

Energy Efficiency Independent Evaluators' Semiannual Report

Southern California Gas Company

Third-Party Energy Efficiency Program Solicitations

Reporting Period: April 2024 through September 2024

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December 2024

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, 2024, through September 30, 2024. 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.

RFA Guidance

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.

- 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 provides a complete listing of SoCalGas’ third-party solicitations, including the assigned IE and contract status.

Table C.1: Solicitations Overview		
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
Local 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	Contract Executed
Local Commercial SEM	Apex Analytics	Completed
Local IDEEA 365 – Round 2	Don Arambula Consulting	Contracting
Local Market Access Program	MCR Corporate Services	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 its 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				\$290,996,897	26.41%

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
Timely Safety Certification of Implementer	Contract execution was delayed by several months due to a safety review and certification required by SoCalGas, conducted by an independent third party. SoCalGas mandates that all applicable vendors (implementers) participate in this safety certification process. Since the bidder would be a new vendor to SoCalGas, they had not been certified previously.	SoCalGas should initiate the ISN safety process at the beginning of contract negotiations to address the lengthy safety review and certification process for new vendors.	Under Consideration
Implementation Plan	The initial draft included unclear language about which party had the responsibilities.	The IP should be written with an active voice that says who is responsible for each activity rather than saying the activity will be done.	New recommendation.
Evaluator Training	SoCalGas included a “mock proposal” exercise in its evaluator training, but it was too brief and superficial since it did not include a simulated bidder response.	A “mock proposal” exercise should include a simulated bidder response that needs to be scored and then discussed by the evaluators.	New recommendation.
Proposal Calibration	SoCalGas’s staff had no experience with the MAP approach to EE, so the proposal evaluation was inconsistent.	For any “first of its kind” solicitation, increase the SoCalGas EE Staff Scoring Team’s expertise in EE and MAP with additional training conducted by internal experts, IEs, etc.	SoCalGas accepted the IE’s invitation to host a training session about MAPs and the MAP approach to EE. This did help a great deal, but additional training would still be helpful for future MAP solicitations.
Proposal Calibration	There was a very wide disparity in the lengths of the written scoring rationale by the evaluators.	Evaluators should commit to spending sufficient time scoring each proposal. Based on	New recommendation.

Table D.1: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
		this proposal, the IE suggests 6-9 hours per proposal. Emphasize the importance of taking clear and detailed notes while reading abstracts and proposals and recording detailed comments and rationales when recording scores.	

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
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

Table E.1: Effective Solicitation Practices		
Emerging Effective Practice	IE Analysis	Initial Date
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 Workshop¹⁴

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.”¹⁵ Decision 23-02-002 later modified the requirement to at least once per year.¹⁶ The most recent 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 allowed 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

¹⁴ While this meeting occurred outside the reporting period, a summary is included in this report as a point of reference for issues discussed by stakeholders.

¹⁵ OP 26.

¹⁶ COL 2 states “Commission staff should hold at least an annual stakeholder workshop for the third-party solicitation process.”

solicitations, and other stakeholders. The meeting presentations, agenda, and notes are available on the California for Energy Efficiency Coordinating Committee's (CAEECC) website.¹⁷

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 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 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.

¹⁷ <https://www.caeccc.org/cpuc-third-party-public-meetings>

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 1**

Reporting Period: April 2024 through September 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 contract phase related to the Williams Furnace Company’s Thermoelectric Generator Wall Furnace Direct Install Program.

1.1. Overview

The Innovative Design for Energy Efficiency Applications 365 (IDEEA 365 or IDEEA) solicitation approach provided 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 created a collaboration between the industry and SoCalGas. Implementers who ultimately deliver successful IDEEA 365 programs may be allowed to expand their scope and funding in the future.

a. Scope

Interested bidders were encouraged to propose innovative programs that would use various program strategies and tactics, which could 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.

b. Objectives

This RFP sought innovative approaches to reduce perceived program operational and market barriers, ultimately resulting in SoCalGas customers' saving energy. Selected programs would test new ways to increase customer adoption of EE, which will assist SoCalGas in achieving portfolio and sector-level metrics.¹⁸

The IDEEA 365 solicitation encouraged the exploration of all relevant delivery channels and/or market-ready new technologies to produce an EE program directed at SoCalGas customers. Proposals could 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.¹⁹

1.2. Timing

SoCalGas released the RFP on April 20, 2023. The RFP stage duration extended 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 (Proposed) 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	

¹⁸ 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>.

¹⁹ 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 (Proposed) Date	Duration
Selections & Contracting Stage		
1. Contract Negotiations Begin	October 6 – October 31, 2023 *	53 weeks
2. Contract Execution Dates		
BEER Program	December 31, 2023 *	
A+K-12 Program	December 31, 2023 *	
Pool Energy Efficiency Program	February 15, 2024 *	
TEG Wall Furnace Direct Install Pgm.	October 17, 2024 *	
Contract Approval and Program Rollout		
1. Implementation Plan Due		
BEER Program	February 29, 2024 *	
A+K-12 Program	February 29, 2024 *	
Pool Energy Efficiency Program	April 8, 2024 *	
TEG Wall Furnace Direct Install Pgm.	(December 16, 2024) **	
2. Program Launch	(Q1 2025) **	
* - Delayed from the original schedule. ** - Estimated.		

1.3. Key Observations

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

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
Timely Safety Certification of Implementer	The contract execution was delayed by several months due to a safety review and certification required by SoCalGas, conducted by an independent third party. SoCalGas mandates that all applicable vendors (implementers) participate in this safety certification process. Since the bidder would be a new vendor to	SoCalGas should initiate the ISN safety process at the beginning of contract negotiations to address the lengthy safety review and certification process for new vendors.	Under Consideration

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
	SoCalGas, they had not been certified previously.		

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

This solicitation activity was presented in the October-March 2024 Semiannual Report, dated June 2024.

3. Contracting Process

SoCalGas negotiated contracts with four bidders concurrently. With one exception, SoCalGas successfully completed negotiations and executed contracts by April 2024.

SoCalGas completed negotiations and executed an agreement with the remaining bidder on October 17, 2024. For convenience, the IE Semiannual Report addresses this remaining contract. SoCalGas and the following Implementers have executed contracts, as shown in Figure 2.2 below.

Figure 2.2: Contract Negotiations – Executed Contracts				
Implementer	Program	Description	Contract Date	Budget
Frontier Energy (previously reported in June 2024)	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.	December 31, 2023	\$670,000

Figure 2.2: Contract Negotiations – Executed Contracts

Implementer	Program	Description	Contract Date	Budget
Okapi Architecture (previously reported in June 2024)	A+K-12 Program	Offers HTR/DAC-defined public K 12 schools a no-cost installation of highly efficient water heating.	December 31, 2023	\$699,422
CEGY (previously reported in June 2024)	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.	February 15, 2024	\$699,920
Williams Furnace Company	Thermoelectric Generator Wall Furnace Direct Install Program	Replaces inefficient wall furnaces with high-efficiency, low-emission modulating gas wall furnaces for Hard-to-Reach customers and/or those in Disadvantaged Communities.	October 17, 2024	\$700,000
Total				\$2,769,342

The following discussion provides a detailed summary of these three contract negotiations.

3.1. Contract Negotiations

SoCalGas negotiated a contract with Williams on their proposed Thermoelectric Generation Wall Furnace Program (Wall Furnace Program), which will replace legacy wall furnaces with high-efficiency, low-emission modulating gas wall furnaces for HTR customers and/or those in DACs located in SoCalGas’ service territory.

From October through December 2023, 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 execution, spanned 12 weeks, consistent with the CPUC’s Energy Division recommendation for timely negotiations. SoCalGas originally had intended to complete the negotiations within one month, excluding the contract execution phase. However, the bidder was new to these program solicitations and contracting. Still, the parties completed negotiations within six weeks. 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 meetings supported by detailed agendas and a contract tracker, which records 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.

c. 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.²⁰ 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 and Williams addressed several contract issues during negotiations. Below is a summary of these key negotiated items:

Table 3.1: Key Contract Negotiation Topics	
Topic	Discussion and Agreement
Direct Installation Strategy	The parties discussed the appropriate strategy for promoting the new technology. Williams initially proposed a contractor incentive strategy; however, SoCalGas explained that such an approach would duplicate the current Statewide HVAC program. SoCalGas preferred to test ways to address older housing stocks typically occupied by lower-income households. Parties discussed various approaches but ultimately agreed to a no-cost, direct installation strategy for HTR/DAC customers in older houses with inefficient wall furnaces.
Target Market	The parties discussed the preferred customer group. SoCalGas preferred focusing on HTR and DAC customers in older homes (pre-1950s), as many of these homes would likely have inefficient equipment and a greater need for a no-cost solution. Williams agreed and indicated it would rely on its existing customer database to help locate these customers.
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Key Performance Indicators	Parties agreed to program performance key performance indicators, such as the number of installations, including those located in DACs, budget management, and reporting.

²⁰ Conclusion of Law 57.

d. Fairness of Negotiations

The contract negotiations were fair and transparent.

e. 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.²¹ 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 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 bidder agreed to all terms and conditions. The IE also reviewed the contract against the PRG's Contract Checklist and found no issues with SoCalGas' contract.

f. 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 Program 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

²¹ Decision 18-10-004, OP 7.

Table 3.2: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
	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.
A reasonable number of KPIs.	Confirmed. The contract includes 4 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 contract identifies 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 contract identifies the IOU services (e.g., customer data) it will provide to the Implementer. These services are limited to activities (e.g., review of marketing materials, 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 HTR and DAC are incorporated.	The Program will report monthly the number of participants, including those located in DACs.
Changes proposed by the IOU and the Implementer were reasonable and fair.	Confirmed.

g. 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 selection based on the evaluation outcome and ranking of other similar proposals. As presented in Section 2.4 of this Report, SoCalGas concluded that Williams offered an opportunity to advance commercially available EE new technologies, which enables the customer to reduce their energy usage by utilizing an advanced energy-efficient wall furnace.

3.3. Contract Execution

SoCalGas executed the Wall Furnace Program contract with Williams on October 17, 2024. The contract execution was delayed significantly as the bidder applied and received their ISN certification, which SoCalGas required as a condition for contract execution. As previously addressed in Section 1.3 of this Report, contract execution was significantly delayed (10 months) because SoCalGas mandates that all applicable vendors (aka implementers) participate in the ISN safety certification process. SoCalGas should initiate the ISN safety process at the beginning of contract negotiations to address the lengthy safety review and certification process for new vendors.

The contract is effective since the contract value and term are below the CPUC's threshold for seeking CPUC contract approval. SoCalGas and the Implementer must complete the Program's Implementation Plan by December 16, 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. 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. In future solicitations, SoCalGas should strive to share more details about ongoing contracting issues emerging during negotiations during the PRG monthly meetings.

SoCalGas sought input from the PRG and IE on the draft contract. The PRG did not provide any comments, and the IE provided discrete recommendations on the draft contract. SoCalGas agreed to accept or partially accept all IE recommendations.

4. Assessment of Final Contract

The final The Wall Furnace Program contract represents the bidder's original program design and budget, with two exceptions. Parties agreed to focus the program on HTR/DAC customers in SoCalGas' service territory. Williams agreed to shift from a contractor incentive offering to a direct installation strategy to avoid overlap with the statewide HVAC program and target HTR/DAC

customers. 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 allow the IOU to monitor key program performance elements actively.

4.1. Bid Selection Respond to Portfolio Needs

The IDEEA solicitation intends to identify and fund new program approaches and/or market-available EE technologies. Williams' Wall Furnace Program looks to demonstrate market-available technologies that will replace old inefficient wall furnaces with the next generation of efficient equipment.

4.2. Bid Selection Provides the Best Overall Value to Ratepayers

a. Introduction

The Wall Furnace Program received the second-highest overall score among similar technology-based IDEEA proposals. In its evaluation, SoCalGas determined that Williams' Program provides an opportunity to demonstrate the energy savings of a new technology, TEG wall furnaces.

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 Wall Furnace Program may provide one of the best values to the IOUs' ratepayers among similar proposals received in this solicitation.

b. Program Description

The Wall Furnace Program will replace legacy wall furnaces with high-efficiency, low-emission modulating gas wall furnaces for HTR customers and/or those in DAC located in SoCalGas' service territory. Williams will offer a direct installation strategy by delivering new efficient TEG wall furnaces to the customer's site and having a certified contractor install them. Williams will also train installers on the proper installation procedure for the new TEG wall furnace model.

c. Budget and Cost Efficiency

The two-year program budget is \$700,000. The final budget is within the CPUC's cost category targets.

Cost Category	2024	2025	Total	% of Total Budget
Administration	\$ 37,350	\$24,530	\$61,880	9%
Marketing	17,786	11,024	28,810	4%
Direct Implementation	3,655	3,655	7,310	1%
Direct Implementation – Hardware, Installation	301,000	301,000	602,000	86%
Total EE Budget	\$ 359,792	\$340,208	\$700,000	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 highly efficient wall furnaces to reduce energy consumption, typically in peak winter months. Focusing on HTR/DAC customers, the program’s deliverables are based on the number of installations, including HTR/DAC homes.

Forecast	2024	2025	Total
No. of Participants	10	190	215
Net Therms Savings	1,555	1,555	3,110
Total System Benefits			\$79,748

e. Cost-Effectiveness

As a program within the CPUC’s Market Support category of the EE program portfolio, SoCalGas does not require a cost-effectiveness performance forecast. However, the TRC ratio is estimated at 0.09 for this pilot period.

f. IDSM

The contract does not require the Implementer to offer any IDSM elements. SoCalGas does not currently offer a residential demand response (DR) program. However, the TEG wall furnace technology will include demand response capabilities if SoCalGas implements a DR program. The new technology can also use a hydrogen blend-ready fuel to produce ultra-low NOx emissions.

g. Disadvantaged Communities and Hard-to-Reach Customers

The program will target older, most inefficient wall furnaces in moderate-income households. To ensure that such households benefit from the new installation, the program will focus on HTR/DAC customers and report the number of installations in these households monthly.

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 Implementer 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.

k. Implementer Compensation

[Redacted]

[Redacted]

[Redacted] SoCalGas does offer CPUC-certified small, diverse businesses that have revenues under \$5 million and fewer than 25 employees an option to enroll in SoCalGas’ Supplier Quick Pay Program, which provides a 15-day payment term without any discount to the invoiced amount. The IE and the SBUA, a PRG member, support SoCalGas’ innovative payment policies that recognize and look to ease the financial burden of small businesses.

[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]
[Redacted]	[Redacted]

[Redacted]

[Redacted]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

I. Innovation

The solicitation successfully procured a Market Support program to promote advanced EE heating technologies to HTR and DAC customers. The thermoelectric generation (TEG) wall furnace is the next generation of 82% efficiency, high-performance, vented wall furnace heating solutions. The unique design of the wall furnace allows natural gas to power all electrical components. It is self-powered - once the digital thermostat calls for heat, the electronic hot surface ignitor starts the furnace. Then, thermoelectric power converts the heat to electrical energy for continued operation. Key measure attributes include:

- Replaces legacy wall furnaces with thermoelectric generation (TEG) high-efficiency, low-emission modulating gas wall furnaces. TEG wall furnaces are an exact retrofit (furnace and venting) of the targeted legacy 60% AFUE wall furnace installed base.
- 82% AFUE reduces carbon footprint while providing superior comfort.
- Hydrogen-blend fuel ready and designed to produce ultra-low NOx emissions.
- Dynamic response for energy savings and a constant and comfortable temperature.
- No standing pilot eliminates seasonal relighting, saving energy and eliminating methane emissions when not used.
- No electrical power is required, no new wiring is needed during installation, and it continues to heat during a power outage.
- Quiet circulation fans blow heat off the unique twisted tube heat exchangers for improved comfort and air circulation.
- Easy to install because it fits into the same opening and uses the same venting as legacy wall furnace models.
- Wi-Fi enabled for improved usability and future demand response applications.
- Multiple safety limit switches for improved safety.

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 four 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. [REDACTED]

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. In 2018, the IOUs halted these IDEEA-type solicitations 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 to innovate program design or test market adoption of newer technologies.

With Decision 21-05-041, the CPUC relieved the tensions between cost-effectiveness and innovation by dividing the EE portfolio into three segments and applying a cost-effectiveness threshold only to the Resource Acquisition segment. Recognizing the opportunity to promote greater innovation in its EE program portfolio, SoCalGas re-introduced the IDEEA solicitation under the Market Support segment in its 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 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 over the past five years. Many of the bidders were smaller firms, which SoCalGas and other IOUs have struggled to attract in energy efficiency solicitations 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. Understandably, other IOUs may hesitate to conduct such an open solicitation as they may prefer greater control over their EE portfolio and/or

reduce portfolio administrative costs. However, truly innovative programs can excite markets with fresh program approaches, improve portfolio performance, and advance policy objectives.

8. 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 2**

Reporting Period: April 2024 through September 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 released the Local Innovative Design for Energy Efficiency Application (IDEEA)—Round 2 (IDEEA2) to support the ongoing nature of the IDEEA solution approach. IDEEA2 was immediately released after SoCalGas made proposal selections in SoCalGas’ IDEEA—Round 1 solicitation. It is important to note that the IDEEA2 report is limited to the IDEEA2 solicitation.

The Semiannual Report on the IDEEA2 program solicitation addresses the contracting phase for the California Home Energy Efficiency Rating Services, Inc. (CHEERS) for the HERS Training by CHEERS Program.

1.1. Overview

The IDEEA solicitation approach provided 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 were encouraged to propose innovative programs that would use various program strategies and tactics, which could have included but were 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 sought 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.²³

As with its preceding IDEEA1 solicitation, SoCalGas’ IDEEA2 solicitation encouraged the exploration of all relevant delivery channels and/or market-ready new technologies to produce an EE program directed at SoCalGas customers. Proposals were given 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.²⁴

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		

²³ 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>.

²⁴ 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
1. Contract Negotiations Begin	March 18 – April 5, 2024 **	7 weeks **
2. Contract Execution Dates	May 6, 2023 **	
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

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

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
Timely Contract Execution	Negotiations, including contract execution on September 20, 2024, spanned 15 weeks. Six weeks after contract negotiations concluded, SoCalGas reviewed and approved the final Amendment.	SoCalGas should look for ways to expedite its internal contract review and approval process, especially for agreements representing smaller budgets such as this Amendment.	Under Consideration

2. RFP, Bidder Response and Selections

This solicitation activity was presented in the October 2023 - March 2024 Semiannual Report, dated June 2024.

3. Contracting Process

SoCalGas negotiated an amendment to an existing contract with CHEERS on their proposal to supplement their existing HERS Rater training by offering the required hands-on training in a classroom setting and EPA 608 certification training (proper handling and disposal of refrigerants). CHEERS’ subcontractor, Consol, originally proposed the supplemental EPA 608 training. Consol agreed with CHEERS that it would be more efficient to have CHEERS include the EPA 608 training in their Amendment.

3.1. Contract Negotiations

From June 7 through July 29, 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 execution on September 20, 2024, spanned 15 weeks. Six weeks after contract negotiations concluded, SoCalGas reviewed and approved the final Amendment. SoCalGas should look for ways to expedite its internal contract review and approval process, especially for agreements representing smaller budgets such as this Amendment.

a. 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.²⁵ 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 and CHEERS addressed several contract issues during negotiations. Below is a summary of these key negotiated items:

Topic	Discussion and Agreement
Leverage Existing Third-Party Contract	The parties discussed the efficiency of amending the existing HERS training contract that CHEERS holds with SoCalGas. SoCalGas procured the HERS training program as part of its third-party solicitation process. Parties believed it was most efficient to negotiate and implement an Amendment to the existing HERS training contract. Parties agreed to pursue an Amendment to the existing CHEERS HERS training program contract.
Combine Two IDEEA Proposals	CHEERS proposed enhancing its current HERS Training program, allowing trainees to receive hands-on training. Consol, a current CHEERS HERS Training program subcontractor, proposed an IDEEA program incorporating an EPA 608 certification training module into the overall HERS certification training. CHEERS, Consol, and SoCalGas agreed that it was most efficient to fund both IDEEA programs under the existing CHEERS HERS Training contract with SoCalGas.
Training Facility	CHEERS proposed to supplement HERS training with a hands-on session, which allows the trainee to perform a hands-on HVAC system test required to receive full HERS certification. CHEERS proposed a training facility conveniently located in the SoCalGas service territory. CHEERS will identify the location during program implementation, but parties agreed that the facility

²⁵ Conclusion of Law 57.

Table 3.1: Key Contract Negotiation Topics	
Topic	Discussion and Agreement
	should be in a metropolitan area, ideally within a Disadvantaged Community. Ultimately, the parties agreed that CHEER would place the training location where it is most cost-advantageous. The final location will be determined during the program’s implementation periods.
	[REDACTED]
Key Performance Indicators	Parties developed KPIs associated with the infield and EPA 608 training. The KPIs will monitor these two activities, focusing on increasing the number of certified HERS raters as both trainings are required for HERS certification. The parties also reviewed existing KPIs to confirm their value as a key indicator of program performance. Parties agreed to remove one KPI that tracked the percentage of trainees who completed training per course.

b. Fairness of Negotiations

The contract negotiations were fair and transparent.

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.²⁶ 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 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 bidder agreed to all terms and conditions. The IE also reviewed the contract against the PRG’s Contract Checklist and found no issues with SoCalGas’ contract.

d. 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 Program 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,	See Section 3.1.C.

²⁶ Decision 18-10-004, OP 7.

Table 3.2: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
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)	
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.
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.
A reasonable number of KPIs.	Confirmed. The contract includes 6 KPIs addressing program performance, which appear reasonable.
KPIs make sense in terms of measuring, scale, and timeframe.	Confirmed.
The contract includes appropriate performance issue remedies.	Confirmed. The contract identifies 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 contract identifies the IOU services (e.g., marketing) it will provide to the Implementer. These services are limited to activities (e.g., review of marketing materials, 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.

Table 3.2: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
If applicable, program considerations for HTR and DAC are incorporated.	The Program will report monthly the number of participants, including those in DACs.
Changes proposed by the IOU and the Implementer were reasonable and fair.	Confirmed.

e. Uniformity of Contract Changes

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

The SoCalGas and CHEERS negotiations concluded in an Amendment to an existing third-party contract that contains the CPUC standard and modifiable terms and conditions in addition to supplemental terms and conditions sponsored by SoCalGas and accepted by CHEERS.

3.2. Final Selection

SoCalGas made its final selection based on the evaluation outcome and ranking of other similar proposals. As presented in Section 2.4 of this Report, SoCalGas concluded that CHEERS and Consol offered an opportunity to enhance the existing HERS training with EPA 608 refrigerant and infield training necessary to complete HERS certification. According to the Implementer, adding these enhancements will allow participants to complete their training and be eligible for certification. Currently, trainees need to seek other training venues to complete these two training components.

3.3. Contract Execution

SoCalGas is nearing execution for the contract amendment with CHEERS. The contract execution was delayed due to compensation discussions, KPI tracking, and the unavailability of key program staff. The Amendment is effective since the contract value and term are below the CPUC’s threshold for seeking CPUC contract approval. SoCalGas and the Implementer must complete the Program’s Implementation Plan within 60 days of contract execution.

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. In future solicitations, SoCalGas should strive to share more details about ongoing contracting issues emerging during negotiations during the PRG monthly meetings.

SoCalGas sought input from the PRG and IE on the draft contract. The PRG did not provide any comments. The IE provided discrete recommendations on the draft contract. SoCalGas agreed to accept or partially accept all IE recommendations.

4. Assessment of Final Contract

The final contract will represent an amendment to CHEERS current HERS Training Program with SoCalGas. The Amendment will incorporate the two training components not currently addressed by the existing HERS Program. Parties agreed to incorporate Consol's proposed EPA 608 refrigerant²⁷ training, which educates the trainee on the handling and disposal of refrigerants. A recent CPUC study noted alarming refrigerant emissions rates when equipment is decommissioned or replaced.²⁸

Parties also agreed to include CHEERS' IDEEA proposal in the Amendment, which will offer in-person training for selective learning modules in a classroom setting or select learning modules that require hands-on training and testing.

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 allow the IOU to actively monitor key program performance elements.

4.1. Bid Selection Respond to Portfolio Needs

The IDEEA solicitation intends to identify and fund new program approaches and/or market-available EE technologies. HERS Training Program looks to offer a complete HERS raters training and testing package to increase the number of HERS raters in SoCalGas' service territory.

4.2. Bid Selection Provides the Best Overall Value to Ratepayers

a. Introduction

The two IDEEA proposals reflected in the Amendment to the existing HERS Training Program scored very well relative to other IDEEA proposals. In its evaluation, SoCalGas determined that these proposals provide an opportunity to offer HERS trainees a complete, seamless training and testing experience.

The IE monitored every aspect of the solicitation, including the IOU's evaluation, leading to SoCalGas' final selections. Based on this monitoring, the IE agrees with SoCalGas' assessment that

²⁷ Section 608 of the US Clean Air Act prohibits the intentional release of refrigerants into the atmosphere.

²⁸ Forward-Looking Low-Global Warming Potential Refrigerant Transition Study, Section 1.4.3 Improved Recovery, June 28, 2024.

the HERS Training Program will offer complete HERS raters training, which may increase the number of HERS raters in SoCalGas’ service territory.

b. Program Description

The HERS Training Program will offer live virtual, on-demand virtual, and in-person HERS training. These training pathways will include in-person training for selective learning modules in a classroom setting or learning modules requiring hands-on training and testing. EPA 608 certification training will be offered to prior and active HERS coursework trainees.

CHEERS will also offer an in-person training facility in SoCalGas’ service territory, either a fixed location or a mobile facility. The facility will be available within six months from the contract execution date. By offering a complete training curriculum, the Program expects to increase the number of available HERS raters in SoCalGas’ service territory.

c. Budget and Cost Efficiency

The two-year incremental program budget is \$1,975,000. The final budget is within the CPUC’s cost category targets.

Cost Category	2024	2025	2026	Total	% of Total Budget
Administration	\$47,600	\$57,400	\$0	\$105,000	5%
Marketing	46,900	23,100	0	70,000	4%
Direct Implementation	538,500	821,500	440,000	1,800,000	91%
Direct Implementation – Incentive	0	0	0	0	0%
Total EE Budget	\$633,000	\$902,000	\$440,000	\$1,975,000	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 Amendment provides program participants with a complete HERS training curriculum, including EPA 608 refrigerant and infield training and testing. It contains two specific program performance deliverables to advance EPA 608 training and increase trainee completion rates, as shown in Table 4.2 below.

Table 4.2: Program Performance Forecast	
Forecast	Total
No. of Certified HERS Raters	120
No. of Trainees that Complete EPA 608 Training	80

e. Cost-Effectiveness

As a workforce and education training program within the CPUC’s Market Support category of the EE program portfolio, SoCalGas does not require a cost-effectiveness performance forecast.

f. IDSM

The contract does not require the Implementer to offer any IDSM elements. SoCalGas does not currently offer a demand response program.

g. Disadvantaged Communities and Hard-to-Reach Customers

The Program will market to and recruit program participants in the Company service territory, including disadvantaged communities (DAC) and hard-to-reach (HTR) communities.

h. Disadvantaged Worker Policy

The Implementer will comply with the CPUC’s disadvantaged worker policies. The Implementer will continue to deploy its Disadvantaged Worker Plan to maximize recruitment, training access, and completion of the HERS Rater training program in Disadvantaged Communities. To this end, CHEERS will continue to work with local service providers, trade schools, workforce development agencies, and community colleges in or near these communities to recruit and provide the digital access needed to complete virtual classroom / self-directed on-demand training.

CHEERS will leverage existing SoCalGas relationships with workforce development partnerships such as SEI (formerly Strategic Energy Innovations).²⁹ SEI is a SoCalGas partner utilized to provide an Energize Careers program. The statewide Energize Careers Program generates a diversity of pathways for disadvantaged workers to enter energy careers. SEI implements the statewide third-party program, forming regional ecosystems that provide energy job training and wrap-around services to provide disadvantaged workers skills training, job placement, and retention support. CHEERS will coordinate with Energize Careers to target users in disadvantaged communities within SoCalGas’ service territory.

CHEERS will use SoCalGas’ existing relationships with workforce development partnerships such as SEI (formerly Strategic Energy Innovations). SEI is a partner of SoCalGas and provides an Energize Careers program. This statewide program aims to create various opportunities for disadvantaged workers to pursue careers in the energy sector. SEI’s Energize Careers program creates regional ecosystems that offer energy job training and support services to help disadvantaged workers acquire

²⁹ CHEERS Program’s Implementation Plan, SCG3760: WET&O-HERS Rater Training Advancement.

skills, find jobs, and receive support to retain employment. CHEERS will collaborate with Energize Careers to reach users in disadvantaged communities within SoCalGas' service area.

CHEERS will track and provide this information monthly and after the contract.

i. Workforce Standards Policy

As an information program, the CPUC Workforce Standards are not applicable.

j. M&V Plan

The contract requires the Implementer to coordinate with SoCalGas on a final M&V Plan. An updated plan reflecting the contract Amendment should describe how the Program collects, verifies, and reports data.

After reviewing the existing Implementation Plan, we noticed that the M&V plan has been omitted. SoCalGas and CHEERS should collaborate to update the Implementation Plan with a final M&V Plan within 60 days after contract execution.

k. Implementer Compensation

[Redacted]		
[Redacted]		
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

l. Innovation

The solicitation successfully procured a Market Support program, the HERS Raters Training Program, which now includes a complete HERS rater training and testing offering. The revised HERS Training Program will complement its live virtual classroom and on-demand online training with an additional

³⁰ CHEERS and SoCalGas executed the initial contract on September 20, 2024.

option for hands-on training at an in-field or training facility. The revised offering will also offer EPA 608 refrigerant training required for HERS rater certification.

m. Key Performance Indicators

The program's KPI achievement is the primary means of assessing the program's performance on an ongoing basis. Two new KPIs tied to program performance, which are tied to an increase in certified HERS raters and EPA 608 refrigerant training, 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.

5. 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.³¹ In 2018, the IOUs halted these IDEEA-type solicitations³² 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 to innovate program design or test market adoption of newer technologies.

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

The IDEEA solicitation allowed 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.

³¹ Established a cross-cutting third-party solicitation program called the IDEEA365 Program that promoted the "rolling" solicitation concept and 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.

³² SDG&E San Diego Gas & Electric Company Energy Efficiency Programs Annual Report 2018 Results, p. 87, dated May 1, 2019.

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 solicitations 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.

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 COMMERCIAL STRATEGIC ENERGY MANAGEMENT SOLICITATION

Reporting Period: April 2024 through September 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 April 2024 and September 2024, which includes the Implementation Plan (IP).

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 Guide³³ and the California SEM Design Guide³⁴ 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 customers who operate in DAC.

³³ Dias, S. and Therkelsen, P, 2022, California Industrial SEM M&V Guide, version 3.02.
<https://pda.energydataweb.com/#!/documents/2648/view>

³⁴ Id.

- 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
2. Contract Execution Dates	January 11, 2024	
3. Implementation Plan Public Workshop	July 19, 2024	
4. Program Launch	July 2024	

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 SoCalGas comply with Decision 23-02-002 that allowed SEM to be used in the Commercial Sector and Decision 23-06-055 to incorporate SEM into the business plan. 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 prepared an IP that followed the template.

Table 1.2 summarizes the key observations made during the IP stage.

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
Implementation Plan	The initial draft included unclear language about which party had the responsibilities.	The IP should be written with an active voice that says who is responsible for each activity rather than saying the activity will be done.	New recommendation

2. RFP, Bidder Response and Selections

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

3. Contracting Process

This solicitation activity was presented in the October 2023-March 2024 Semiannual Report.

4. Assessment of Final Contract

This solicitation activity was presented in the October 2023-March 2024 Semiannual Report.

5. Overall Assessment of Solicitation

This solicitation activity was presented in the October 2023-March 2024 Semiannual Report.

6. Implementation Plan Assessment

6.1 Results of the Draft IP Review

SoCalGas and CLEAResult submitted a draft IP to the IE and PRG staff members on June 19, 2024. The IE reviewed the IP to confirm it complied with the CPUC’s IP requirements, and the plan clearly laid out roles and responsibilities for implementation. After receiving initial comments, SoCalGas provided an updated plan to the IE and PRG staff members on July 18, 2024. SoCalGas held the IP webinar on July 15, 2024, addressed final comments from the IE and PRG, and then uploaded a final version on July 22, 2024.

Several sections of the initial IP draft did not provide all the information required from IPs or were vague or unclear. The IE provided comments throughout the document on those areas where further clarity or more information should be added, including:

- The IP referred to the CEDARS system for budget impacts and cost-effectiveness required information rather than detailing it in the IP.
- The IP lacked detail on how customers would be targeted and recruited.
- In some instances, the IP referred to “our” or “them” or something general, and it wasn’t clear who was being referenced or providing something. Additionally, the IP lacked clarity on roles and organizations for: energy coach, engineering staff and participants.
- The IP mentioned that the program would offer support for HTR and DAC customers to find alternative funding and grants but did not describe what the support would entail.

Additionally, the IP said it would raise awareness of opportunities for customers in DACs, through targeted outreach and market insight but did not provide further details on how it would do so.

- Some sections mention the program being offered in both cohort-style and individual format but it was not clear which aspect of the program or any specifics about how it would do that.
- The IP mentioned an Energy Management System being used, but it wasn't clear if it was a tool or a system or how it would be established.
- The Program Design and Best Practices section did not provide any justification of why these strategies were best practices or based on lessons learned and no references or tools were identified, which is requested in the IP Template.
- The Innovation section mentioned that measures are set up to both target cost-effectiveness and drive the adoption of measures that will maximize total system benefits but it did not describe how this is accomplished.
- The quantitative program targets section did not include targets on the incentives that need to be delivered.
- The EM&V section didn't summarize what data is being collected as part of the program design and implementation.

In addition to the initial IE feedback, PRG provided the following comments:

- Include a Gantt chart that shows how cohorts will move across the different cycles and years. Show ramp-down plans, which workshops will be provided when, and program reporting activities.
- Page 9 describes GHG inclusion in program delivery and educational efforts. The SEM guide identifies both GHG and IDSME elements as concepts that should be included in the SEM curricula.
- Energy Champions and Executive Sponsors were briefly referenced on page 12, but there was no description of what customer roles would be planned for participation and what each role would be responsible for. There was no description of a Data Owner as part of the customer role.
- The Treasure Hunt and Opportunity Registers were mentioned a few times, but these key program activities were not included in the program logic model.
- There should have been a section in the IP describing any areas of diversion between this program IP and the current statewide SEM program design. For example, were workshop topics and numbers different, and which workshops will be virtual or in person?
- The IP described the workshop as part of the IP multiple times, but there were no descriptions of the workshop topics, how many there will be, or indication if they will be the same as the

current design guide.

- There were two logic models in the IP and it wasn't clear if both were relevant or needed.
- The IP described how it would back out capital projects that receive incentives from other programs but did not indicate how the NTG ratio would be calculated for these same measures.
- The PRG member requested an addition of the following clause:

“Although the contract for which (PA Name) is seeking approval has an initial delivery term of less than six years, (PA Name) intends to provide customers opportunities to participate in the SEM program for at least six years consistent with Section 2.1 of the California SEM Design Guide For: Cycle 1, 2, and 3., if they so choose.”

The updated IP addressed most initial comments from the IE and the PRG member; however, a few were not adequately addressed, and the IE suggested that several topics discussed during the webinar also be incorporated into the IP. The IE made additional comments on the updated draft as follows, all of which were adequately addressed in the final version:

- A description of how the implementer will determine whether a treasure hunt is virtual or onsite.
- Including that IDSM will be integrated as an option for participants per the SEM design guide requirements.
- Clarifying that the reference to “the program” doing something is actually CLEAResult that is responsible.

The PRG member offered the following additional comments addressed in the final uploaded version.

- The Gantt chart provided in the program manual should cover the full 3 cycles.
- Add how the NTG ratio will be calculated for capital and deemed projects, suggesting the language: “All CPUC guidance will be followed when calculating NTG for these measures.”

Table 6.1 summarizes the results of the IP review compared to the standard PRG Checklist.

Table 6.1: Draft Implementation Plan Comparison with Executed Contract		
Commercial SEM Program		
Topic	Consistent	IE Notes
Program Overview	Yes	
Program Summary (incl. budget, impacts, cost-effectiveness, sector, etc.)	Yes	IP Refers to CEDARS for this information
Program Delivery (incl. program offerings, target market)	Yes	
Program Design (incl. strategies, tools, methods, innovation, integrated demand side management, program logic model, etc.)	Yes	

Table 6.1: Draft Implementation Plan Comparison with Executed Contract		
Commercial SEM Program		
Topic	Consistent	IE Notes
Compliance (workforce standards, disadvantaged workers, etc.)	Yes	
Metrics	Yes	
Program Rules (incl. customer eligibility, contractor eligibility, eligible measures, QA/QC Plan, etc.)	Yes	
Program Logic Model	Yes	
Incentive Levels & Workpapers	Yes	
Workshop held on July 19, 2024	Yes	

6.2 Public Workshop Overview Summary

The IP Webinar was held on July 15, 2024. The webinar was attended by 11 people. The following seven questions were asked by a PRG member and responded to during the webinar:

1. Is the program strictly behavioral, or will it include capital or deemed projects?

Answer: The SEM program will not focus on custom or deemed, but if there are opportunities not being claimed through another program, it can be claimed through this program.

2. What criteria will be used to determine if a virtual treasure hunt will be planned?

Answer: CLEAResult prefers to be onsite, but if a customer is best served by sharing screens of an energy management system rather than physical equipment, they will do the treasure hunt virtually.

3. The SEM program design is for 6 years total (3 cycles); what efforts will be made to incorporate the full curriculum in just a three-year timeframe?

Answer: CLEAResult plans to have customers contract with SoCalGas to go through the full 6-years, understanding that it may be a different implementer that continues past the length of their contract.

4. Will all workshops be in person based on the comment that cohort workshops and interactions are important?

Answer: CLEAResult will try to do as many as possible in person; however, for some customers, it makes more sense and can be successful to do it remotely.

5. Both IDSM and GHG should be included in the curricula per the SEM Design Guide. It is optional for customers as to whether they get pursued.

Answer: IDSM will be included in the curriculum per the SEM Design Guide, but CLEAResult is mostly focused on gas.

6. Is the plan to recruit two energy champions from the client? Can the program help customers fill all the customer roles identified in the SEM Design Guide – data owner, energy champion, full energy team, and executive sponsor? Other utilities see drop-outs when the energy champion changes roles in the company.

Answer: CLEAResult’s goal is to build the entire energy team, but understand that sometimes clients will have dual roles on the team.

7. Will the energy savings calculation primarily use a top-down versus bottom-up calculation as described in the M&V guide? From other evaluations they are seeing more bottom-up calculations.

Answer: Modeling top-down is the top choice to use when possible.

Energy Efficiency Independent Evaluator's Semiannual Report on the
Market Access Program Solicitation

Reporting Period: April 2024 through September 2024

Prepared by:
MCR Corporate Services



Disclaimer: This report includes sensitive and confidential information.

Local Market Access Program Solicitation

1. Solicitation Overview

1.1 Overview

The purpose of this Solicitation was to invite bidders to develop a new and innovative resource-based Market Access Program (MAP) to increase energy efficiency (EE) in SoCalGas' residential and commercial customer sectors. The MAP approach shall utilize population-level normalized metered energy consumption (pop-NMEC) rules and a pay-for-performance (PFP) concept to incentivize installers³⁵ to find EE projects that deliver measurable natural gas savings. This solicitation was conducted as a one-stage process, as permitted by CPUC Decision 23-02-002.³⁶

a. Scope

SoCalGas encouraged program designs that would assist installers in qualifying customers. General customer eligibility requirements should include, but were not limited to:

- EE project site must be in SoCalGas' service territory;
- EE project site must be an existing building (i.e., no new construction) receiving gas service via SoCalGas;
- Customer must pay the Public Purpose Program surcharge on the account where the equipment will be installed;
- Customers must be from Commercial and Residential sectors only;
- EE project site must have 12 months of consecutive energy usage data available; and
- Customer may not request an incentive to replace a measure that received an EE incentive within the previous five years.

b. Objective

SoCalGas' RFP states that the basic structure of the proposers' programs should set upfront criteria for installers to be approved for participation. Interested installers would submit appropriate information to be received for approval by the program. Once approved, aggregators would be able to begin EE upgrades and project submissions, according to processes established by the program. Then, project-level energy savings will be paid for based on the TSB delivered by the project, discounted to account for program administrative costs. Payment to installers will be based on

³⁵ Installers (aka, aggregators) are individuals or firms that bring forth energy savings by recruiting customers, identifying projects, performing all customer interactions, and designing and implementing projects, while complying with all program requirements.

³⁶ Decision 23-02-002, pp. 2 and 19, and OP 7.

measured TSB and will be made in accordance with rules outlined in the NMEC Rulebook 2 and processes set by the program. Program will implement compensation structures designed to encourage installers to achieve specific amounts of TSB across the installer’s project portfolio, with performance payment penalties or bonuses applied to that threshold.

1.2 Timing

Key milestones associated with the SoCalGas MAP solicitation are shown in Table 1.1.

Table 1.1: Key Milestones		
Milestones	Completion (Proposed) Date	Weeks to Complete
RFP Stage		
Solicitation Launch	June 21, 2024	16 weeks
Bidders’ Conference	June 28, 2024	
Offer Submittal Deadline	August 16, 2024	
RFP Shortlist to PRG	October 1, 2024	
Shortlisting Notification	October 8, 2024	
Selections & Contracting Stage		
Contracting and Negotiations Period	(October 17 – December 13, 2024)	15 weeks (Est)
Contracts Presented to PRG	(January 2, 2025)	
Contract Execution	(January 31, 2025)	

1.3 Key Observations

Table 1.2 lists key issues, observations, and outcomes, where applicable, from the assigned IE for the MAP Solicitation during this reporting period.

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
RFP Development	SoCalGas’ MAP RFP schedule indicated an RFP launch date of June 7, 2024. Decision 23-06-055 (OP 26) directs IOUs to “make available solicitations using market access approaches for residential and commercial downstream opportunities” by no later than July 1, 2024.	SoCalGas should take some of the additional three weeks available to develop the RFP package, which would likely result in a clearer, more focused RFP. Additionally, the PRG said that creating a clearer, more focused RFP was more important than meeting the deadline.	SoCalGas did push the launch of the RFP out two weeks, to June 21, 2024.
Evaluator Training	SoCalGas included a “mock proposal” exercise in its evaluator training, but it was too brief and superficial, since it did not include a simulated bidder response.	A “mock proposal” exercise should include a simulated bidder response that needs to be scored and then discussed by the evaluators.	New recommendation.
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]

2. RFP, Bidder Response and Selections

2.1 RFP Development

At the April 2, 2024 PRG meeting, SoCalGas informed the PRG that it was in the scoping phase of its upcoming MAP solicitation and anticipated conducting a one-stage solicitation for implementation launch in 2025. The program would be three years in length, serve the residential and commercial segments, and have a budget of \$5-7 million.

Unlike the state’s other three investor-owned utilities (IOUs), SoCalGas had not previously conducted a MAP solicitation. Thus, SoCalGas decided it would be helpful to have a robust discussion at its internal kickoff meeting, which included the IE, regarding definitions and objectives and how the RFP might be structured for a gas-only utility. The IE reviewed the proposed solicitation schedule and discussed potential accommodations for the budget assuming SoCalGas expected an aggressive response from the market and gets the TSB values they anticipate. SoCalGas planned to have the RFP

package ready for PRG review at the June 4, 2024 PRG meeting and launch soon after, before the July 1 deadline.³⁷

MAP Scope of Work

SoCalGas typically begins each EE solicitation by developing a Statement of Work. The IE reviewed SoCalGas' draft Scope of Work for the MAP solicitation and provided guidance based on CPUC decision language and a desire for some degree of consistency with other MAP solicitations that have already gone to market. The IE appreciated that SoCalGas took the CPUC decision language as the basis for its Scope of Work and developed language consistent with a MAP.

Among the IE's recommendations to SoCalGas were the inclusion of the following in the Scope of Work:

- A robust definition of “market access program” from CPUC Decisions 21-12-011, 23-06-055 and 23-02-002;
- A definition of “aggregator” or “installer” and the use of consistent terminology throughout the document;
- Additional clarity around payment terms based on TSB values as the required measurement and NMEC as the default approach; and
- Inclusion of ineligible program language as well as eligible.

In addition, the IE recommended that SoCalGas keep the following questions in mind as they developed the RFP package:

- Will SoCalGas make additional funding available, depending on the competitiveness of the offers received?
- Will SoCalGas entertain multiple implementers for this solicitation?
- What could be learned from the publicly available documents on market access programs that have preceded this one?

Once completed, SoCalGas used the Statement of Work as the basis for its draft RFP package.

Draft MAP RFP Package

SoCalGas' first draft of the full MAP RFP documents did not clearly convey the fact that this solicitation was for a MAP, which would require a different set of implementer skills and experience to carry out and would need to be administratively different than previous third-party EE programs. The IE recognized that the principal RFP documents (RFP Main Document, RFP Proposal Guide

³⁷ Decision 23-06-055, OP 26, which directs IOUs to “make available solicitations using market access approaches for residential and commercial downstream opportunities” by no later than July 1, 2024.

and Template, and the RFP Scoring Criteria) would require significant modifications to improve them and make them consistent with other utility MAP solicitations.

To that effect, the IE made many suggested edits and recommendations to ensure that potential bidders would understand that this solicitation was significantly different from past SoCalGas EE solicitations. Some of the IE's most substantial recommendations are outlined below. SoCalGas' was very receptive to the IE's recommendations and suggested edits, which were reflected in subsequent drafts.

RFP Main Document Recommendations

- Terminology was inconsistent and not well defined. For example, the terms “aggregator,” “installer,” and “contractor” were used interchangeably at different times throughout documents.
 - The IE recommended that SoCalGas settle on consistent terminology and provide definitions.
- The MAP process and the differentiation of roles were not clearly explained, which the IE felt would have resulted in proposals inappropriate for a viable market access program.
 - The IE recommended that SoCalGas better define the overall MAP process, and the roles of parties involved in the MAP process.
- The description of SoCalGas' Pay-for-Performance compensation approach was worded too generally and was, therefore, more appropriate for a standard, third-party resource acquisition program.
 - The IE recommended that SoCalGas reword the description to apply more specifically to this MAP solicitation rather than generalize.

RFP Proposal Guide and Template Recommendations

- Overall, the questions asked of bidders did not appear to have been tailored to account for a MAP process.
 - The IE recommended SoCalGas add two questions that asked bidders:
 1. To identify market barriers and provide recommended approaches for addressing and overcoming them.
 2. How the bidders intend to recruit and manage aggregators/installers, including qualifying, enrolling, training, management/oversight, etc.
- A question on strategic partnering was aimed at opportunities for strategic partnering with other utilities, municipalities, and similar entities, which the IE believed had little value as written.
 - The IE recommended that SoCalGas instead ask about the bidder's existing or likely partnerships with aggregators/installers and/or trade allies, since establishing those relationships could be a major hurdle for many bidders.

- A question about customer motivation and incentive design did not ask the bidder to define the role of aggregators/installers.
 - The IE recommended that SoCalGas ask the bidder to define the roles of the bidder and aggregators/installers regarding incentives to incentivize customers.
- A question about the Program’s feasibility and likelihood for success asked the bidder to state whether the Program’s energy savings forecast was based on CPUC-approved assumptions and processes but did not ask the bidder to explain their underlying assumptions.
 - The IE recommended that SoCalGas require bidders to explain the underlying assumptions for their assertion of feasibility and likelihood of success.
- A question asking bidders to state whether disadvantaged worker requirements apply and describe their approach to including Disadvantaged Workers.
 - The IE recommended that SoCalGas express this as how the bidder will ensure that their selected aggregators/installers support job access for disadvantaged workers and how the bidder will track that information.
 - The IE also recommended that SoCalGas encourage bidders to propose plans to recruit and enroll aggregators/installers in disadvantaged communities in SoCalGas’ service territory.

RFP Scoring Template Recommendations

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

IE Review of MAP RFP Package

All told, the IE reviewed, at SoCalGas’ request, the entire RFP package three times prior to the June 4, 2024 PRG meeting, at which SoCalGas presented the draft RFP package to the PRG. The IE provided over 80 comments and recommendations for improvements during those three reviews. In addition, the PRG presented over four pages of recommended enhancements to the draft RFP

package to ensure that potential bidders would understand that this solicitation was significantly different from past SoCalGas resource acquisition solicitations.

Unfortunately, although SoCalGas expressed willingness and receptivity to adopting the IE and PRG edits, the final RFP package presented to the PRG by SoCalGas on June 4 was the result of a very rushed IE review and a challenging last-minute process to design scoring criteria that, ultimately, did not fit the solicitation. The IE expressed its concern that SoCalGas did not have the same understanding of market access programs that the electric utilities did through the development of their Summer Reliability Programs, which kept SoCalGas from developing a strong RFP package.

Although SoCalGas had been determined to launch the RFP by the July 1, 2024 deadline,³⁸ it was obvious that the launch would need to be delayed so that the RFP could be revised. Therefore, at the PRG's request, the IE began working with SoCalGas and the Energy Division to redraft the MAP RFP package. This required several more turnarounds of the RFP documents between the IE, SoCalGas, and the PRG.

On June 20, 2024, Energy Division staff informed SoCalGas and the PRG that it had completed its review of the revised MAP RFP package and it had no additional comments. SoCalGas launched the RFP on June 21, 2024. The final MAP RFP package adopted all the PRG and IE recommendations. Key revisions included:

RFP

- Added language to address ED concerns about lack of MAP focus. Also added cost-effectiveness language, simplified innovation section, referenced MAP decisions on TSB and incentives.

Proposal Guide and Template

- Revised all questions to make them more relevant to MAP, experience with installers/aggregators, familiarity with NMEC, etc.

RFP Scoring Criteria

- Revised the scoring criteria throughout to align with the MAP approach and the questions in the Proposal Guide and Template.

2.2 RFP Bidders' Conference

SoCalGas held the MAP Bidders' Conference on June 28, 2024. During the Conference, attendees asked SoCalGas three questions. SoCalGas received eight additional questions by the first bidder question deadline on July 3, 2024 and one by the second question deadline on July 10, 2024. Most of the questions were about customer and measure eligibility. The IE has observed that these are common topics in MAP solicitations.

³⁸ Decision 23-06-055, OP26, directs IOUs to “make available solicitations using market access approaches for residential and commercial downstream opportunities” by no later than July 1, 2024.

SoCalGas posted its responses to both sets of bidder questions within five business days of the question deadline (July 8, 2024 for Round 1; July 16, 2024 for Round 2) on Ariba. The IE reviewed all of SoCalGas’ responses prior to SoCalGas posting its responses on Ariba.

SoCalGas is no longer able to identify Bidder’s Conference attendees. Therefore, no information on the number of attendees or the organizations attendees represent is available.

2.3 RFP Bidders Response

Twenty-eight organizations registered for the MAP solicitation through Ariba. Of those, 22 indicated their intention to participate in the solicitation. Four provided no indication of whether they intended to participate in the solicitation. Ultimately, SoCalGas received [REDACTED] by the August 16, 2024 deadline:

Table 2.1 below summarizes the actual response to the MAP RFP.

Proposals	Number
Expected	[REDACTED]
Received	[REDACTED]
Disqualified	[REDACTED]

On August 28, 2024, SoCalGas sent a four-question survey to the organizations that registered for the solicitation but did not participate to find out why they chose not to participate in the solicitation. Three organizations responded. One respondent included two pages of responses to the four questions. Table 2.2 summarizes SoCalGas’ four questions and the responses.

Question	Respondent 1	Respondent 2	Respondent 3
What were the main factors that influenced your decision not to submit a proposal?	Unfortunately, [we are] not a great fit for these programs that require 'boots on the ground' because we are predominantly a software and services company, and we do not have a network of qualified installers.	The budget/pay-for-performance model is concerning for [us], especially considering that we are still building a presence and professional network in the State of California.	The time given to develop a program was too short. Proposals were due about 45 days from the Webinar... insufficient to review a 275-page RFP, explore program cost-effectiveness using the CET, and simultaneously write a good proposal. [We are] a small company with limited resources. Perhaps the utilities should consider providing financial assistance to small businesses to develop innovative EE programs.

Table 2.2: Responses to SoCalGas MAP Non-Participant Survey			
Question	Respondent 1	Respondent 2	Respondent 3
Were there any specific challenges or obstacles you encountered during the RFP process?	No.	Technical difficulties with some aspects of portal registration slowed down our access to materials.	The RFP process could have been simpler with a more concise RFP and with more time for developing programs.
Did you find the RFP requirements and guidelines clear and manageable?	Yes.	Yes, the RFP and requirements were clear, and the documentation did not impact our reasoning for not submitting.	No. It took a lot of reading and interpretation to fully understand the requirements of the RFP. The RFP could have been made simpler for small business participation.
Were there any aspects of the MAP RFP that you found particularly difficult or unclear?	Pop-NMEC and pay-for-performance are a challenge. Pop-NMEC is burdensome, and the cost and effort associated with supporting such an approach are made even less palatable by a pay-for-performance approach to compensation.	Program cost-effectiveness and some aspects of ‘ineligible programs and measures’ seemed complex or not fully explained.	Generally, the RFP requirements were quite comprehensive but were overkill for a single-measure program from a small business. It could be interpreted as burdensome to program implementors, impacting program implementation costs beyond what the EE Policy Manual and the CPUC suggested.

2.4 Proposal Selection Process

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

SoCalGas’ evaluation of bidder proposals consists of two parts:

1. Threshold Assessment that determines the responsiveness of the proposal to minimum requirements; and
2. Proposal Content Scoring (for proposals that meet the Threshold Assessment requirements), as presented in Table 2.3.

SoCalGas first evaluates the Threshold Assessment criteria (Items A, B, and C) on a Pass/Fail basis. Only proposals that receive a “Pass” on all items in the Threshold Assessment will be further scored.

Table 2.3: Scoring Criteria

Item	Criteria	Scoring Method
Threshold Assessment		
A.	On-Time Submittal Via Ariba	Pass/Fail
B.	All Mandatory Documents Submitted	Pass/Fail
C.	Bidder and Proposed Program are Eligible per RFP	Pass/Fail
Proposal Content Scoring		
E.	Program Design & Strategy	Scored
F.	Measurement and Verification Plan	Scored
G.	Cost and Budget	Scored
H.	Skills and Experience	Scored
I.	Social Responsibilities	Scored

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[REDACTED]

[REDACTED]

[REDACTED]

b. RFP Evaluation Team

SoCalGas’ evaluation team is listed in Table 2.4. The team consisted of experienced subject matter experts drawn from SoCalGas’ staff [REDACTED]

[REDACTED]		
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

Proposal Evaluator Training

SoCalGas conducted a two-hour training session for its MAP proposal evaluators on August 16, 2024. Like most SoCalGas evaluator trainings, this session was very thorough and covered many related topics. It included a “mock proposal” scoring exercise, but the exercise was very brief and did not include a mock bidder response to the question studied. [REDACTED]

[REDACTED]

MAP Training

SoCalGas’ lack of understanding of the Market Access approach to EE hindered its ability to develop a strong MAP RFP package. This led the IE to approach SoCalGas with an offer to develop a Market Access “boot camp” for SoCalGas’ MAP proposal evaluators. The purpose was to introduce the Market Access approach to EE to those less familiar with the concept to get SoCalGas’ MAP solicitation team on the same page in understanding the proposals and how they should be scored.

SoCalGas agreed to this training, which the IE presented to [REDACTED] on August 19, 2024. Topics of the one-hour session included:

- What is the “Market Access Approach” to energy efficiency?
- What are the benefits of the Market Access Approach to energy efficiency?
- How is the Market Access Approach different from past energy efficiency efforts?
- Where did the Market Access Approach come from?
- Who are the market actors and what are their responsibilities?
- What projects are eligible for a MAP? How does MAP compensation work?

According to SoCalGas’ solicitation lead, the training was well received and helpful.

c. Proposal Scoring Rubric Design

SoCalGas’ MAP proposal scoring rubric weightings generally followed the PRG and the IE guidance. Table 2.5 represents the scoring rubric SoCalGas applied in the evaluation of the proposals received.

Table 2.5: Proposal Scoring Rubric		
Area	Category	Weighting
Core Program Elements	Program Design & Strategy	[REDACTED]
	Program Innovation	[REDACTED]
	Program Operations	[REDACTED]
	Installer Outreach and Management Strategy	[REDACTED]
	Program Measure Mix	[REDACTED]
	M&V Plan	[REDACTED]
	Incentive Design	[REDACTED]
Social Responsibility	Diverse Business Enterprises (DBE) and Small Business Enterprises (SBE)	[REDACTED]
	Social Responsibility Questionnaire	[REDACTED]
Program Outcomes and Management of Risk	Program Feasibility & Forecast	[REDACTED]
	Potential Program Risks and Risk Mitigation	[REDACTED]
	Proposed Implementer Compensation	[REDACTED]
	Cost Effectiveness	[REDACTED]
	Program Budget	[REDACTED]

Table 2.5: Proposal Scoring Rubric		
Area	Category	Weighting
Experience and Capabilities	Program Experience and Results	■
	Staffing Plan	■
Total		100%

d. RFP Evaluation Processes and Scoring Calibration

Right after the Proposal Pre-Screen Review on August 21, 2024, SoCalGas released the proposal documents and scoring materials to its evaluators. [REDACTED]

SoCalGas held a mid-scoring check-in on August 30, 2024, to remind evaluators of the schedule and general “rules” of evaluation and to provide them with an opportunity to ask questions. Evaluators reported having made significant progress [REDACTED]

[REDACTED]

[REDACTED]

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Meeting With SoCalGas on Findings of Score Re-Assessment

On September 23, 2024, the IE and ED met with SoCalGas to discuss the IE’s calibration findings and recommendations. Prior to the meeting, the IE sent SoCalGas its calibration findings and recommendations and made clear to SoCalGas that its findings and recommendations would have no impact on SoCalGas’ final proposal scores.

SoCalGas was understanding and very receptive to the IE’s presentation [REDACTED]

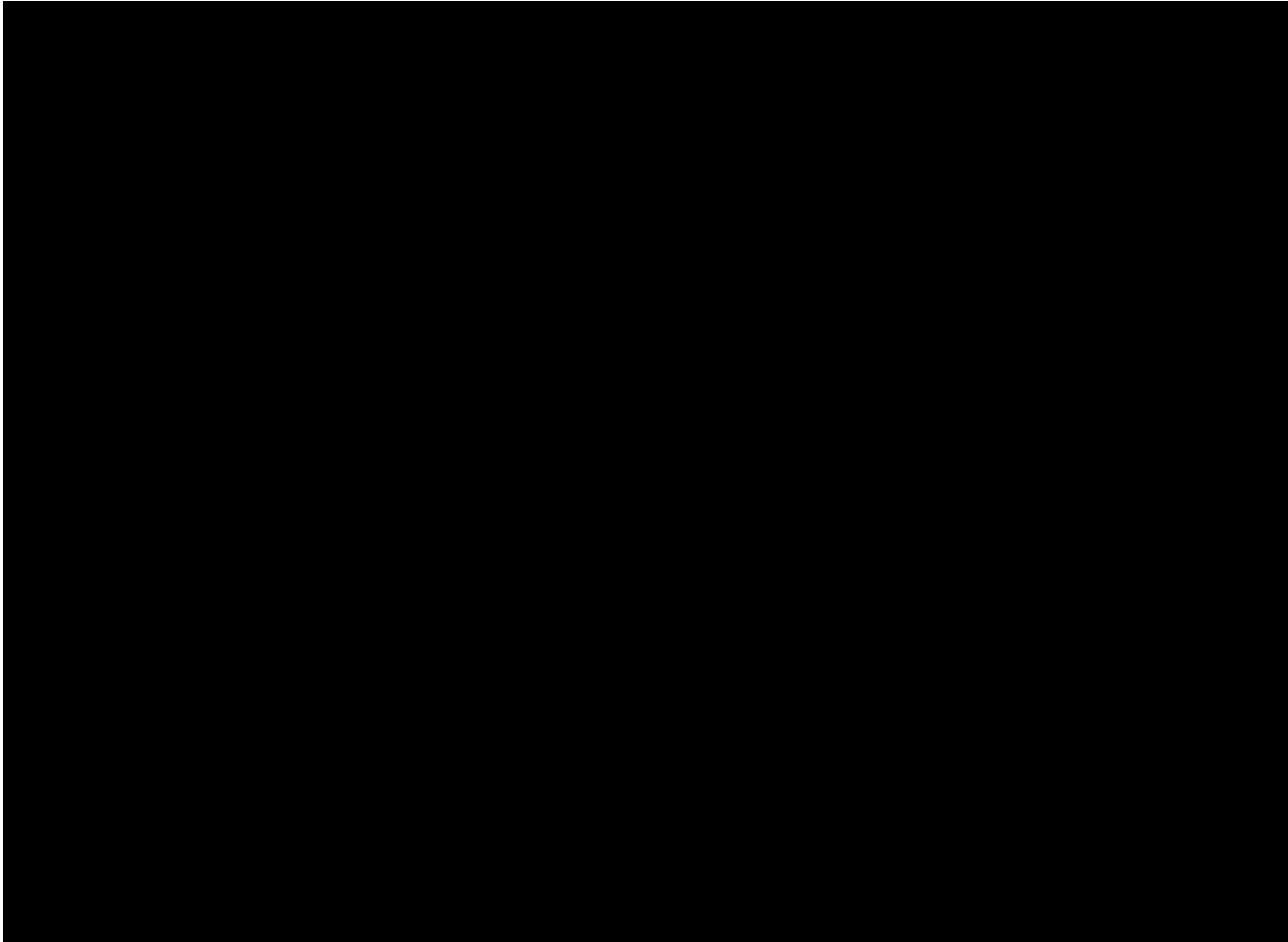
[REDACTED]

e. RFP Shortlist and Final Selection

A week after calibration, SoCalGas’ MAP solicitation evaluation team met to determine which bidder should be recommended to management for contract negotiations. [REDACTED]

[REDACTED] The IE agrees with SoCalGas’ decision.

[REDACTED]



2.5 PRG and IE Feedback to Proposal Process and Selections

SoCalGas’ unfamiliarity with the MAP approach to EE resulted in delays to the solicitation’s launch and made proposal scoring more challenging. It also compelled the PRG and IE to be much more involved in the solicitation process than is typical, with both the IE and the PRG putting in a significant amount of effort to get the RFP ready to launch. Overall, SoCalGas, aware of its lack of experience, willingly accepted the guidance and feedback it received from the PRG and IE.

a. Adherence to PRG Guidance and Feedback



Due to SoCalGas’ inexperience with the MAP approach to EE, the PRG was put in a position to provide significant input and feedback to SoCalGas, which SoCalGas gratefully accepted and put into practice.

b. Response to IE Feedback

Once again, due to SoCalGas' unfamiliarity with the MAP approach to EE, the IE was put in a position to provide significant input and feedback to SoCalGas. This eventually included rewriting most of the RFP and providing training on the MAP approach to SoCalGas. As with the feedback provided by the PRG, SoCalGas accepted the IE's input very willingly.

3. Contracting Process

This stage of the SoCalGas MAP solicitation has not yet occurred; future Semiannual Reports will address this topic.

4. Assessment of Final Contract

This stage of the SoCalGas MAP solicitation has not yet occurred; future Semiannual Reports will address this topic.

5. Overall Assessment of Solicitation

This stage of the SoCalGas MAP solicitation has not yet occurred; future Semiannual Reports will address this topic.

6. Implementation Plan Assessment

This stage of the SoCalGas MAP solicitation has not yet occurred; future Semiannual Reports will address this topic.