to review, consider, accept, or reject these recommendations.

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
Innovative Program Deployment	With its IDEEA solicitation, SoCalGas reestablished a previous solicitation approach successfully implemented by several IOUs before the 2018 EE funding cycle.	The IDEEA solicitation allows the bidder community to test new strategies and promote new technologies in the marketplace with limited financial risk exposure for either the ratepayer or implementer because of the smaller budgets and shorter contract terms.	SoCalGas plans to continue offering the IDEEA solicitation through 2024.
	With Decision 21-05-041, the CPUC relieved the tensions between cost-effectiveness and innovation by segregating the EE portfolio budget into three segments and applying a cost-effectiveness threshold (prospectively) only to the Resource Acquisition segment. Recognizing the opportunity to promote greater innovation in its EE portfolio, SoCalGas re-introduced the IDEEA	SoCalGas received an overwhelming response from bidders to its renewed IDEEA solicitation. The Company's solicitation received one of the highest response rates in the past five years. SoCalGas should continue offering the IDEEA	

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
	solicitation under the Market Support segment in its EE portfolio.	solicitation and share what it has learned with other program administrators. The IDEEA solicitations should encourage innovative program design and delivery while providing a pathway for new and/or smaller firms to implement programs.	
Conducting Timely Proposal Evaluations	SoCalGas [REDACTED] in just three weeks, a shorter time than previous solicitations with fewer proposals.	In the future, SoCalGas should continue incorporating a shorter evaluation period in solicitation schedules to support the timely procurement of third-party programs.	The IOU will apply to future solicitations.
Revision to Drug Screening Requirements	SoCalGas' proposed additional terms and conditions require the implementer to conduct a	Future standard contracts should remove the reference to SAMHSA 5 testing and retain the	SoCalGas has adopted new contract language that

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
	mandatory drug screening that includes the use of the Substance Abuse and Mental Health Administration’s five categories of drugs, also known as the “SAMHSA 5.” Among other tests, SAMHSA 5 tests for marijuana (THC-tetrahydrocannabinol). Starting in 2024, California law only permits THC testing for specific job classifications (e.g., building construction) that did not apply to the contract’s scope of work.	employee drug screening requirements permissible by state law.	recognizes the new California drug screening limits.
Flexible Payment Terms to Accommodate Smaller-sized Implementers	SoCalGas has an early invoice payment process whereby qualified DBEs may obtain a 15-day payment term. This process enables DBEs to address unique cash flow issues that may challenge them during program implementation. SoCalGas did not offer DBE bidders such an initial payment term at the onset of contract negotiations.	In its RFP instructions, SoCalGas should explain to potential bidders that DBE-certified implementers may be eligible for early invoice payment terms in future RFPs as another way to attract qualified DBE implementers. SoCalGas should provide these invoice payment terms at the beginning of contract negotiations.	The IOU will apply to future solicitations.
Timely Negotiations	SoCalGas held weekly agendas supported by detailed agendas and a contract tracker, which records ongoing contracting issues and their resolutions. The timeliness was due to SoCalGas’ commitment to shorten negotiations and schedule weekly meetings supported by detailed agendas with	SoCalGas should continue practicing a disciplined approach to contract negotiations and communicate to bidders in the RFP instructions that SoCalGas expects the same commitment from the bidder in contract negotiations.	The IOU will apply to future solicitations.

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
	itemized deliverables assigned to both parties.		
Bidder Debriefs	SoCalGas' program lead discussed the strengths and weaknesses of the bidder's proposal according to the evaluation criteria of the RFP (e.g., program design). The IE noted that having the program subject matter expert (SME) provide input directly to the bidder allowed for more informed feedback and a conversation-style approach rather than a simple report-out.	The IE recommends that SoCalGas continue to use the program SME to lead bidder debriefing discussions.	The IOU will apply to future solicitations.
Attracting Smaller-sized Bidders to Participate in EE Solicitations	SoCalGas received an overwhelming response from bidders. The Company's solicitation received one of the highest response rates in the past five years. Many of the bidders were smaller firms, which SoCalGas and other IOUs have struggled to attract in energy efficiency solicitation for several years. The reason for the larger number of smaller bidders was likely due to the smaller-sized budgets of \$0.7 million and the open-ended RFP scope.	SoCalGas should share its experiences and approach to attracting bidders, including smaller-sized firms, especially DBE and SBEs, with other IOUs.	Pending
		In the future, SoCalGas should clearly state that an objective of the IDEEA solicitation is to encourage smaller-sized bidders to participate. SoCalGas should include this objective in its bidder outreach channels, such as RFP announcements.	The IOU will apply to future solicitations.

During this solicitation, the IE observed emerging effective practices by the IOU that can make the process more effective, efficient, and transparent if applied to future solicitations. The IE recommends that the IOU continues these practices, as presented below, and shares them with other IOUs for their consideration and adoption.

Table 1.3: Emerging Effective Practices	
Emerging Effective Practice	IE Analysis
Timely Debriefing Sessions	SoCalGas scheduled bidder debriefing sessions immediately following its proposal selections to help bidders understand their proposal's strengths and weaknesses and to provide feedback to SoCalGas from bidders on how to improve future solicitations.
Timely Contract Negotiations	SoCalGas schedules weekly meetings supported by detailed agendas with itemized deliverables assigned to both parties to support timely negotiations.

2. RFP Bidder Response and Selections

2.1. RFP Development

The RFP balanced the need for information to evaluate bidder proposals with the effort placed on the bidder in responding to the RFP. The RFP included general instructions, a response form (narrative and data), and the newly adopted CPUC-required standard and modifiable contract terms and conditions.²⁴ SoCalGas also presented its proposed Company-specific terms and conditions for the bidder's consideration.

SoCalGas reduced the number of bidder questions from 20 or more to 11. SoCalGas plans to conduct bidder interviews to glean more specific aspects of the IDEEA proposals. Based on the varied and unique nature of expected submissions, the supplemental interviews may provide a deeper insight into the likely success of the proposed program. The RFP imposed reasonable page limits that allowed ample opportunity for bidders to provide a clear and complete response to each question. Based on IE feedback, SoCalGas refined its RFP outline to enable bidders to easily review the RFP instructions and assist them in responding to the solicitation.

The overall approach of the IDEEA solicitation departs from prior SoCalGas EE solicitations. The approach borrows from prior IDEEA solicitations conducted by the IOU and others over the past several years. The IDEEA solicitation looks to find and fund newer, untested program approaches. As a result, SoCalGas provides the bidder community multiple opportunities to submit their proposal in 2023-2024 with the expectation that the IDEEA solicitation will be available to bidders throughout the program cycle. If successful, the IDEEA approach will genuinely produce the innovation sought by the CPUC in these third-party program solicitations.²⁵

²⁴ Decision 23-02-002, OP 1.

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SoCalGas offered an optional debriefing session to encourage unsuccessful bidders to participate in future IDEEA solicitations. As presented in the RFP schedule, the debriefing sessions were held immediately following bidder notifications. The timeliness of these debriefing sessions enables the bidders to address their proposal deficiencies and participate in a second IDEEA solicitation that SoCalGas has scheduled for the latter part of 2023.

2.2. RFP Outreach

SoCalGas employed various channels to inform the bidder community of the upcoming solicitation. This outreach included performing DBE/SBE outreach, posting a notice on the CAEECC and PEPMA websites, informing the CPUC service list for Rulemaking 13-11-005, and sending invitations to bidders who registered through the Ariba platform.

2.3. RFP Bidders' Conference

On April 26, 2023, SoCalGas held an RFP bidders' conference. The conference was well attended, with 15 firms participating. SoCalGas provided bidders an opportunity to provide written questions about the RFP. SoCalGas received fourteen questions covering various topics, including the scoring criteria, marketing support, program performance, program scalability, budget categories, energy savings claims, prior IDEEA programs, cost-effectiveness showing, and coordination with other EE programs. The IOU allowed the IE to review SoCalGas' draft response to each question before releasing it to the bidders. The responses were complete and accurate. The IE recommended minor adjustments to a few draft responses, and SoCalGas accepted them. SoCalGas responded to all bidder questions on schedule.

2.4. RFP Bidders' Response

A summary of the proposals received is shown in Table 2.1 below. The solicitation received some of the highest number of proposals of any SoCalGas solicitation since 2018.

Table 2.1: Solicitation Response		
	Number	
Proposals Expected		
Proposals Received		
Proposals Disqualified		
Proposal Withdrawn		

2.5. Proposal Selection Process

e. RFP, Bid Screening Process, and Management of Deficient Bids

SoCalGas implemented a bid screening process that was generally consistent with the approach presented to bidders in the RFP package. The bid evaluation consisted of two parts: (1) a threshold assessment to determine the responsiveness of the proposal to minimum requirements and (2) proposal content scoring (for proposals that meet the threshold assessment requirements).

SoCalGas first evaluated the threshold assessment criteria (Items A, B, and C) on a pass/fail basis, as presented below. SoCalGas only evaluated proposals for content that received a “Pass” on the threshold assessment.

Threshold Assessment Criteria

- On-time submittal via Ariba
- Proposal responsiveness

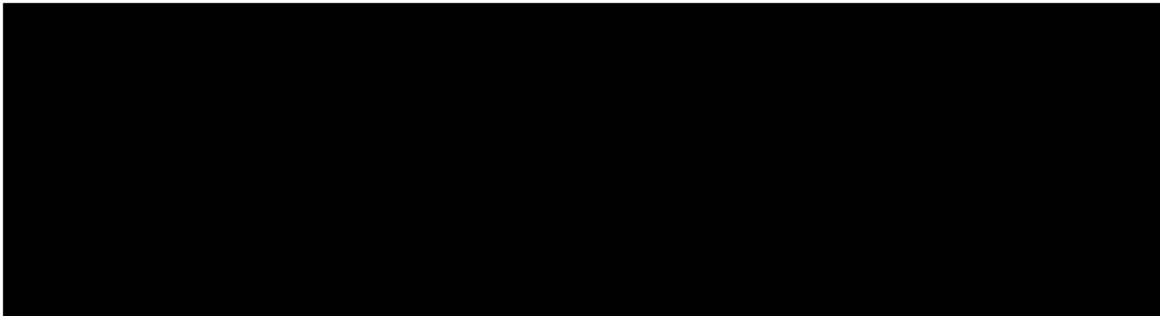
The bidder’s proposed Program was eligible if the bidder met the RFP requirements and the proposal did not include the following:

- Statewide energy efficiency programs or programs that overlap with statewide programs;
- Energy efficiency programs designed exclusively for Income Qualified customers; or
- Programs that overlap or duplicate the efforts of Regional Energy Networks.²⁶

f. RFP Evaluation Team

Table 2.2 lists the SoCalGas evaluation team roster. The team consisted of experienced subject matter experts drawn from the IOU’s staff. SoCalGas or individual team members reported no conflicts of interest. SoCalGas held a group training session for the scoring team before evaluating the proposals. The training included a review of the solicitation schedule, RFP scope, RFP scoring process, calibration meeting objectives, and detailed scorecard review, including a detailed discussion of the scoring guides for each bidder question.

²⁶See D.18-05-041, OP 30, “The investor owned utilities must work with Local Government Partnership partners to improve cost-effectiveness and to meet the local governments’ needs with respect to data sharing and contract terms that align with local government budgeting, legal, and other constraints; quantify co-benefits and local economic benefits of Local Government Partnerships in hard-to-reach and disadvantaged communities; and support local governments’ efforts to increase local capacity to conduct energy efficiency activities.” See also Joint Cooperation Memorandum of SoCalGas, PG&E, SCE, and 3C-REN, Pg. 1-2, “D.18-05-041 acknowledged the potential overlaps between IOU PAs and non-IOU PAs and directed PAs with overlapping service areas to submit annual JCMs that show how the PAs would avoid or minimize duplication for programs that address a common sector in overlapping service territories. Specifically, OP 38 of D.18-05-041 directed the IOU PAs and Non-IOU PAs to submit their first annual JCMs for approval via Tier 2 advice letters no later than August 1, 2018, noting that the IOU PAs and Non-IOU PAs shall: (1) summarize all the programs they intend to run and indicate which programs may overlap; (2) describe how each will work with the other so that customers are informed of all options and not steered simply to their own programs; and (3) describe how each will ensure customers are also aware of the others’ programs, where that administrator does not have a similar offering.



g. RFP Scoring Rubric Design

The scoring categories and weighting generally followed the PRG and the IE guidance. Table 2.3 presents SoCalGas’ scoring rubric for evaluating the proposals received in the RFP stage.

Table 2.3: Scoring Rubric		
Category	Category	
Program Design & Strategies	Program Design & Objectives	
	Strategic Partnering	
	Program Outreach	
	Program Operations	
	Program Innovation	
	Measurement & Verification	
Costs & Feasibility	Customer Motivation and Incentive Design	
	Program Feasibility & Forecast	
	Program Budget	
Skills & Experience	Program Experience and Results	
	Staffing Plan	
Social Responsibilities	Diverse Business and Small Business Enterprises	
	Social Responsibility Questionnaire	
Subtotal		
Bidder Interviews		
Total		

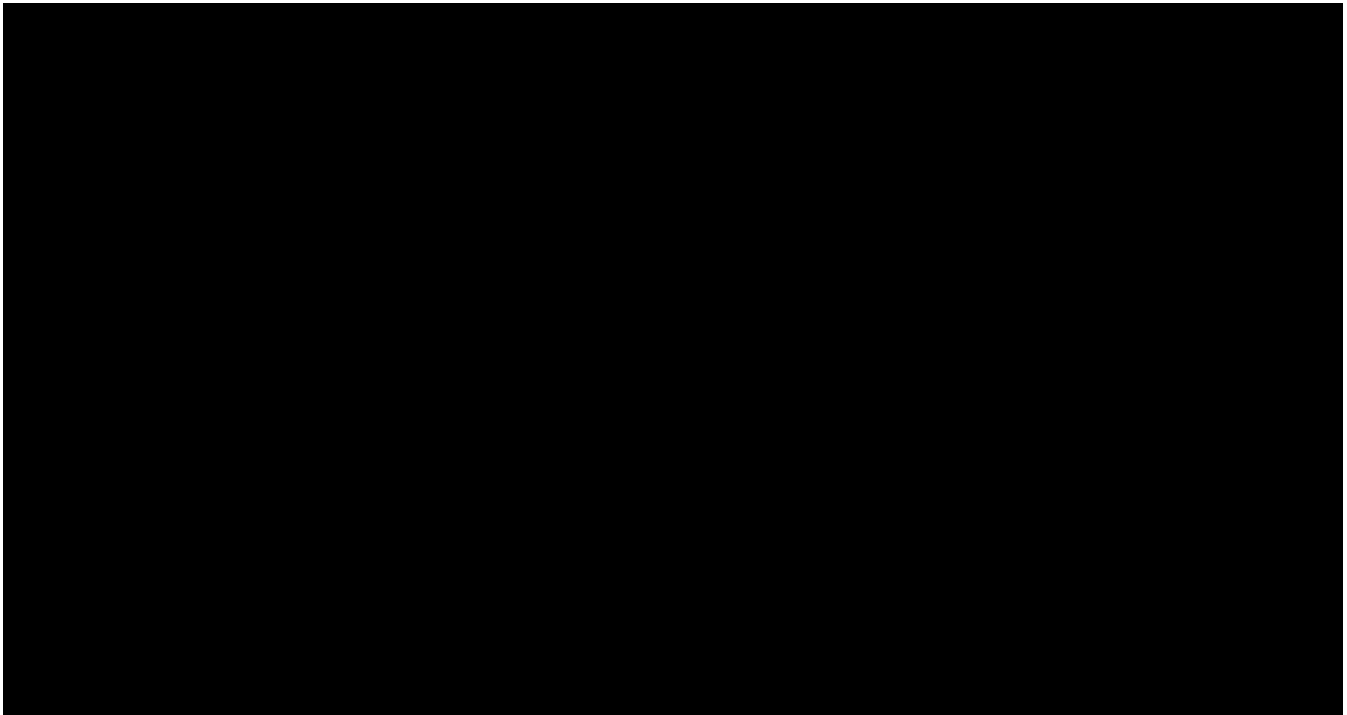
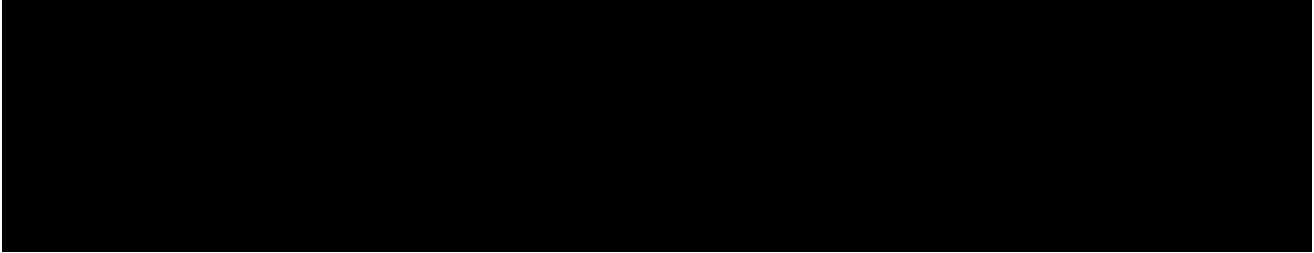
h. RFP Evaluation Processes and Scoring Calibration

On May 31, 2023, SoCalGas received [REDACTED]
The evaluation team began scoring on June 5 and concluded on June 23, 2023.

SoCalGas held an evaluation team calibration meeting on June 28, 2023. The team addressed those scores with a two-point or greater deviation among individual scorers. The IE also called out additional scores for the evaluation team to discuss. The calibration meeting addressed responses to all questions indicating significant differences among the scoring team.

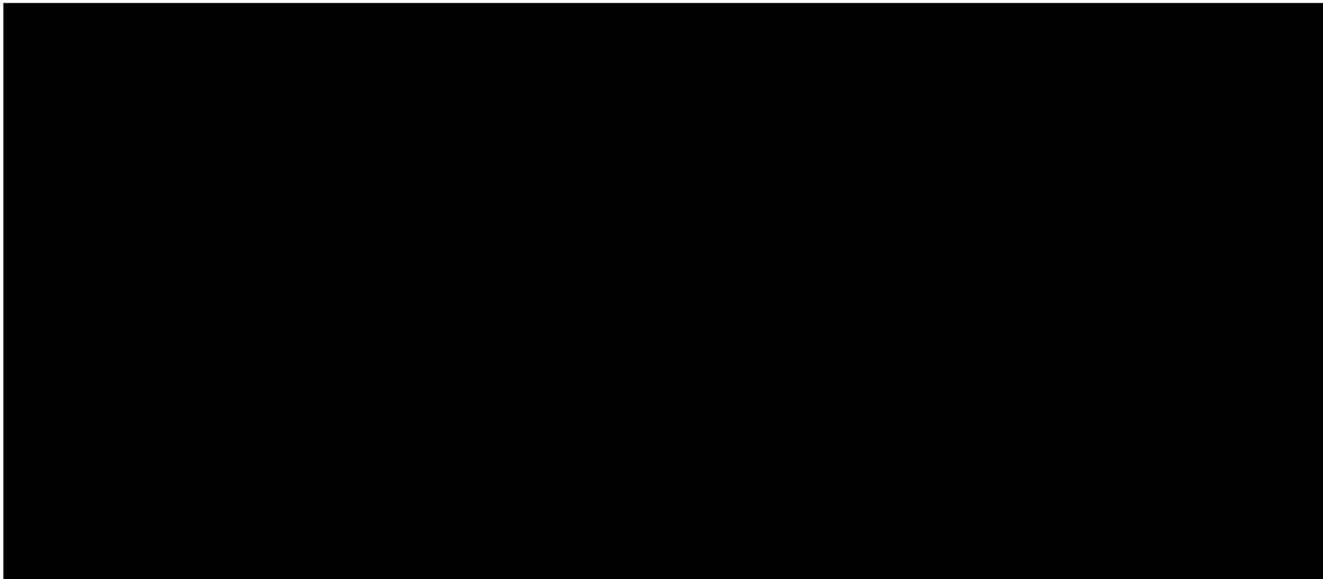


Before the interviews, SoCalGas asked the bidders a set of questions and directed them to respond to each question during the interview. The questions were based on areas of their proposals that required clarification.



i. RFP Shortlist and Final Selection

On August 29, 2023, SoCalGas held its final selection meeting with its senior management. The evaluation team presented an overview of the proposals and the final scores. Due to the unique open-end RFP scope, the bidders' program approaches and targeted customer groups were diverse. SoCalGas concluded it was best to group them into similar categories to help with the selection process. The groupings were based on the proposals received. Figure 2.1 illustrates the various groupings, which included schools, technologies, process improvement, and market awareness.



The team also noted that two of these bidders, new to program implementation, will have an opportunity to deliver an EE program. [REDACTED]

[REDACTED] The IE recommends that future IDEEA solicitations clearly state that an objective of the solicitation is to encourage smaller-sized bidders to participate. Also, SoCalGas should include this objective in its bidder outreach channels, such as RFP announcements.

2.6. PRG and IE Feedback to Proposal Process and Selection

j. Adherence to PRG Guidance and Feedback

The PRG provided the IOU with the PRG Guidance document, which includes more than 100 PRG recommendations regarding the RFP stage. As confirmed by the IE, SoCalGas incorporated all applicable PRG recommendations into the RFP materials and scoring rubric.

k. Response to IE Feedback

The IE provided 36 discrete comments and corresponding recommendations. SoCalGas accepted all IE recommendations.

After the evaluation phase, the IE had these additional recommendations, as shown below. SoCalGas accepted all of these recommendations. During the implementation of the solicitation, the IE provided additional recommendations to SoCalGas, as shown in Table 2.4.

Table 2.4: Additional IE Recommendations		
Topic	Comment	Recommendation
[REDACTED]		

Table 2.4: Additional IE Recommendations		
Topic	Comment	Recommendation
Attracting New Program Implementers	SoCalGas selected [REDACTED] in EE third-party programs. The selections support SoCalGas' preference to attract new program implementers.	The IE recommends that future IDEEA solicitations clearly state that an objective of the solicitation is to encourage smaller-sized bidders to participate. Also, SoCalGas should include this objective in its bidder outreach channels, such as RFP announcements.

3. Contracting Process

SoCalGas negotiated [REDACTED] SoCalGas successfully completed negotiations and executed contracts during this reporting period with the following bidders, as shown in Figure 2.2 below.

Figure 2.2: Contract Negotiations – Executed Contracts				
Implementer	Program	Description	Budget	Innovation
Frontier Energy	Brewery Energy Efficiency and Recovery Program	Offers energy audits and financial incentives for energy-efficient boiler and decarbonization systems to commercial breweries, emphasizing small to medium-sized customers.	\$670,000	8%
Okapi Architecture	A+K-12 Program	Offers HTR/DAC-defined public K-12 schools a no-cost installation of high-efficient water heating.	\$699,422	100%
CEGY	Pool Energy Efficiency Program	Promote energy-efficient practices and technologies for pool heating systems by directly installing a pool control system, improving the energy efficiency of heating the swimming pool.	\$699,920	36%
Total			\$2,069,342	49%

3.1. Contract Negotiations

From October through February 2024, SoCalGas held weekly meetings supported by detailed agendas and a contract tracker to record ongoing contracting issues and their resolutions among parties.

Negotiations, including contract executions, spanned less than 12 weeks for two contracts, consistent with the CPUC’s Energy Division recommendation for timely negotiations. The remaining contract negotiations extended beyond 12 weeks because the bidders had limited to no experience negotiating a third-party contract with a California investor-owned utility. SoCalGas originally had intended to complete the negotiations within one month, excluding the contract execution phase, but many bidders were slow to respond to various contract turns. Timely negotiations are a shared responsibility between parties. In its RFP instructions, SoCalGas should remind bidders to commit to using the proper resources and time to negotiate if selected.

SoCalGas held weekly agendas supported by detailed agendas and contract trackers, which record ongoing contracting issues and their resolutions. The timely negotiations were due, in large part, to SoCalGas’ commitment to shorten negotiations and schedule weekly meetings supported by detailed agendas with itemized deliverables assigned to both parties. SoCalGas should continue practicing a disciplined approach to contract negotiations and communicate to bidders in the RFP instructions that SoCalGas expects the same commitment from the bidder in contract negotiations.

I. Collaboration on Final Program Design and Scope

In Decision 16-08-019, the CPUC allows the IOU and the selected Bidder, after program selection, to collaborate on the ultimate program design implemented by the third party.²⁷ Collaboration enables the IOU to share its understanding of its customers and prior program implementation experience with the selected bidder to optimize the program offers. Contract negotiations are also the time for the bidder to share greater levels of program details and to address any IOU concerns regarding the program design and delivery.

SoCalGas addressed several contract issues during negotiations with bidders. These issues sometimes emerged due to the unique program design and the limited bidder experience with EE third-party contract negotiations. Table 3.1 provides a summary of these key negotiated items.

Table 3.1: Key Contract Negotiation Topics	
Topic	Discussion and Agreement
Frontier Energy	
Customer Participation	The parties discussed the number of participants and customer types the program will target during the two-year contract period. Frontier Energy explained that smaller breweries could benefit the most as they are typically challenged by a high first-cost barrier and limited awareness of efficient

²⁷ Conclusion of Law 57.

Table 3.1: Key Contract Negotiation Topics	
Topic	Discussion and Agreement
	technologies. The parties agreed that the program would target smaller customers in CPUC-defined DACs and/or those customers defined as HTR.
Program Offering	Parties discussed the various program strategies offered to the customer. Frontier Energy explained that the program will provide energy assessments and food service training beyond the financial incentives offered, as many breweries also provide food services to their customers. Frontier Energy indicated that the Carbinx system would include a free monthly service to collect the potassium carbonate. Carbinx would then convert the potassium carbonate locally into other products (soap, shampoo, etc.). Parties agreed that the program would offer energy assessments, food service training, and financial incentives for efficient boilers and efficient Carbinx systems.
Access to Customer Data	SoCalGas explained that it will offer access to customer data to allow the program to target eligible customers per Decision 23-02-002 (Ordering Paragraph 19 and Section 7, p. 69), and such data will be provided at no cost to the implementer. SoCalGas explained access to customer data requires the implementer to comply with the IOU's data privacy requirements. The parties agreed that SoCalGas would share the necessary customer data, at no cost, if Frontier Energy could meet its data privacy requirements during the initial program start-up phase.
Key Performance Indicators	Parties agreed to program performance key performance indicators, such as the number of participants, installations of Carbinx equipment, customer training, pounds of CO2 offset post-retrofit carbon, and amount of energy savings.
Employee Drug Screening Requirements	Among other tests, SAMHSA 5 tests for marijuana (THC-tetrahydrocannabinol), which starting in 2024 is only permissible for specific job classifications (e.g., building construction) that do not apply to the contract's scope of work. The parties agreed to remove the reference to SAMHSA 5 testing but retained the employee drug screening requirements permissible by state law.
Okapi Architecture	
Targeting Schools in Disadvantaged Communities	targeting hard-to-reach (HTR) unified school districts and those located in Disadvantaged Communities as defined by the CPUC. However, public unified school districts (USDs) may include school campuses located in both DAC and non-DACs. Also, the definition of HTR would not typically apply to USDs in non-rural communities under the CPUC's HTR for nonresidential customers.

Table 3.1: Key Contract Negotiation Topics	
Topic	Discussion and Agreement
	Parties agreed that the Program would target school campuses in the CPUC-defined DACs and those USDs defined as HTR.
Access to Customer Data	Okapi sought SoCalGas access to customer data to allow them to target eligible school campuses and initiate customer engagement. Decision 23-02-002 (Ordering Paragraph 19 and Section 7, p. 69) allows the implementer access to customer data if the implementer can comply with the IOU's data privacy requirements. Such data must be provided at no cost to the implementer. Parties agreed that SoCalGas would share the necessary customer data at no cost if Okapi could meet its data privacy requirements during the initial program start-up phase.
IOU Support Services	In addition to customer data access, Okapi requested that SoCalGas' assigned customer representative help make the initial contact with the customer about the program. SoCalGas offered support services to its assigned EE program staff, who work directly with targeted customers. Okapi agreed. Specifically, parties agreed that SoCalGas would directly refer any customer inquiries about the Program to Okapi. Additionally, SoCalGas would provide basic marketing support, including reviewing and approving any co-branded (SoCalGas and Okapi) program collateral.
Key Performance	Parties agreed to program performance key performance indicators, including those that support the installation of qualifying EE equipment in schools

Table 3.1: Key Contract Negotiation Topics	
Topic	Discussion and Agreement
Indicators	located in DACs and for HTR-qualified USDs.
Insurance Requirements	SoCalGas adjusted the minimum amounts of insurance to reflect the smaller contract value. Parties agreed to insurance requirements.
CEGY	
Targeted Customers	Parties discussed the customer groups that the program will target. [REDACTED] [REDACTED] CEGY explained its plans to test responses across several customer groups, including residential, public, and commercial sectors, with hotels having the most significant number of participants. Parties agreed the program would target hotels, residential multifamily properties, schools, and non-profit organizations.
Direct Installations	CEGY explained that it would use existing pool contractors to market and install the pool control systems. CEGY will recruit pool contractors from disadvantaged communities. CEGY's subcontractor, Planet Optima (DBE-certified), will provide a real-time reporting and communication tool and field services to confirm installations (including pictures of the customer site). CEGY will perform ongoing monitoring through the pool control system.
Energy Savings Methodology	[REDACTED] SoCalGas preferred that the program capture sufficient data in the first year to expedite developing and approving a deemed workpaper (aka, measure package). CEGY agreed.
Key Performance Indicators	Parties agreed to program performance key performance indicators, such as the number of participants, installations of pool control systems, energy savings, DBE spend, and budget management and reporting.

m. Fairness of Negotiations

The contract negotiations were fair and transparent. The contract negotiations resulted in contracts that closely resembled the scope of the bidder's proposal.

The overall program designs and final budgets were consistent with the bidders' proposal.

n. Changes to Contract Terms & Conditions

To comply with CPUC directives, SoCalGas provided the bidder with standard and modifiable CPUC terms and conditions at the start of contract negotiations.²⁸ The IE reviewed all documents and confirmed that the contract includes the CPUC's standard terms and conditions. The IOU also proposed a set of additional terms and conditions. These other terms did not conflict with the CPUC

²⁸ Decision 18-10-004, OP 7.

standard terms and conditions since SoCalGas included an additional contract term that clarified that the CPUC standard terms and conditions take precedence over any potentially conflicting terms in the Agreement. The IOU and the bidders agreed to all terms and conditions. The IE also reviewed the contract against the PRG's Contract Checklist and found no issues with SoCalGas' contracts.

o. Conformance with CPUC Policies and Objectives

Table 3.2 below summarizes how the program elements align with those CPUC policies and other PRG recommendations the contracted programs should support.

Table 3.2: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
IOU should develop a standard contract template with CPUC standard terms to be compliant with applicable CPUC policies, decisions, or specific directives, consider PRG and IE feedback, and not use language/concepts that are inappropriate or typically not used in the EE industry. (PRG Guidance on Contracting, Section 6.1.1)	See Section 3.1.C.
The Contract must include all CPUC standard (non-modifiable) contract terms in the contract. (6.1.2)	See Section 3.1.C.
The Contract includes CPUC modifiable contract terms as a starting point. (6.1.3)	See Section 3.1.C.
Other aspects of the contract template do not conflict with CPUC terms and conditions, policies, decisions, or direction. (6.1.4/5)	See Section 3.1.C.
IE pool reviews standard contract template and provides comments. (6.1.6)	Confirmed. The IE reviewed the contract template. The IE recommended that the IOU include an additional term that specifies that the CPUC standard terms and conditions take precedence over all contract terms. The IOU accepted this recommendation.
IOU must present its contracting negotiation process to the IE/PRG for review (6.2.1)	Confirmed. The IOU informed the IE and PRG of the process and approach to the contract.
IEs should monitor all bidder communications during the negotiation process (6.2.2)	Confirmed. The IE was included in all bidder communications and attended all meetings.
IOUs should explain their contracting process to selected bidders (6.2.3)	Confirmed. The IOU presented the contracting process to the bidder at the initial meeting.
Before execution, the assigned IE and PRG should review the final contracts for each Program recommended for award. (6.3.1)	Confirmed. The IE reviewed the final contracts.

Table 3.2: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
A reasonable number of KPIs.	Confirmed. The contracts include KPIs addressing program performance and management, which appear reasonable.
KPIs make sense in terms of measuring, scale, and timeframe.	Confirmed.
The contract includes appropriate performance issue remedies.	Confirmed. The contracts identify the process to remedy KPI performance issues, including program cancellation, if remedies are ineffective in increasing performance to acceptable levels.
The contract clearly addresses Support Services.	The contracts identify IOU services (e.g., customer data) that will be provided to the implementers. These services are limited to activities (e.g., review of marketing materials, secondary inspections, etc.) expected in the Program Administrator's role. SoCalGas does not charge the implementer a fee for these standard services.
Innovative aspects of the Program are retained.	Confirmed.
If applicable, IDSM components are included.	Not applicable. The program does not include any IDSM elements.
If applicable, program considerations for Hard-to-Reach (HTR) and Disadvantaged Communities (DAC) are incorporated.	Confirmed. The contracts include program participant goals for HTR and DAC customers, where applicable.
Changes proposed by the IOU and the implementer were reasonable and fair.	Confirmed.

p. Uniformity of Contract Changes

SoCalGas conducted multiple contract negotiations with various bidders. SoCalGas offered consistent contract terms and conditions to all bidders engaged in these IDEEA contract negotiations during these negotiations.

3.2. Final Selection

SoCalGas made its final selections based on the evaluation outcome and ranking of other similar proposals. As presented in Section 2.4 of this Report, SoCalGas concluded that these programs will advance newer technologies or new program approaches, which may increase the adoption of energy efficiency solicitations. The programs provide a necessary step between market introduction and widespread adoption by demonstrating these emerging energy efficiency technologies and program approaches. The following provides a summary of each of the contracted programs:

- **BEER** offers an opportunity to advance commercially available technologies, which includes an option for the customer to capture and convert carbon produced in their brewery process into other products (soaps, shampoos, etc.). There are over 1,100 breweries throughout

California. The BEER Program will target small and medium-sized customers in DACs and/or considered HTR throughout SoCalGas’ service territory.

- **A+K-12 Program** offers public K-12 schools in DACs and those unified school districts that qualify as HTR a direct install offering. Overall, the Program intends to build strong customer relationships with decision-makers at the various unified school districts to facilitate deeper EE investments.
- **Pool Energy Efficiency Program** offers an opportunity to advance commercially available swimming pool technologies. It includes an option for the customer to reduce their heating usage by utilizing an efficient pool control system. The Program will be open to residential multi-family, commercial, and public sector customers.

3.3. Contract Execution

Table 1.1 summarizes the contract execution dates among SoCalGas and the bidders. The contracts are effective as of the execution date because the contract value and term are below the CPUC’s threshold for seeking CPUC contract approval.

3.4. PRG and IE Feedback to Contracting

The IOU sought and considered PRG and IE feedback throughout the contracting process. As previously stated, SoCalGas’ standard contract agreement met the PRG contracting recommendations. The IE actively monitored all contract negotiations. The IOU also met with the IE to discuss emerging contracting issues throughout the contracting phase. Section 3.1 of this Report summarizes many of these contracting issues and resolutions.

SoCalGas presented the general status of contract negotiations to the PRG at monthly PRG meetings throughout contract negotiations. The IE also presented a comprehensive list of emerging issues to the PRG at the monthly meetings. SoCalGas should strive to share more details during the PRG monthly meetings on ongoing contracting issues emerging during negotiations in future solicitations.

SoCalGas sought input from the PRG and IE on the draft contracts. The PRG did not provide any comments. The IE provided discrete recommendations on the draft contracts. SoCalGas agreed to accept or partially accept all IE recommendations. Below is a list of key IE recommendations and the IOU’s responses.

Table 3.3: IE Contract Recommendations		
Topic	Comment	IOU Response
BEER Program		
Hard-to-Reach Targeting	The contract should include the estimated number of DAC participants or those classified as HTR.	The contract includes estimates of DAC and HTR participants by year.
A+K-12 Program		
Customer	The contract should clearly state that	The contract indicates the program will

Table 3.3: IE Contract Recommendations		
Topic	Comment	IOU Response
Eligibility	the program will focus on school buildings/ campuses located in DAC areas or USD. USD may have facilities both within and outside DACs.	target school campuses located in DACs and qualifying HTR schools.
CPUC Terms and Conditions	The contract should reference the CPUC terms and conditions in CPUC Decision 23-02-002.	The contract includes the updated CPUC standard and modifiable terms and conditions.
DBE Definition	The contract should reference the current DBE definition, which includes persons with disabilities.	The contract includes the current DBE definition, which includes persons with disabilities.
Pool Energy Efficiency Program		
Pre-Launch Activities	SoCalGas will likely need to assist the Implementer in preparing pre-launch materials, such as an Implementation Plan. [REDACTED] so the additional IOU assistance, if necessary, seems reasonable.	SoCalGas will assist the Implementer in completing the implementation plan and other program pre-launch activities in a timely manner.

4. Assessment of Final Contract

The IE's detailed assessment of the executed contracts during this reporting period is presented individually below.

BEER Program – Frontier Energy

The final BEER Program contract represents the bidder's original program design and budget. The final program should be considered third-party, proposed, designed, and delivered consistently according to CPUC's definition of a third-party program. The contract complies with all specific CPUC directives related to third-party contracts, including incorporating all standard CPUC terms and conditions without modification. The final KPIs and implementer compensation structure allow the IOU to actively monitor key program performance elements, including achieving program participation from small and medium-sized breweries located in DAC and/or considered HTR.

4.1. Bid Selection Respond to Portfolio Needs

SoCalGas intended for the IDEEA solicitation to identify and fund new program approaches and/or new, market-available EE technologies. The Frontier Energy's BEER Program looks to demonstrate market-available technologies that will improve the energy efficiency of the microbrewery process and demonstrate how customers can utilize the waste process heat to encapsulate carbon in potassium carbonate, which can then be processed into consumer goods (such as soaps or cleaning products).

The program would demonstrate alternate energy efficiency and decarbonization and provide opportunities for natural gas-fueled commercial processes if successful.

4.2. Bid Selection Provides the Best Overall Value to Ratepayers

a. Introduction

The BEER Program received the highest overall score among similar technology-based IDEE proposals. In its evaluation, SoCalGas determined that Frontier Energy's program provides a unique opportunity for smaller-sized microbreweries to reduce energy consumption and capture carbon in their day-to-day operations.

The commercial brewery industry is a robust market that has experienced substantial growth over the last decade. There are more than 1,100 breweries in California, the largest number in any state in the nation. The California Craft Brewers Association reports that in 2021, craft breweries contributed \$9.03 billion to the state's economy. The industry supports more than 54,000 jobs across the state.²⁹

Small breweries typically lack the resources of larger breweries and may be unaware of opportunities to reduce energy consumption in their day-to-day operations. Furthermore, these breweries are frequently unaware of available utility programs and resources as small businesses. The opportunities to improve the energy efficiency of craft breweries are not well understood, and this program presents an opportunity to stimulate the developing body of research attempting to meet this need. By targeting breweries, including brewhouses that produce 30 barrels/day, this program may begin to fill a gap in the existing program offerings. The Program will provide publicly available data to increase understanding of small brewery energy efficiency.

The IE monitored every aspect of solicitation, including the IOU's evaluation, leading to SoCalGas' final selections. Based on this monitoring, the IE agrees with SoCalGas' assessment that the BEER Program provides one of the best values to the IOUs' ratepayers among similar proposals received in this solicitation.

b. Program Description

The BEER Program will be available to commercial craft brewery customers within SoCalGas' service territory. The implementer will target 20-30 small to medium craft breweries, including those in DACs and customers defined as HTR. The BEER Program will provide energy audits, food service training, and financial incentives to upgrade energy-efficient boiler systems and/or install CarbinX systems with economizers, which will capture carbon and save energy, benefitting the customer by making their production process more efficient and cost-effective. The CarbinX technology utilizes waste

²⁹ [California Craft Beer – Craft Beer Statistics](#)

process heat to encapsulate carbon in potassium carbonate, which can then be processed into consumer goods (such as soaps and cleaning products).

c. Budget and Cost Efficiency

The two-year program budget is \$669,850. The final budget is within the CPUC's cost category targets, except for the marketing budget cost category. Given that the overall program budget is small but requires the implementer to aggressively reach smaller breweries in DAC and those defined as HTR, SoCalGas deemed the percentage reasonable.

Table 4.1: Program Budget				
Cost Category	2024	2025	Total	% of Total Budget
Administration	\$35,000	\$12,000	\$47,000	7%
Marketing	80,500	79,000	159,500	24%
Direct Implementation	121,350	267,000	388,350	58%
Customer Incentives	25,000	50,000	75,000	11%
Total EE Budget	\$261,850	\$408,000	\$669,850	100%

SoCalGas limits the implementer's budgets to the annual cost categories presented in the contract, as shown above. For example, suppose unspent and uncommitted funds remain at the end of a program year. The implementer cannot carry this remaining budget to the next program year without SoCalGas' approval. The contract does not define a program financial commitment nor address the carryover of financial commitments from year to year within the contract period.

d. Expected Program Performance

The Program expects to conduct energy audits, provide food service training, and offer customer incentives for installing efficient boilers and CarbinX technology systems with economizers to smaller-sized breweries located in DACs and/or defined as HTR. The estimated program energy savings and TSB are shown in Table 4.2 below.

Table 4.2: Program Deliverables			
Forecast	2024	2025	Total
Participants	10	15	25
Energy Savings, therms, net	3,438	1,719	5,157
Energy Savings, therms, gross	5,730	2,865	8,595
Projected Total System Benefits	81,558	41,413	122,971
Site Audits	10	15	25
Food Service Training	10	15	25

e. Cost-Effectiveness

As a program within the CPUC’s Market Support category of the EE program portfolio, SoCalGas does not require the contract to include a cost-effectiveness forecast. However, the contract does require the implementer to track and report cost-effectiveness results throughout the program implementation period. Such reporting will assist SoCalGas in assessing the overall effectiveness of the program offering and potential expansion as a resource acquisition offering.

f. IDSM

The contract does not require the implementer to offer any IDSM elements.

g. Disadvantaged Communities and Hard-to-Reach Customers

The implementer designed the program to target smaller-sized breweries defined as HTR or located in DACs. The contract includes a forecast of the program participation, as presented in Table 4.3 below.

Table 4.3: Program Participation			
Forecast	DAC	HTR	Total
Small (less than 10 barrels)	10	5	15
Medium (less than 30 barrels)	7	3	10
Total	17	8	25

h. Disadvantaged Worker Policy

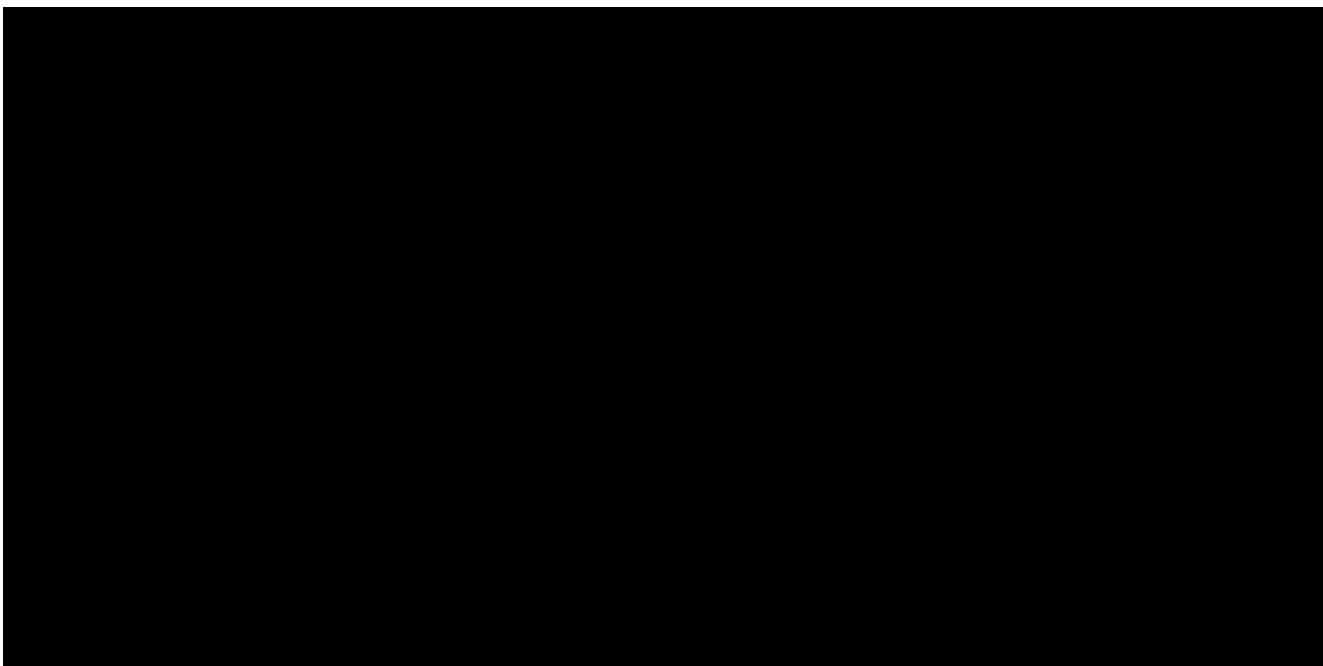
The Implementer must comply with the CPUC’s disadvantaged worker policies and provide plans to promote them in their upcoming Implementation Plan submission. SoCalGas requires the Implementers to report their efforts to support and advance disadvantaged worker policies annually.

i. Workforce Standards Policy

The Implementer is required to comply with all CPUC workforce standards. SoCalGas requires the Implementers to describe their workforce standards plans in the program’s Implementation Plan.

j. M&V Plan

The contract requires the implementer to coordinate with SoCalGas on a final M&V Plan. The Plan should describe how the Program will perform data collection, savings estimations, verification, and reporting. The implementer will include the final detailed M&V Plan as part of the Implementation Plan.



Performance Assurance

There is no performance assurance presented in the contract. SoCalGas does not typically impose such requirements.

I. Innovation

The BEER Program will offer energy audits, food service training, and two incentives for an energy-efficient boiler and/or efficient decarbonization technology. The program will provide a unique opportunity for breweries to decarbonize their boiler systems through CarbinX technology,³¹ which provides a simple, cost-effective solution to carbon capture for small- and medium-sized businesses. The CarbinX technology utilizes waste process heat to encapsulate carbon in potassium carbonate (or pearl ash), which can then be processed into consumer goods (such as soaps or cleaning products). The energy saved by reducing waste heat reduces energy consumption and can result in a 5-year simple payback time.

The program will also offer the Miura steam boiler, which has proven energy efficiency repurposed from other industries. Conventional brewery boilers feature single-speed, low-efficiency jet burners.

³⁰ Fixed-Fee Deliverables (FFD) is a form of deliverable compensation in which a contractor is paid per unit for deliverables (not energy savings). Examples of these deliverables might be audits, reports, or customer contacts, among other items. Programs may include portions that are FFD or be structured as 100% FFD. Compensation is made to implementers upon the successful completion and verification of these activities per contract terms.

³¹ CarbinX captures carbon and is an economizer. It reclaims heat from two sources. The first source is the heating-appliance flue gas. It contains heat which would normally escape to the atmosphere through the chimney. The second source is the carbon-capture reaction. It is an exothermic reaction, meaning it naturally generates heat of its own. CarbinX captures the heat from the flue gas as well as from the carbon-capture reaction and uses that energy to heat water.

The burners typically shoot flame into a firebox underneath the brewing kettle. Generally, breweries use these because of the quick pre-heating time, relatively simple design, and low maintenance. These inefficient boilers are also low-cost, so when small business owners want to invest in their first set of brewhouse equipment, using these direct-fire kettles is often a budgetary decision. More efficient high-pressure steam captures more heat the burner releases than conventional boilers but is usually more expensive. The added innovation from Miura is the steam boiler's modularity and the new system's ability to allow a brewery to grow while preserving the energy efficiency gains. High-pressure steam can also be used to implement clean-in-place protocols and equipment washdowns. Miura boilers offer added functionality to address concerns that become more important as breweries expand.

m. Key Performance Indicators

The Program's KPI achievement is the primary means of assessing the Program's operational performance on an ongoing basis. There are nine KPIs tied to program performance and management, which appear reasonable. The KPI performance is monitored monthly throughout the program implementation period. SoCalGas will use the KPIs to determine (1) the program's success and whether or not corrective actions are required, (2) if SoCalGas should add or remove funds from the program, and (3) program renewals toward the end of the contract term. The contract does not tie KPI performance to the implementer's compensation.

A+K-12 Schools Program – Okapi

The final A+K-12 Schools contract represents the bidder's original program design. The final program should be considered third-party, proposed, designed, and delivered consistently according to CPUC's definition of a third-party program. The contract complies with all specific CPUC directives related to third-party contracts, including incorporating all standard CPUC terms and conditions without modification. The final KPIs and implementer compensation structure allow the IOU to monitor key program performance elements actively, including achieving program participation from school campuses located in DACs.

5.1 Bid Selection Respond to Portfolio Needs

SoCalGas intended for the IDEEA solicitation to identify and fund new program approaches and/or new, market-available EE technologies. The Okapi's A+K-12 Schools Program looks to fill a niche by working exclusively with the leadership at various USDs, located in DACs or defined as HTR, to offer no-cost EE solutions, thereby overcoming the first cost market barrier that has historically impeded EE adoption among this customer group. If successful, the program could provide valuable insights into how to increase public K-12 school participation in EE programs as a Resource Acquisition and/or Equity offering.

5.2 Bid Selection Provides the Best Overall Value to Ratepayers

a. Introduction

The A+K-12 Program received the highest overall score among similar proposals. In its evaluation, SoCalGas determined that Okapi's Program provides a unique opportunity to increase EE adoption of public K-12 schools defined as HTR or located in DACs.

The IE monitored every aspect of solicitation, including the IOU's evaluation, leading to SoCalGas' final selections. Based on this monitoring, the IE agrees with SoCalGas' assessment that the A+K-12 Program provides the best value to the IOUs' ratepayers among similar proposals received in this solicitation.

b. Program Description

The implementer-designed local A+K-12 Program will encourage HTR/DAC-defined public K-12 schools to increase the adoption of EE equipment by eliminating the most significant market barrier facing public schools, the first cost barrier. The A+K-12 Program will offer no-cost installation of energy-efficient water heating to HTR/DAC schools. Since Okapi will provide a no-cost offering to the customer, installing the equipment can avoid the customer's annual budgeting process, which can typically delay or halt a planned EE project.

Budget and Cost-Efficiency

The program budget is \$699,422 as shown in Table 5.1. The final budget is within the CPUC's cost category targets, except for the administrative cost category (10% target). Given that the overall program budget is small but requires the implementer to perform several program start-up activities (e.g., Implementation Plan development, etc.), SoCalGas deemed the percentage of the slightly higher percentage of the budget assigned to administrative tasks reasonable.

Cost Category	2024	2025	Total	% of Total Budget
Administration	\$42,000	\$42,000	\$84,000	12%
Marketing	16,800	25,200	42,000	6%
Direct Implementation	72,000	84,000	156,000	22%
Direct Implementation – Equip., Installation	169,010	248,412	417,422	60%
Customer Incentives	0	0	0	0%
Total EE Budget	\$299,810	\$399,612	\$699,422	100%

SoCalGas limits the implementer's budgets to the annual cost categories presented in the contract, as shown above. For example, suppose unspent and uncommitted funds remain at the end of a program year. The implementer cannot carry this remaining budget to the next program year without SoCalGas' approval. The contract does not define a program financial commitment nor address the carryover of financial commitments from year to year within the contract period.

c. Expected Program Performance

The Program expects to conduct energy audits to identify potential EE project opportunities and install efficient water heating equipment on campuses located in DACs or for USDs defined as HTR. The estimated program energy savings and TSB are shown in Table 5.2 below.

Table 5.2: Program Deliverables			
Forecast	2024	2025	Total
EE Installations	53	78	131
Energy Savings, therms, net	1,025	1,485	2,510
Energy Savings, therms, gross	615	891	1,506
Projected Total System Benefits	11,746	17,987	29,733
ASHRAE Level I Audits	16	24	40

d. Cost-Effectiveness

As a program within the CPUC's Market Support category of the EE program portfolio, SoCalGas does not require the contract to include a cost-effectiveness forecast. However, the contract does require the implementer to track and report cost-effectiveness results throughout the program implementation period. Such reporting will assist SoCalGas in assessing the overall effectiveness of the program offering and potential expansion as a resource acquisition offering.

e. IDSM

The contract requires the implementer to provide references to other IDSM offerings. The contract requires the implementer to describe this specific customer tactic in the customer enrollment plan, which the implementer will include in the program's Implementation Plan.

f. Disadvantaged Communities and Hard-to-Reach Customers

The implementer designed the program to target unified school districts defined as HTR or located in DACs. The contract assigns a specific KPI to ongoing HTR/DAC customer participation. The implementer is also required to report its progress towards this KPI to SoCalGas monthly and annually.

g. Disadvantaged Worker Policy

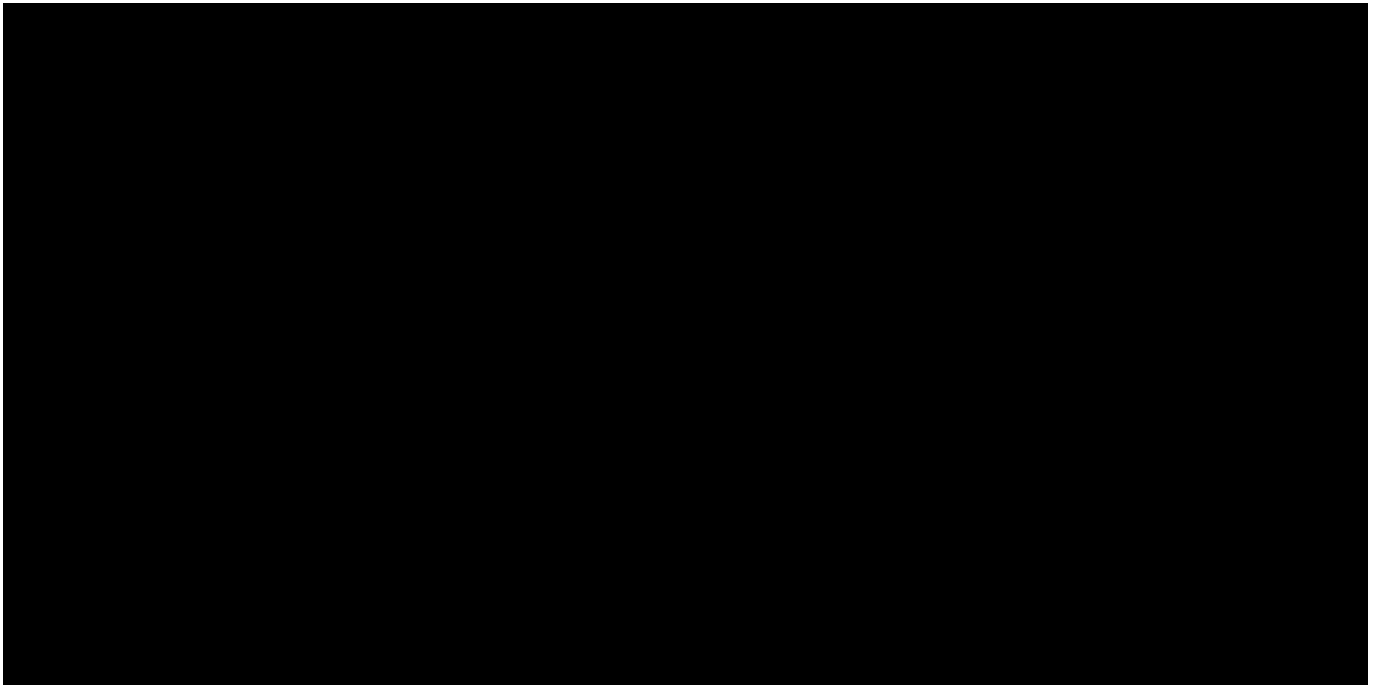
The implementer will comply with the CPUC's disadvantaged worker policies. The implementer will provide plans to promote these policies in their upcoming Implementation Plan submission. SoCalGas requires the implementer to report its efforts to support and advance disadvantaged worker policies on an annual basis.

h. Workforce Standards Policy

The implementer is required to comply with all CPUC workforce standards. SoCalGas requires the implementer to describe its workforce standards plans in the program's Implementation Plan.

i. M&V Plan

The contract requires the implementer to coordinate with SoCalGas on a final M&V Plan. The Plan should describe how the Program will perform data collection, savings estimations, verification, and reporting. The implementer will include the final detailed M&V Plan as part of the Implementation Plan.



I. Performance Assurance

There is no performance assurance presented in the contract. SoCalGas does not typically impose such requirements.

³² Fixed-Fee Deliverables (FFD) is a form of deliverable compensation in which a contractor is paid per unit for deliverables (not energy savings). Examples of these deliverables might be audits, reports, or customer contacts, among other items. Programs may include portions that are FFD or be structured as 100% FFD. Compensation is made to implementers upon the successful completion and verification of these activities per contract terms.

³³ Fixed-Unit Pricing (FUD) is a form of deliverable compensation in which a contractor is paid a fixed rate for energy savings achieved through deemed or custom measures. Contractors are paid per unit of installed measure or on deemed/calculated energy savings. Examples of FUP are \$xx/showerhead, \$x.xx/therm, etc. Compensation in this category is made to the implementer upon the successful completion and verification of program measure installations.

m. Innovation

The Program will promote energy efficiency in public K-12 facilities located in DAC and HTR-eligible customers. The Program will establish working relationships with unified school districts to enable future energy efficiency opportunities. Many school districts constantly face budget restraints with no plans to replace equipment with energy-efficient options strategically. This Program will provide no-cost energy efficiency solutions for eligible customers, overcoming the customers' financial barriers.

The Program replaces inefficient water heater equipment with energy-efficient water heaters. The Program will initially assess the school's hot water equipment. As a bonus to encourage customer enrollment, the Program will provide, at no cost to the customer, high-efficiency water fixture aerators or low-flow pre-rinse spray valves.

The Program's website will be a resource for all school district staff. It will also list and introduce programs from other agencies. We will also update the website with ongoing opportunities for additional funding through the Inflation Recovery Act administered by the California Energy Commission.

n. Key Performance Indicators

The Program's KPI achievement is the primary means of assessing the Program's operational performance on an ongoing basis. There are five KPIs tied to program performance. The KPI performance is monitored monthly throughout the program implementation period. SoCalGas will use the KPIs to determine (1) the program's success and whether or not corrective actions are required, (2) if SoCalGas should add or remove funds from the program, and (3) program renewals toward the end of the contract term. The contract does not tie KPI performance to the implementer's compensation.

Pool Heating Energy Efficiency Program – CEGY

The final Pool Heating Energy Efficiency Program contract represents the bidder's original program design and budget. The final program should be considered third-party, proposed, designed, and delivered consistently according to CPUC's definition of a third-party program. The contract complies with all specific CPUC directives related to third-party contracts, including incorporating all standard CPUC terms and conditions without modification. The final KPIs and Implementer compensation structure allow the IOU to actively monitor key program performance elements.

6.1 Bid Selection Respond to Portfolio Needs

SoCalGas is intended for the IDEEA solicitation to identify and fund new program approaches and/or market-available EE technologies. The CEGY's Pool Heating Energy Efficiency Program looks to demonstrate the viability of the Pool Control System technology in reducing energy consumption and collect the necessary data to create a measure package (aka, workpaper) for review and CPUC approval.

6.2 Bid Selection Provides the Best Overall Value to Ratepayers

a. Introduction

The Pool Heating Energy Efficiency Program received the highest overall score among similar technology-based IDEE proposals. In its evaluation, SoCalGas determined that CEGY's Program provides an opportunity to demonstrate the energy savings of a new technology, Pool Control Systems for commercial swimming pools.

The IE monitored every aspect of solicitation, including the IOU's evaluation, leading to SoCalGas' final selections. Based on this monitoring, the IE agrees with SoCalGas' assessment that the Pool Energy Efficiency Program may provide one of the best values to the IOUs' ratepayers among similar proposals received in this solicitation.

b. Program Description

The Pool Heating Energy Efficiency Program promotes commercially available pool heating control system technology that is underutilized due to a lack of awareness and trust in the efficiency benefits. The Program will offer customers no-cost direct installation of pool control systems and ongoing monitoring support to manage the efficient heating of the swimming pool. The Program provides a necessary step between market introduction and widespread adoption by demonstrating the energy efficiency of this emerging technology.

c. Budget and Cost Efficiency

As shown in Table 6.1, the two-year program budget is \$699,920. The final budget is within the CPUC's cost category targets.

Table 6.1: Program Budget				
Cost Category	2024	2025	Total	% of Total Budget
Administration	\$20,141	\$43,965	\$64,106	9%
Marketing	27,862	11,340	39,202	6%
Direct Implementation	301,917	294,695	596,612	85%
Customer Incentives	0	0	0	0%
Total EE Budget	\$349,920	\$350,000	\$699,920	100%

SoCalGas limits the Implementer’s budgets to the annual cost categories presented in the contract, as shown above. For example, suppose unspent and uncommitted funds remain at the end of a program year. The Implementer cannot carry this remaining budget to the next program year without SoCalGas’ approval. The contract does not define a program financial commitment nor address the carryover of financial commitments from year to year within the contract period.

d. Expected Program Performance

The Program expects to install and monitor pool control systems to improve the pool’s heating efficiency. The Implementer will collect data from installing the initial systems to inform the development of a workpaper, which will be the basis of a deemed energy savings estimate. The program’s expected energy savings are pending the initial data collection and workpaper.

Table 6.2: Program Deliverables			
Forecast	2024	2025	Total
No. of Installations	10	190	200

e. Cost-Effectiveness

As a program within the CPUC’s Market Support category of the EE program portfolio, SoCalGas does not require the contract to include a cost-effectiveness forecast.

SoCalGas plans to measure the potential energy savings from the PCS technology using a methodology that the CPUC will approve. CEGY will gather the necessary data to support the development of the measure package (aka, workpaper). Once the CPUC approves the measure package, including the energy savings deemed to be achieved, the Program will track and report cost-effectiveness results during the implementation period. This reporting will help SoCalGas assess the Program's overall effectiveness and potential for expansion as a resource acquisition offering.

f. IDSM

The contract does not require the Implementer to offer any IDSM elements.

g. Disadvantaged Communities and Hard-to-Reach Customers

The Program will report monthly the number and percentage of participants in disadvantaged communities. The Program does not plan to target hard-to-reach customers as it will target larger commercial and public sector customers (annual therm usage >10k).

h. Disadvantaged Worker Policy

The Implementer will comply with the CPUC’s disadvantaged worker policies. The Implementer will provide plans to promote these policies in their upcoming Implementation Plan submission.

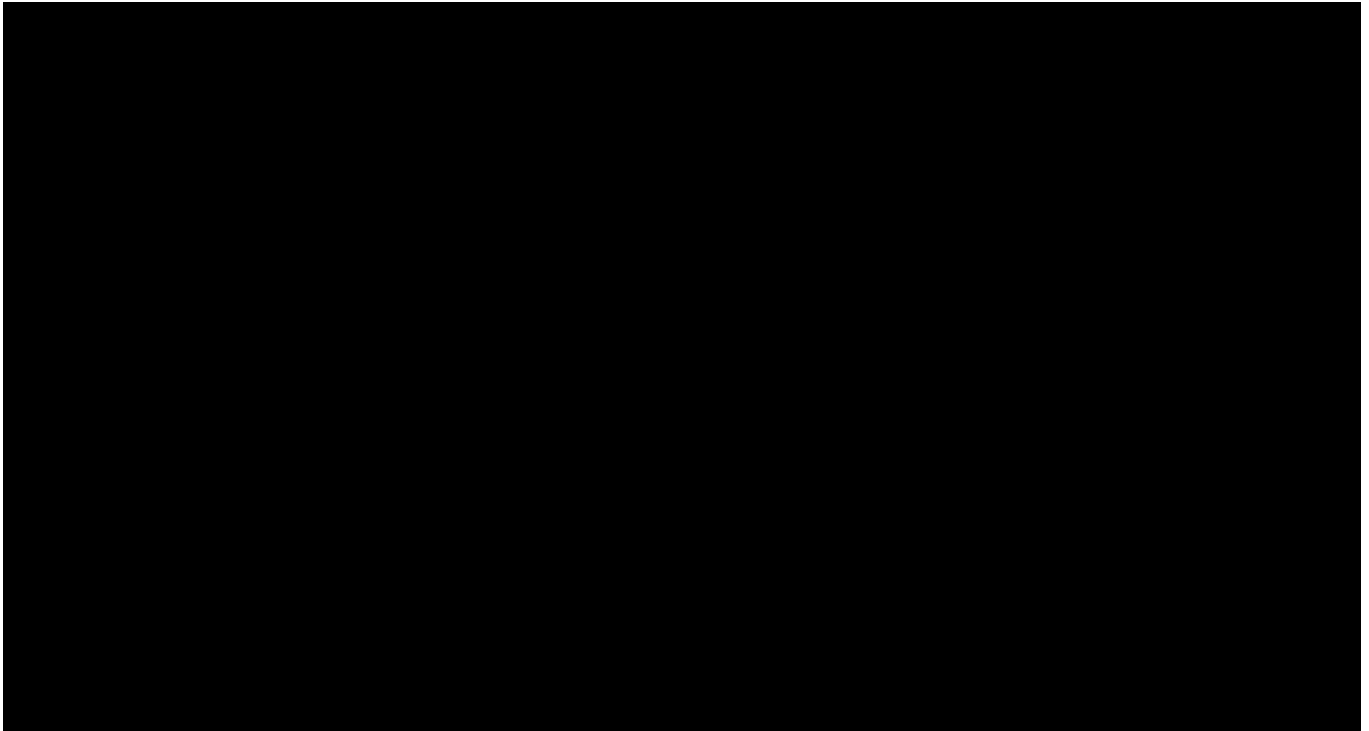
SoCalGas requires the CEGY to report its efforts to support and advance disadvantaged worker policies annually.

i. Workforce Standards Policy

The Implementer is required to comply with all CPUC workforce standards. SoCalGas requires the implementer to describe its workforce standards plans in the program's Implementation Plan.

j. M&V Plan

The contract requires the implementer to coordinate with SoCalGas on a final M&V Plan. The Plan should describe how the Program will perform data collection, savings estimations, verification, and reporting. The Implementer will include the final detailed M&V Plan as part of the Implementation Plan.



Performance Assurance

There is no performance assurance presented in the contract. SoCalGas does not typically impose such requirements.

³⁴ Fixed-Fee Deliverables (FFD) is a form of deliverable compensation in which a contractor is paid per unit for deliverables (not energy savings). Examples of these deliverables might be audits, reports, or customer contacts, among other items. Programs may include portions that are FFD or be structured as 100% FFD. Compensation is made to implementers upon the successful completion and verification of these activities per contract terms.

I. Innovation

The Pool Heating Energy Efficiency Program introduces the Pool Control System (PCS) technology, encompassing comprehensive pool heating management to reduce the natural gas used to heat swimming pools. To improve pool heating efficiency, PCS technology combines IoT sensors, cloud computing, advanced algorithms, reliable hardware, and wireless communication. The system integrates with the pool equipment through wireless communication, enabling remote monitoring and control. It realizes energy and cost savings by optimizing the heating process based on real-time data and user preferences.

IoT sensors allow for precise monitoring of pool temperature, weather conditions, and energy consumption. The PCS software automatically analyzes this data with specially designed algorithms to calculate and implement the most efficient heating patterns. This dynamic optimization ensures that energy usage is minimized while maintaining required pool temperatures during the hours the pool is open for use.

The Pool Control System provides detailed measurement and verification reports, enabling accurate tracking and quantifying of energy savings. By optimizing the heating process and employing energy-saving strategies, the PCS significantly reduces natural gas consumption, leading to more energy efficiency and substantial cost savings for pool owners.

m. Key Performance Indicators

The Program's KPI achievement is the primary means of assessing the Program's performance and operational efficiency on an ongoing basis. There are six KPIs tied to program performance, delivery, and management, which appear reasonable. The KPI performance is monitored monthly throughout the program implementation period. SoCalGas will use the KPIs to determine (1) the program's success and whether or not corrective actions are required, (2) if SoCalGas should add or remove funds from the program, and (3) program renewals toward the end of the contract term. The contract does not tie KPI performance to the Implementer's compensation.

7. Overall Assessment of Solicitation

SoCalGas' conduct during the IDEEA program solicitation was fair, equitable, and transparent.

The IDEEA Solicitation Encouraged Innovation and Attracted Smaller Bidders

With its IDEEA solicitation, SoCalGas reestablished a previous solicitation approach successfully implemented by several IOUs before the 2018 EE funding cycle.³⁵ In 2018, the IOUs halted these IDEEA-type solicitations³⁶ as they focused on large programs that optimized cost-effectiveness and maximized energy savings for their portfolios. As a result, the competitive solicitation process offered little opportunity or incentive for the bidder community to innovate program design or test newer technologies.

With Decision 21-05-041, the CPUC relieved the tensions between cost-effectiveness and innovation by dividing the EE portfolio budget into three segments and applying a cost-effectiveness threshold (prospectively) only to the Resource Acquisition segment. Recognizing the opportunity to promote greater innovation in its EE portfolio, SoCalGas re-introduced the IDEEA solicitation under the Market Support segment in its portfolio.

The IDEEA solicitation provides the bidder community an opportunity to test new strategies and promote new technologies in the marketplace with limited financial risk exposure for either the ratepayer or implementer because of the smaller budgets and shorter contract terms.

SoCalGas received an overwhelming response from bidders to its renewed IDEEA solicitation. The Company's solicitation received one of the highest response rates in the past five years. Many of the bidders were smaller firms, which SoCalGas and other IOUs have struggled to attract in energy efficiency solicitation for several years. The larger number of smaller bidders was likely due to a simplified RFP Response Form, smaller budgets of \$0.7 million, and the open-ended RFP scope.

SoCalGas should share its solicitation experiences with other IOUs as they seek greater program innovation, participation in its solicitations, especially from DBE-qualified firms, and new approaches to improving their EE program portfolio performance.

³⁵ Established a cross-cutting third-party solicitation program called the IDEEA365 Program that promotes the “rolling” solicitation concept and is focused on new innovative programs for the 2013-2019 cycle. The program was designed to allow for the continuous introduction of innovative ideas and technologies into the energy efficiency portfolio by drawing from the skill, experience, and creativity of the energy efficiency community and third-party implementers. The IDEEA365 Program created a mechanism for competitive, year-round solicitations for new third-party resource programs that produce cost-effective energy savings and demand reduction or nonresource programs strongly tied to customer initiation of energy savings opportunities offered by other EE programs.

³⁶ SDG&E San Diego Gas & Electric Company Energy Efficiency Programs Annual Report 2018 Results, p. 87, dated May 1, 2019.

8. Implementation Plan Assessment

As requested by the PRG, the IE's review of the Implementation Plans (IPs) was limited to confirming the draft IPs' alignment with the executed contracts. The IE review did not address whether the draft IP complied with the CPUC's IP requirements.

8.1. Results of the Draft IP Review

The IE reviewed the draft IPs to ensure consistency with the executed contracts. Table 8.1 summarizes the results of the draft IP review compared to the standard PRG Checklist.

Table 6.1: Draft Implementation Plan Comparison with Executed Contract				
Topic	Consistent with Contract			IE Notes
	BEER	A+K-12	Pool EE	
Program Overview	Yes	Yes	Yes	
Program Summary (incl. budget, impacts, cost-effectiveness, sector, etc.)	TBD	TBD	TBD	The IOU does not include the information in the IP but provides it directly into the CEDARS program tables.
Program Delivery (incl. program offerings, target market)	Yes	Yes	Yes	
Program Design (incl. strategies, tools, methods, innovation, integrated demand side management, program logic model, etc.)	Yes	Yes	Yes	
Compliance (workforce standards, disadvantaged workers, etc.)	Yes	Yes	Yes	
Metrics	Yes	Yes	Yes	
Program Rules (incl. customer eligibility, contractor eligibility, eligible measures, QA/QC Plan, etc.)	Yes	Yes	Yes	
Program Logic Model	Yes	Yes	Yes	

Table 6.1: Draft Implementation Plan Comparison with Executed Contract				
Topic	Consistent with Contract			IE Notes
	BEER	A+K-12	Pool EE	
Incentive Levels & Workpapers	Yes	Yes	Yes	
Workshop held on:	February 22, 2024	February 22, 2024	April 8, 2024	

8.2. Public Workshop Overview Summary

BEER Program

SoCalGas held a public workshop on the draft IP on February 22, 2024. The webinar was well-attended, with 21 attendees, including members of SoCalGas’ PRG. The Implementer presented the Local BEER Program, including an overview of the Program’s technologies offerings, industry overview, KPIs, program goals, program tasks, and M&V plan. The Implementer explained the Program’s innovative approach to EE and carbon capture through the application of integrated technologies. The Implementer expects 25 small craft breweries with food services to participate in the Program. Workshop participants had several questions regarding the carbon capture technology, program evaluation, installation costs, and expected customer demand.

A+K-12 Program

SoCalGas held a public workshop on the draft IP on February 22, 2024. The webinar was well-attended, with 18 attendees. The Implementer presented the Local A+K-12 Program, including an overview of the Program’s process flow chart, budget, eligible measure list, program goals, customer outreach, and program objectives. Workshop participants had questions regarding the deemed measure assumptions, coordination with other programs, and eligible measures.

Pool Heating Energy Efficiency Program

SoCalGas held a public workshop on the draft IP on February 22, 2024. The webinar was well-attended, with 12 attendees. The Implementer presented the Local Pool Heating Energy Efficiency Program, including an overview of the Program’s design, targeted customer groups, contractor support, program process flow, customer offerings, program technologies, and program budget.

Energy Efficiency Independent Evaluators' Semiannual Report on the

LOCAL COMMERCIAL STRATEGIC ENERGY MANAGEMENT SOLICITATION

Reporting Period: October 2023 through March 2024

Prepared by:
Apex Analytics LLC



Disclaimer: This Report includes sensitive and confidential information.

Local Commercial Strategic Energy Management Solicitation

1. Solicitation Overview

The Semiannual Report on the Commercial Strategic Energy Management (SEM) program solicitation covers the period between October 2023 and March 2024 which included the solicitation evaluation and contract negotiations.

1.1. Overview

The purpose of this solicitation was to invite Bidders to develop a new and innovative resource-based Commercial SEM program to increase energy efficiency and decarbonization in SoCalGas' commercial customer sector. The Commercial SEM program was intended to emphasize customer participation in energy savings through onsite activities and educational modules as described in the California SEM Design Guide.

a. Scope

Interested bidders were encouraged to propose innovative SEM programs targeting the commercial sector and encourage bidders to propose a program that achieves comprehensive and long-term energy efficiency savings. Using the California Industrial SEM M&V Guide³⁷ and the California SEM Design Guide³⁸ as foundations, the objective of the program was to help commercial customers identify, prioritize, and implement energy efficiency opportunities through behavioral, retro-commissioning, and operational measures and capital projects. Bidders were asked to submit a four-year program, however, the negotiated contracts allow for updated contract periods, if approved by the CPUC, to conform to the CPUC SEM guidelines.

b. Objectives

The Commercial SEM program is intended to benefit SoCalGas' energy efficiency portfolio by:

- Increasing energy efficiency adoption levels for commercial customers; including HTR customers and customers who operate in DAC.
- Facilitating commercial customers' transition to decarbonization by increasing energy efficiency adoption levels and promoting other decarbonization solutions, particularly for

³⁷ Dias, S. and Therkelsen, P, 2022, California Industrial SEM M&V Guide, version 3.02
<https://pda.energydataweb.com/#!/documents/2648/view>

³⁸ Id.

customers who operate in DAC.

- Expanding SEM to the commercial sector and promoting energy efficiency and decarbonization through behavior and operational-based energy-saving interventions.

1.2. Timing

During this IE semiannual reporting period, SoCalGas had just developed and released the RFP. Table 1.1 below includes expected key milestones for this program solicitation.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFP Stage		
1. RFP Released	September 21, 2023	11 weeks
2. Optional Bidder Conference	September 27, 2023	
3. Bidder Questions Due (Round 1)	October 2, 2023	
4. Responses to Bidder Questions (Round 1)	October 5, 2023	
5. Bidder Questions Due (Round 2)	October 9, 2023	
6. Responses to Bidder Questions (Round 2)	October 12, 2023	
7. Bidder's Proposal Due	November 1, 2023	
8. Proposal Submittal Period Reopened	November 8-12	
9. Selected Bidders Notified	December 2, 2023	
10. Bidder Debriefing Session	December 7, 2023	
Selections & Contracting Stage		
1. Contract Negotiations	December 4 - 21, 2023	5 weeks to contract execution
2. Contract Execution Dates	January 11, 2024	
3. Implementation Plan Due	July 2024*	
4. Program Launch	July 2024*	
*estimated		

1.3. Key Observations

Overall, the IE found that the solicitation was successful in procuring a third-party implementer to implement a Commercial SEM Program that will help meet SoCalGas' Decision 16-08-019 obligations, implement its Business Plan, and provide EE benefits to its customers and the State. SoCalGas' conduct and management of the EE program solicitation have been fair and equitable. This solicitation was consistent with Commission guidance and supports portfolio goals. SoCalGas followed its scoring and shortlist processes and supported effective solicitations. The scoring teams were engaged in the scoring and selection processes and the solicitations team managed an efficient process.

Table 1.2 summarizes the key observations during the RFP implementation and negotiation stages.

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
Contract Negotiations	The expedited schedule required continuous and focused conversations for contract negotiations. The process overall was efficient due to both parties being engaged and motivated to meet the deadlines, however did not allow for time to fully vet the financial threshold issue described above.	Future solicitations should allow for more time to complete negotiations, but still plan for similar focused and continuous attention to completing contract negotiations.	New recommendation.

2. RFP Bidder Response and Selections

2.1. RFP Development

This solicitation activity was presented in the April-September 2023 Semiannual Report.

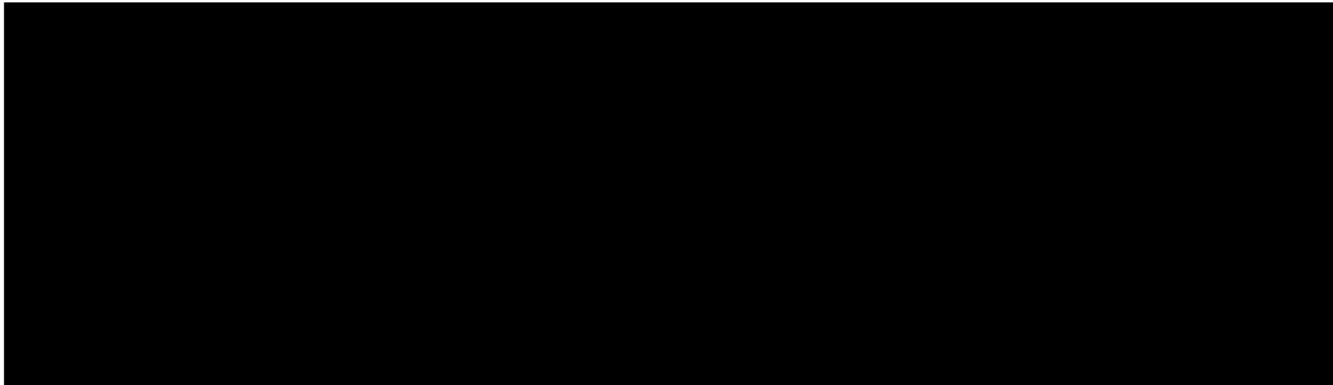
2.2. RFP Outreach

This solicitation activity was presented in the April-September 2023 Semiannual Report.

2.3. RFP Bidders' Conference

This solicitation activity was presented in the April-September 2023 Semiannual Report.

2.4. RFP Bidders' Response

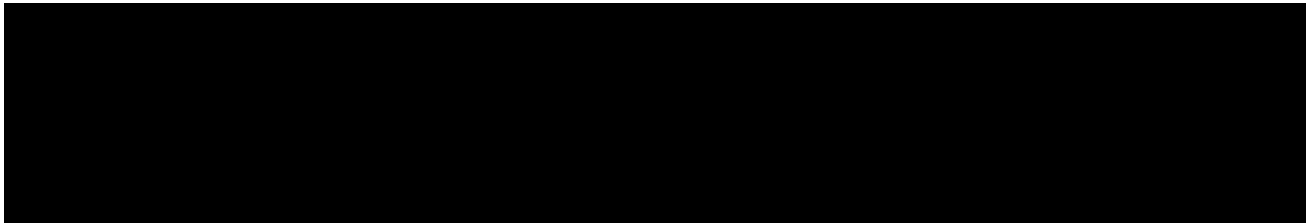


2.5. Proposal Selection Process

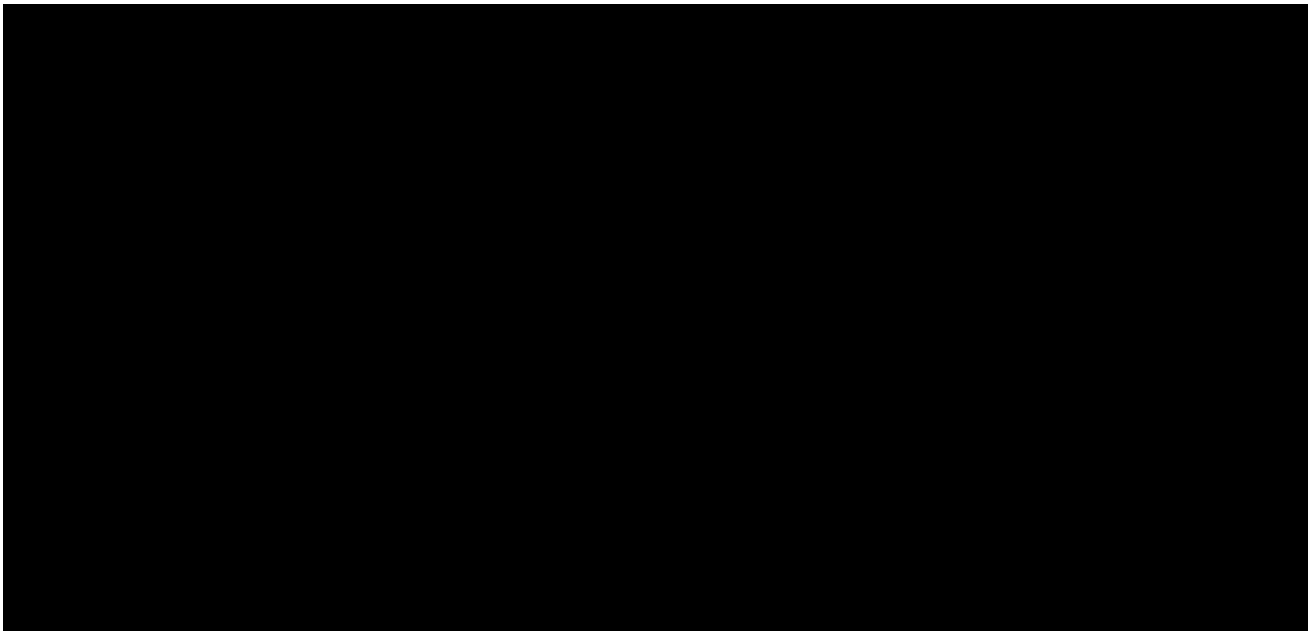
a. Bid Screening Process

SoCalGas utilized a bid screening process consistent with the approach presented to bidders in solicitation materials. First, SoCalGas supply management conducted a threshold assessment (pass/fail) on the following factors:

- On-Time Submittal Via Ariba
- Proposal Responsiveness (Bidder must complete and upload all mandatory documents and attachments in Ariba)
- Bidder and Proposed Program are eligible, and the Proposal does not include the following:
 - Statewide EE programs or programs that overlap with statewide programs³⁹
 - EE programs designed exclusively for Income Qualified customers
 - Programs that overlap or duplicate the efforts of Regional Energy Networks
- Financial Information provided via Ariba



b. RFP Evaluation Team

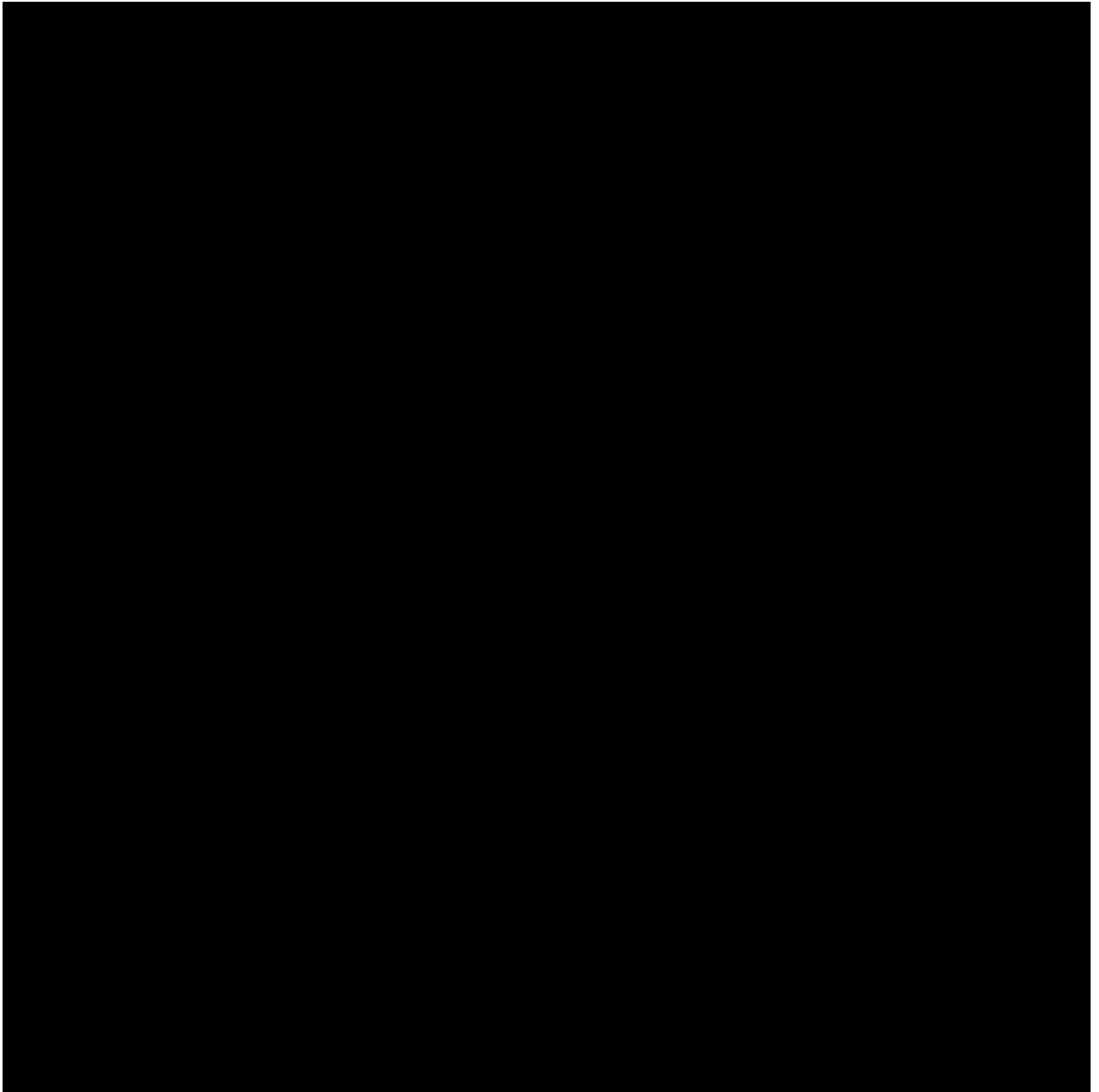


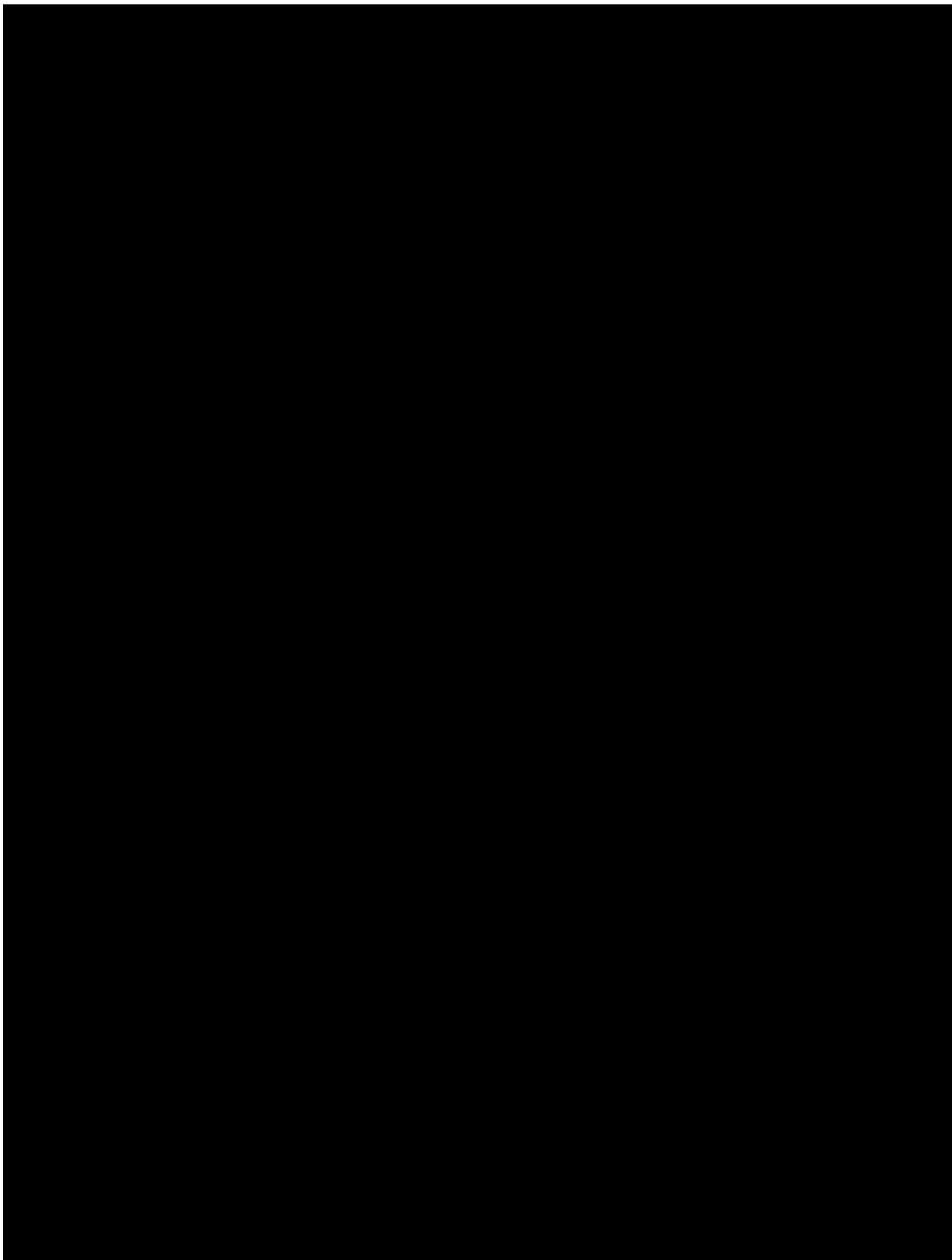
³⁹ A listing of current statewide program implementation plans is provided on the CPUC's CEDARS website <https://cedars.sound-data.com/programs/list/>

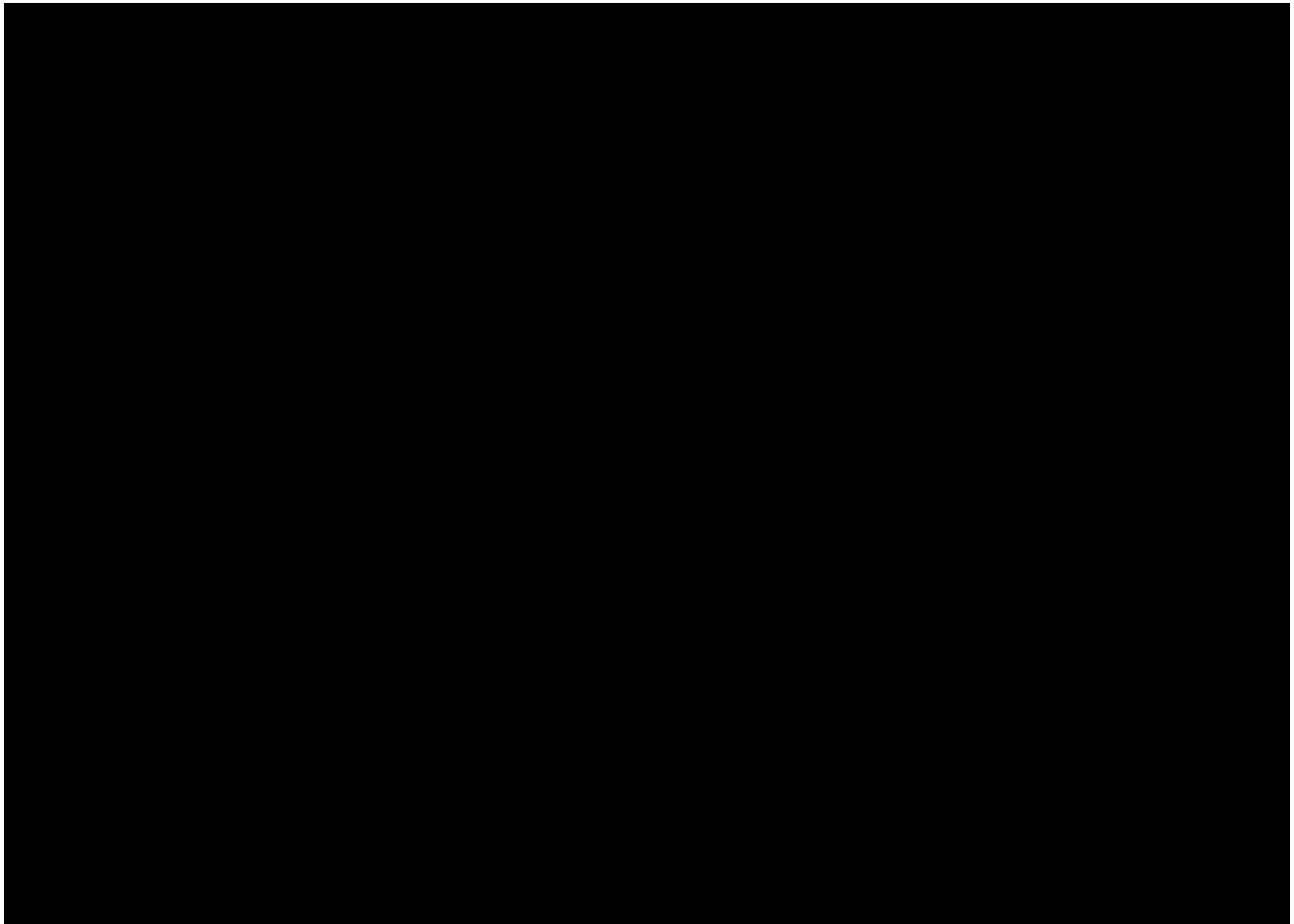
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2.6. PRG and IE Feedback to Proposal Process and Selection

a. Adherence to PRG Guidance and Feedback

The PRG provided the IOU with the PRG Guidance document, which includes more than 100 PRG recommendations regarding the RFP stage. As confirmed by the IE, SoCalGas incorporated all applicable PRG recommendations into the RFP materials and scoring rubric.

b. Response to IE Feedback



For future solicitations, the IE recommends that SoCalGas:

- Notify bidders in the RFP about how they plan to use the financial rating and recommend bidders review their ratings to ensure accuracy before submitting a bid,
- Use information in addition to D&B to verify information before disqualifying participants
- Notify bidders immediately if they fail the D&B threshold and allow for additional information,

- Ensure future solicitations have sufficient schedule to conduct a thorough review and analysis of the financial information.
 - If bidders are scored for benchmarking purposes due to disqualification for financial reasons, let them know and provide feedback on the proposal elements similar to qualified proposals.
- 

3. Contracting Process

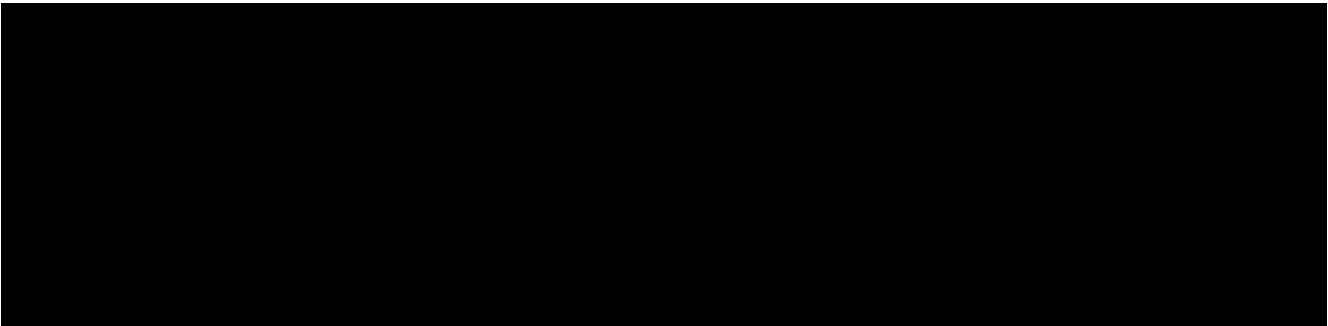
3.1. Contract Negotiations

SoCalGas held contract negotiations with CLEAResult on their proposal Commercial SEM program. From December 5 through December 21, 2023, SoCal Gas held seven meetings with CLEAResult and exchanged several Contract turns via email. The 16-day negotiation period was accelerated relative to other solicitations, and both parties committed to almost daily communications via email or meetings to achieve the desired contract completion by the end of 2023.

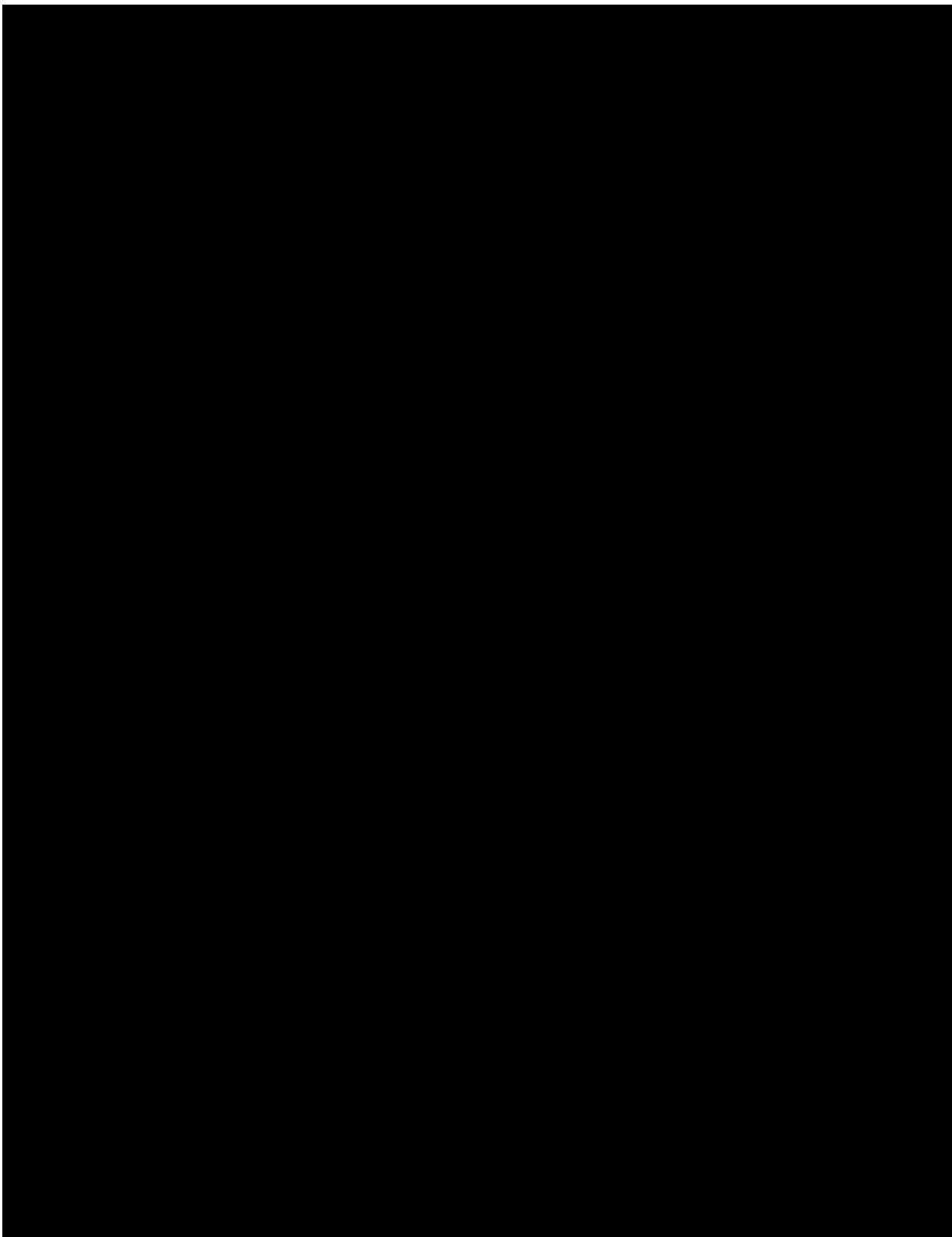
a. Collaboration of Final Program Design and Scope

In Decision 16-08-019, the CPUC allows the IOU and the selected bidder, after program selection, to collaborate on the ultimate program design implemented by the third party.⁴⁰ Collaboration enables the IOU to share its understanding of its customers and prior program implementation experience with the selected bidder to optimize the program offers. Contract negotiations are also the time for the bidder to share greater levels of program details and to address any IOU concerns regarding the program design and delivery.

The parties collaborated on the final program design in terms of describing the program in the contract and compensation configuration. The negotiations centered on program description, compensation configuration, and reporting metrics. The negotiation process was organized and accelerated to meet timing requirements, and both parties worked to resolve questions in a timely manner.



⁴⁰ Conclusion of Law 57.



b. Fairness of Negotiations

Overall, the contract negotiations were fair and transparent. The contract negotiations resulted in a contract that closely resembled the scope of the bidder's proposal.

Table 3.1: Contract Summary	
Topic	Contract
Offerings	Marketing and outreach, customer education, energy engineering and technical assistance, design and procurement advice, and financial incentives and milestone payments
Target markets	Commercial sector participants with usage of at least 250,000 therms per year
Participation Goals	20 customers in year 1, ramping to 40 by year 2
Projects Goals	3,083,400 therms over 4 years
4-Year Budget	\$8,397,740
DBE %	10%
Contract Period	4 years with the plan to extend to 7 years pending CPUC approval

c. Changes to Contract Terms & Conditions

To comply with CPUC directives, SoCalGas provided the bidder with standard and modifiable CPUC terms and conditions at the start of contract negotiations.⁴¹ The IE reviewed all documents and confirmed that the Contract includes the CPUC's standard terms and conditions. The IOU also proposed a set of additional terms and conditions. These other terms do not conflict with the CPUC standard terms and conditions. The IOU and the bidder agreed to all terms and conditions. The IE reviewed the Contract against the PRG's Contract Checklist and found no issues with SoCalGas' contract.

d. Insurance Requirements

After the parties completed negotiations on the Contract's statement of work, SoCalGas aligned the insurance requirements, including insurance types and minimum amounts, with the program scope. The bidder agreed to the insurance requirements, which included, among other insurance types, cybersecurity, and professional liability insurance minimum levels. The insurance requirements seem reasonable based on the program scope, which includes regularly sharing customer data and energy advice to the customer on their business operations. The IE confirmed SoCalGas aligned the Contract's insurance requirements with other contracts for similar scope being negotiated concurrently by SoCalGas.

e. Conformance with CPUC Policies and Objectives

Table 3.2 provides a summary of the way elements of the program align with CPUC Policies and PRG Guidance.

⁴¹ Decision 18-10-004, OP 7.

Table 3.2: Alignment with CPUC Policies and PRG Guidance	
PRG Guidance and Other Considerations	CLEAResult - Apex Comment
IOU should develop standard contract template. (PRG Guidance on Contracting, Section 6.1.1)	Confirmed. SoCalGas developed Contract template and received review from PRG.
Contract must include all CPUC standard (non-modifiable) contract terms in the contract. (6.1.2)	Confirmed. Final Contract includes all CPUC standard (non-modifiable) contract terms.
Contract includes CPUC modifiable contract terms as a starting point. (6.1.3)	Confirmed. Contract template included CPUC modifiable contract, which remained unchanged except for updating payment terms specific to the Contract and noting or deleting sections that are most likely to not apply to the program.
Other aspects of the contract template do not conflict with CPUC terms and conditions, policies, decisions or direction. (6.1.4/5)	Confirmed. IE reviewed the Contract in entirety for conflicts.
IE pool reviews standard contract template and provides comments. (6.1.6)	Confirmed. IE pool reviewed contract template.
IOU must present its contracting negotiation process to the IE/PRG for review. (6.2.1)	Confirmed. IE was informed of the IOU process and approach to Contract.
IEs should monitor all bidder communications during the negotiation process. (6.2.2)	Confirmed. IE was included in all bidder communications and invited to all meetings.
IOU should explain its contracting process to selected bidders. (6.2.3)	Confirmed. The IOU met with the bidder early in the process to explain the contracting process.
Prior to execution, the assigned IE and PRG should review final contracts for each program recommended for award. (6.3.1)	Confirmed. IE reviewed the final Contract on December 20–21, 2023.
Reasonable number of KPIs.	Confirmed. There are seven KPIs addressing different aspects of the contractor's performance, including the percent of customers from DACs.
KPIs make sense in terms of measuring, scale, timeframe.	Confirmed. IE provided comments on the initial draft to ensure the Company and Contractor that KPI metrics were clearly specified in the KPI table.
Contract includes appropriate performance issue remedies.	Confirmed. Time and scores that trigger performance issues are identified and described. Performance corrective processes are triggered by performance goal accomplishment, and service delivery.
Contract clearly addresses Support Services.	Confirmed. Attachment 2 lays out Support Services offered by SoCalGas.
Innovative aspects of program are retained.	The original program design of the proposal was retained.

Table 3.2: Alignment with CPUC Policies and PRG Guidance	
PRG Guidance and Other Considerations	CLEAResult - Apex Comment
If applicable, IDSM components are included.	Confirmed.
If applicable, program considerations for HTR and DAC are incorporated.	Confirmed.
Changes proposed by SoCalGas and the contractor were reasonable and fair.	Confirmed. Very few changes were discussed by SoCalGas and Contractor. The IE made 19 recommendations to clarify Contract terms, and all were resolved with SoCalGas and Contractor.

f. Uniformity of Contracts

SoCalGas worked to ensure uniformity in contracts between CLEAResult and other contracts; however, significant differences in the program design and compensation approach drove final differences. SoCalGas began with a uniform contract template and adjusted each for unique aspects of each contract. Then, as adjustments were made to each contract during negotiation, SoCalGas also worked to ensure consistency, where relevant, with the other contract.

3.2. Final Selection

SoCalGas made its final selection based on the outcome of its proposal evaluations and negotiations. SoCalGas concluded that CLEAResult could offer a unique SEM strategy for commercial customers. SoCalGas also considered CLEAResult’s team capabilities, past program successes, and proposed an SEM design ideal to address SoCalGas’ commercial customer group.

3.3. Contract Execution

SoCalGas executed the Commercial SEM Program Contract with CLEAResult on January 11, 2024. The Contract will be effective upon CPUC’s approval of the executed contracts. At such time, the implementer may begin initial program tasks, including developing the Program's Implementation Plan, which SoCalGas forecasts to complete during Quarter 3 of 2024.

3.4. PRG and IE Feedback to Contracting

The IOU sought and considered PRG and IE feedback throughout the contracting process. As previously stated, SoCalGas’ standard contract agreement met the PRG contracting recommendations. The IE actively monitored all contract negotiations.

SoCalGas presented the general status of contract negotiations to the PRG at monthly PRG meetings throughout contract negotiations. The IE also presented a comprehensive list of discussion topic to the PRG at the monthly meetings.

Both the PRG and IE provided input to SoCalGas on the draft contract. The PRG requested clearer language about the parties agreeing to extend the contract to 6 years if CPUC approves to align with a 6-year cohort and the SEM Design guidelines. SoCalGas added the language provided into the contract. The IE identified 19 areas where further clarification of contract terms could be added (as listed in the IE Comment Tracker). SoCalGas accepted and incorporated all suggestions, with one only accepted partially. The comment addressed only partially was a request by the IE to tie the compensation forecast to forecasts of program savings and milestones identified elsewhere in the contract for better clarification and alignment. The proposed revision by SoCalGas did not completely align the different sections of the contract. Due to the time constraints, SoCalGas elected to proceed with the partial resolution. Through discussions with SoCalGas, the IE became comfortable that the contract terms were correct, though could be clarified, and is comfortable with the contract as completed.

4. Assessment of Final Contract

As described in CLEAResult’s contract, the program offers the following services:

- Identifying eligible participants
- Conducting marketing and outreach
- Educating participating customers
- Providing energy engineering and technical assistance
- Supplying design and procurement advice
- Identifying and paying financial incentives and milestone payments to customers
- Conducting measurement and verification (M&V) of program results
- Promoting On-Bill Financing (OBF)

4.1. Quantitative Metrics

The final contract is summarized in Table 4.1 and provides overall value to SoCalGas customers with Total System Benefits over the 4-year term of \$19,966,297.

Table 4.1: Contract Summary	
Topic	Contract
Offerings	Marketing and outreach, customer education, energy engineering and technical assistance, design and procurement advice, and financial incentives and milestone payments
Target markets	Commercial sector participants with usage of at least 250,000 therms/yr
Participation Goals	20 customers in year 1, ramping to 40 by year 2
Projects Goals	3,083,400 therms over 4 years
4-Year Budget	\$8,397,740
DBE %	10%
Contract Period	4 years with the plan to extend to 7 years pending CPUC approval

Table 4.1: Contract Summary	
Topic	Contract
TRC	3.42
Total System Benefits	\$19,966,297

The Commercial SEM Program aligns with California energy policies in helping achieve energy savings and other benefits. Specifically, the program aligns with Senate Bill (SB) 350’s pursuit of doubling statewide EE savings by 2030.⁴² The final Contract included clarifying changes made in the following contract sections to accommodate IE comments.

- Signature Page – to correct the contract term
- Schedule A – updating force majeure section to state that SoCalGas will use reasonable judgement and allowing excuses for delays
- Schedule B – multiple suggestions to clarify the program scope of work
- [REDACTED]
- Attachment 9 – correcting footnotes associated with staffing
- Attachment 10 – clarifying how the budget related to customer milestone payments
- Attachment 11 – clarifying terminology

5. Overall Assessment of Solicitation

The SoCalGas Commercial SEM solicitation was conducted fairly, transparently, and without bias. As noted in this report, the overall process for the solicitation from RFP documents to contract negotiations was transparent and effectively run. SoCalGas effectively ran the internal processes for internal bid scoring as well as PRG and IE review of all steps in the process.

There were some issues raised by the IE and PRG during the solicitation process, which were largely resolved. SoCalGas also used lessons learned to improve subsequent solicitations.

Overall, SoCalGas’ Commercial SEM sector solicitation produced this CLEAResult program contract that will enable the Company, its customers, and the State to benefit from additional program participation and ultimately more efficient use of energy.

6. Implementation Plan Assessment

This solicitation activity has not yet occurred. Future Semiannual Reports will address this topic.

⁴² SB 350 is the Clean Energy and Pollution Reduction Act of 2015.
https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB350