

# **Energy Efficiency Independent Evaluators' Semi-Annual Report**

Southern California Gas Company

Third-Party Energy Efficiency Program Solicitations

Reporting Period: April 2023 through September 2023

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December 2023

**Disclaimer: This Report includes sensitive and confidential information.**

## ENERGY EFFICIENCY INDEPENDENT EVALUATORS' SEMI-ANNUAL REPORT

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# I. Overview

## A. Purpose

The Independent Evaluators' (IE) Semi-Annual Report (Semi-Annual 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).<sup>1</sup> 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.<sup>2</sup> 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 semi-annual report on the overall process and conduct of the third-party solicitations be filed in the relevant EE rulemaking proceeding.<sup>3</sup> This Report is provided in response to this requirement and represents an assessment of the program solicitation activities conducted from April 1, 2023, through September 30, 2023. This Report provides feedback to the CPUC on the progress of SoCalGas' EE program solicitations.

This Report identifies improvement areas 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.<sup>4</sup>

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

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<sup>1</sup> Decision 18-01-004, OP 2.

<sup>2</sup> Id, p. 38.

<sup>3</sup> OP 5.c.

<sup>4</sup> Decision 16-08-019, OP 10.

(SCE), and SoCalGas, to assemble an EE PRG<sup>5</sup>. The IOU's PRG, a CPUC-endorsed entity, is composed of non-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 periodically<sup>6</sup> 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**

The CPUC, in Decision 18-01-004, directed the IOUs to ensure their EE portfolios contain minimum percentages of third-party-designed and -implemented programs by predetermined dates.<sup>7</sup> In November 2019, the CPUC granted IOUs various extension requests to meet the CPUC's initial 25% threshold requirement<sup>8</sup> 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.<sup>9</sup>

### **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 semi-annual 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 is conducting multiple negotiations within the same solicitation, the program is complex, or the

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<sup>5</sup> Decision 18-01-004, OP 3.

<sup>6</sup> At monthly PRG meetings and off-cycle meetings as needed.

<sup>7</sup> Decision 18-01-004, OP 1.

<sup>8</sup> 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.

<sup>9</sup> Decision 18-01-004, OP 8.

Contract addresses challenging elements.

- Update the solicitation schedules in the next quarterly update.

#### RFA Guidance

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

#### IOU Communication to Bidders

- Notify bidders of the status of the solicitation throughout the entire process.
- Provide better feedback to bidders by delivering on their commitments made in response to stakeholder requests.
- Provide non-advancing bidders notification if their abstracts/proposals did not advance due to an incomplete or non-conforming submission, a violation, or an unmitigated conflict of interest.
- After the June 30 and September 30, 2020, deadlines are met, 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.<sup>10</sup> Program Administrators are required to apply the TSB metric to program years 2024 and beyond.<sup>11</sup> 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.

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<sup>10</sup> Decision 21-05-031, OP 2.

<sup>11</sup> Id, OP 1.

- **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.

### Single- or Two-Stage Solicitation Approaches

Effective February 3, 2023, the CPUC allows the 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 the rationale for conducting either a single- or two-stage solicitation to its PRG.<sup>12</sup>

### C. Overview of Solicitations

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

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

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

<sup>12</sup> Decision 23-02-002, OP 7.

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

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

Table C.2: Summary of Executed Contracts					
Solicitation	Implementer	Program Name	Contract Execution Date	Total Contract Value	Diverse Business Enterprise (DBE) % <sup>13</sup>
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, LLC	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, LLC	Multifamily Energy Alliance Program	September 21, 2020	\$5,999,990	12.4%
Local Residential Multifamily	Engrx Controls, Inc.	Multi-Family Space and Water Heating Controls Program	December 23, 2020	\$1,338,039	20.7%
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%

<sup>13</sup> 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) % <sup>13</sup>
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, LLC	Agriculture Energy Efficiency (AgEE) 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, LLC	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%
Local Retail Channel Support	ICF Resources, LLC	Retail Channel Support Program	December 22, 2022	\$2,997,250	10%
Local Nonresidential 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%



Table C.2: Summary of Executed Contracts					
Solicitation	Implementer	Program Name	Contract Execution Date	Total Contract Value	Diverse Business Enterprise (DBE) % <sup>13</sup>
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%
<b>Total</b>				<b>\$280,529,965</b>	

#### D. IE Assessment of Solicitations

The individual IE reports presented in this Semi-annual Report present specific observations and recommendations on specific solicitations, as further detailed in Attachment II.

#### 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
<b>Collaborative Negotiations</b>	Collaborative negotiations focus on improving the program offering, a primary consideration in Contract negotiations.	December 2020
<b>Multiple Rounds of Q&amp;A</b>	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
<b>Contract Negotiations</b>	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
<b>Bidders' Conference</b>	SoCalGas uses a new conference system for improved features such as attendee tracking, recording, and integrated Q&A. It is helpful information and provides a good foundation for new market entrants.	June 2021

Table E.1: Effective Solicitation Practices		
Emerging Effective Practice	IE Analysis	Initial Date
<b>Solicitation Kickoff Meeting</b>	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
<b>Contract Negotiations</b>	SoCalGas instituted a good practice of distributing notes of each negotiation session soon afterward, which allowed both parties to remain in step.	June 2023

**F. PRG Feedback**

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

**G. Stakeholder Feedback from CPUC Workshops**

**Annual Workshop**

The CPUC, in Decision 18-01-004, requires that its Energy Division host semi-annual 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 semi-annual IE reports.”<sup>14</sup> Decision 23-02-002 modified the requirement to at least once per year. The last stakeholder meeting was held on March 16, 2023. It was a virtual meeting lasting from 8:30 a.m. to 12:15 p.m. with 67 attendees.

As was the case for past sessions, this session focused on recapping all EE third-party solicitations and IE observations from the last semi-annual reports, but with a particular focus on forward-looking changes based on the February 2023 decision. 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 solicitations, and other stakeholders. The meeting presentations, agenda, and notes are available on the California for Energy Efficiency Coordinating Committee’s (CAEECC) website.<sup>15</sup> The topics presented included the following:

- **Workshop Opening Remarks and EE Decision and Trends:** The Energy Division outlined the workshop purpose and goals and provided an update on the solicitations process. This included an overview of the latest CPUC decision regarding single- and two-

<sup>14</sup> Decision 18-01-004, OP 26.

<sup>15</sup> <https://www.caeccc.org/cpuc-third-party-public-meetings>

stage solicitations and trends with smaller solicitations that included Equity and Market Support.

- **IE Presentation on the Semi-Annual Reports:** A representative from the IE pool presented observations for each IOU noted from the most recent Semi-Annual Reports (October 1, 2022, through March 31, 2023). Topics discussed included emerging effective practices across all IOUs, and discussion questions centered around the most optimum time to run cost-effectiveness tools (CET), ways to encourage more competition and engage small business enterprises (SBE) and DBEs, and risk sharing regarding Cybersecurity insurance.
- **IOU Portfolio Updates and Upcoming Solicitations:** Each of the four IOUs provided updates on executed contracts and how they fit into their portfolios; status of contracts meeting the 60-percent threshold requirement; process improvements; and changes made to future solicitations based on the new EE decision.
- **California Energy Efficiency + Demand Management Council (CEDMC) Member Panel:** The panel of CEDMC members, representing three third-party program implementers, continued the discussion of the value of individual bidder feedback; supplier diversity goals and opportunities for continued improvement; key performance indicator (KPI) updates; and performance assurance requirement reductions.
- **IE Panel:** The Energy Division 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 four-member panel included the topics of single- or two-stage solicitations; ways to encourage and facilitate more small and diverse business enterprise participation in solicitations and implementation; and compensation structures for Equity and Market Support programs.
- **Open Discussion** yielded questions and recommendations from stakeholders and other attendees and focused mainly on encouraging and reporting out on DBE/SBE involvement in the implementation of programs.

Seventeen individuals participated in the post-event survey and were very supportive of the event and the information shared and learned. There was general support for each of the sessions as well as the time allocated for the event, with a focus on providing more opportunities for stakeholder participation and discussion.

The next stakeholder meeting is not currently scheduled because the CPUC has modified the requirement from twice to once per year.<sup>16</sup>

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<sup>16</sup> D.23-02-002, Finding of Fact 13.



## Attachment II: Individual Energy Efficiency Independent Evaluators' Semi-Annual Reports



# Energy Efficiency Independent Evaluators' Semi-Annual Report on the

## **LOCAL INDUSTRIAL SECTOR SOLICITATION**

Reporting Period: April 2023 through September 2023

*Prepared by:*  
Don Arambula Consulting



**Disclaimer: This Report includes sensitive and confidential information.**

# Local Industrial Sector Solicitation

## 1. Solicitation Overview

This report on the Local Industrial (Industrial) program solicitation covers the period between April 2023 through September 2023. During this period, SoCalGas received CPUC approval of all industrial contracts. This report addresses the development of the corresponding Implementation Plans and the public workshops held by SoCalGas to receive public feedback on the proposed programs. The previous Reports addressed the solicitation process, including selection, contract execution, and IE's assessment of the solicitation process.

### 1.1. Overview

In the Solicitation, SoCalGas asked the bidder community to propose an innovative resource-based comprehensive EE program(s) for industrial customers in SoCalGas' service territory. SoCalGas explained that the industrial customer sector represents nearly 25% of the natural gas consumed by SoCalGas customers.<sup>17</sup>

#### a. Scope

The industrial sector usage is dominated by very large customers (>250k therms) that consume just over 86% of the natural gas within the industrial sector. Due to the size and scope of the industrial sector, SoCalGas requested bidders submit a proposal(s) based on the following industrial segment groupings:

- Refineries
- Food/Beverages
- Minerals/Metals/Plastics
- Textiles/Wood/Paper/Printing/Mining/Aerospace/Machinery/Asphalt/Cement/Water/Other

SoCalGas allowed bidders to propose a program design that serves one or a combination of segment groupings. SoCalGas expressed its plan to award contracts based on these segments, noting that SoCalGas may award multiple contracts to serve the various and diverse industrial segments. SoCalGas pledged to work with the selected bidders to avoid program overlaps among the same customer groups or geographical locations. SoCalGas set aside a budget of up to \$10 million per year from 2022 through 2027 to fund energy efficiency programs in its entire Industrial

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<sup>17</sup> This does not include wholesale gas customers.



sector.

**b. Objectives**

The solicitation’s objective was to procure an innovative program(s) that could assist SoCalGas in achieving its portfolio and sector-level metrics related to industrial customers, including HTR customers and those customers that operate in DACs within SoCalGas’ service territory.<sup>18</sup>

**1.2. Timing**

The timing of the program solicitation release (i.e., the first quarter of 2021) was consistent with the schedule presented to the bidder community through the [CAEECC site](#). The RFA and RFP stages stayed on schedule. However, during the selection and Contract negotiations phases, SoCalGas encountered significant delays to the schedule. SoCalGas should adhere to its schedule in future solicitations to avoid such delays. The IE Report offers suggestions to help the IOU stay on schedule during these phases.

Unless otherwise indicated, SoCalGas met all scheduled milestones. Table 1.1 below includes key milestones for this program solicitation.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
<b>RFA Stage</b>		
1. RFA Released	March 19, 2021	11 weeks
2. Optional Bidder Conference	March 24, 2021	
3. Bidder Questions Due	March 31, 2021	
4. Responses to Bidder Questions Due	April 7, 2021	
5. Bidder Abstract Submission Due	April 23, 2021	
6. Bidders Notified-Advancement to RFP Stage	June 8, 2021	
<b>RFP Stage</b>		
1. RFP Released	July 16, 2021	26 weeks
2. Optional Bidder Conference	July 21, 2021	
3. Bidder Questions Due Round 1	July 27, 2021	
4. Responses to Bidder Questions	August 2, 2021	
5. Bidder Questions Due Round 2	August 5, 2021	
6. Responses to Bidder Questions	August 10, 2021	
7. Bidder's Proposal Due	August 27, 2021	
8. Notification Selection	January 7, 2022 *	
<b>Selections &amp; Contracting Stage</b>		
1. Contract Negotiations Begin	January 10, 2022 *	51 weeks
2. Contract Execution Dates		
i2i SEM	December 28, 2022 *	
I-STAR	December 28, 2022 *	
IEP	December 28, 2022 *	

<sup>18</sup> See Exhibit A5, RFA Terminology, for the definition of HTR customers and DAC areas within SoCalGas’ service territory.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RGEEP	December 19, 2022 *	
<b>Contract Approval and Program Rollout</b>		
1. Company Advice Letter Filing **	April 25, 2023 *	14 weeks
2. CPUC Contract Approval **	May 25, 2023 *	
3. Contract Issued (Notice to Proceed) **	May 25, 2023 *	
4. Implementation Plan Uploaded to CEDARS **	July 24, 2023 *	
5. Full Program Roll Out **	Q3 2023 *	

\* - Delayed from the original schedule.

### 1.3. Key Observations

This solicitation activity was reported in the October 2022 through March 2023 Semi-Annual Report.

### 2. RFA Bidder Response and Selections

This solicitation activity was reported in the April 2021 through September 2021 Semi-Annual Report.

### 3. RFP Bidder Response and Selections

This solicitation activity was reported in the April 2021 through September 2021 Semi-Annual Report.

### 4. Contracting Process

This solicitation activity was reported in the October 2022 through March 2023 Semi-Annual Report.

### 5. Assessment of Final Contract

This solicitation activity was reported in the October 2022 through March 2023 Semi-Annual Report.

### 6. Overall Assessment of Solicitation

This solicitation activity was reported in the October 2022 through March 2023 Semi-Annual Report.

### 7. Implementation Plan Assessment

The IE reviewed and commented on the four industrial programs' draft Implementation Plans (IPs) for SoCalGas. As requested by the PRG, the IE's review of IP was limited to confirming the draft IPs' alignment with the CPUC-approved Contracts. The IE review did not address whether the draft IPs complied with the CPUC's IP requirements.

### 7.1. Results of the Draft IP Review

The IE reviewed the four draft IPs for consistency with the corresponding executed Contracts. Table 7.1 summarizes the results of the draft IPs’ review compared to the standard PRG Checklist. The IE provided various comments on the draft IPs to SoCalGas for its consideration. The IE did not confirm whether the IOU accepted those comments.

Table 7.1.a: Draft Implementation Plan Comparison with Executed Contract		
Local Industrial Energy Partners Program		
Topic	Consistent	IE Notes
Program Overview	Yes	
Program Summary (incl. budget, impacts, cost-effectiveness, sector, etc.)	No	Summary information was missing from the IP.
Program Delivery (incl. program offerings, target market)	Yes	
Program Design (incl. strategies, tools, methods, innovation, integrated demand side management, program logic model, etc.)	Yes	
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 14, 2023	Yes	

Table 7.1.b: Draft Implementation Plan Comparison with Executed Contract		
Local ISTAR Program		
Topic	Consistent	IE Notes
Program Overview	Yes	
Program Summary (incl. budget, impacts, cost-effectiveness, sector, etc.)	No	Summary information was missing from the IP.
Program Delivery (incl. program offerings, target market)	Yes	
Program Design (incl. strategies, tools, methods, innovation, integrated demand side management, program logic model, etc.)	Yes	
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 17, 2023	Yes	

Table 7.1.c: Draft Implementation Plan Comparison with Executed Contract		
Local Strategic Energy Management Program		
Topic	Consistent	IE Notes
Program Overview	Yes	
Program Summary (incl. budget, impacts, cost-effectiveness, sector, etc.)	No	Summary information was missing from the IP.
Program Delivery (incl. program offerings, target market)	Yes	
Program Design (incl. strategies, tools, methods, innovation, integrated demand side management, program logic model, etc.)	Yes	
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 18, 2023	Yes	

Table 7.1.d: Draft Implementation Plan Comparison with Executed Contract		
Local Refinery Gas Energy Efficiency Program		
Topic	Consistent	IE Notes
Program Overview	Yes	
Program Summary (incl. budget, impacts, cost-effectiveness, sector, etc.)	Yes	
Program Delivery (incl. program offerings, target market)	Yes	
Program Design (incl. strategies, tools, methods, innovation, integrated demand side management, program logic model, etc.)	Yes	
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 18, 2023	Yes	

## 7.2. Public Workshop Overview Summary

### Local Industrial Energy Partners Program

SoCalGas conducted a public workshop on the draft IP on July 14, 2023, which was well-attended by over 25 participants.

The Implementer presented the Local Industrial Energy Partners (IEP) Program, which offers technical assistance, financing, and incentives to all SoCalGas’ industrial customer segments except refineries and food/beverage segments. Other SoCalGas program providers will address these

segments.

The workshop provided an overview of IEP's program logic model, including a complete list of the Program's strategies, expected outputs, and outcomes.

IEP plans to simplify the customer experience. The Implementer presented a typical customer journey from customer recruitment to the adoption of energy efficiency. Customer engagement will rely on marketing, SoCalGas account executives, and various market actors (manufacturers, etc.). IEP's quality assurance approaches will respond proactively to feedback from the customer, SoCalGas, and other stakeholders on all aspects of the Program. The Program will apply quality control to all EE project applications, and the workshop provided a list of IEP's program metrics.

Participants in the workshop did not ask any questions about the Program. However, SoCalGas gave stakeholders the chance to submit questions after the workshop.

### **Local ISTAR Program**

SoCalGas conducted a public workshop on the draft IP on July 17, 2023, which was well-attended by over 15 participants.

The Implementer presented the Local ISTAR Program, which offers technical assistance, financing, and incentives to all SoCalGas' industrial customer food/beverage segments. Other SoCalGas program providers will address SoCalGas' other industrial segments.

The workshop provided an overview of the ISTAR program description, program budget details, program goals, innovation qualities, marketing strategy, energy savings methodology, deemed EE measure list, Program key performance indicators, and DBE spending.

ISTAR plans to use a self-serve, online video module to help smaller customers, especially those in disadvantaged communities. ISTAR will use several marketing tactics for these smaller customers to conduct customer outreach. For larger customers, the Program will use a single-point-contact approach. The Implementer also explained that the Program will offer NMEC in limited applications allowed with the CPUC guides.

Participants in the workshop did not ask any questions about the Program. However, SoCalGas gave stakeholders the chance to submit questions after the workshop.

### **Local Innovations to Industrials Strategic Energy Management Program**

SoCalGas conducted a public workshop on the draft IP on July 18, 2023, which was moderately attended by about 15 participants.

At the public workshop, the Implementer presented the Local Innovations to Industrials (ITI) Strategic Energy Management (SEM) program, which proposes to conform to the CPUC's SEM guidance, including a six-year implementation period. This Program enhances the operational processes of industrial customers who consume more than 250,000 therms annually. It promotes behavioral, retro-commissioning, and operational measures. The Program also refers capital-based EE projects to other programs in SoCalGas' EE portfolio. Additionally, it offers services like customer education, treasure hunts, coaching, energy models, project implementation, and performance tracking.

The Implementer recruits qualified customers with assistance from SoCalGas account executives. Eligibility for the Program is limited to SoCalGas' large industrial customers (NAISC codes 31-33, 21, 22, and 81) but excludes those in the refinery segment, who are addressed by a separate third-party program.

During the presentation, the Implementer discussed the potential market barriers they will likely face and their proposed plans to overcome them based on the best practices from the California SEM Best Practices group and the North American SEM Collaborative. Program participants will receive the Implementer's Sensei software to manage their energy usage and program engagement. The Program will utilize the Energy Map and Energy Management System Assessment tools.

During the presentation, the Program's key performance indicators were highlighted, including its cost-effectiveness, achievements, and levels of customer satisfaction. The Implementer also shared the program logic model that applies to all three cycles of program participation.

ITI SEM provides incentives to the customers tied to participation milestones and EE project performance based on actual energy savings realized during the project performance period. The Program will comply with the California Industrial SEM M&V Guide.

Participants in the workshop did not ask any questions about the Program. However, SoCalGas gave stakeholders the chance to submit questions after the workshop.

## **Local Refinery Gas Energy Efficiency Program**

SoCalGas conducted a public workshop on the draft IP on July 18, 2023, which was moderately attended by about 16 participants.

During the public workshop, the Implementer introduced the Local Refinery Gas Energy Efficiency Program (RGEEP). This Program will improve operational processes and replace equipment in refineries to increase energy efficiency, reduce greenhouse gas emissions, and improve customer satisfaction. It is explicitly designed for refineries (NAISC 32) in SoCalGas' service area. As part of the Program, existing relationships will be leveraged, technical services will be enhanced, and a single point of contact (SPOC) will be assigned to manage the entire project engagement for the refinery

customer.

RGEEP will offer the customer both deemed and customized EE measures. The Program will provide the customer with technical assistance, financing, and flexible incentives. Technical assistance will include whole facility audits, benchmarking, equipment recommendations, and pre- and post-measurement and verification.

RGEEP will perform customer targeting and direct outreach and identify EE opportunities for the customers. The Program will provide technical assistance, create a business case, develop a program application, and monitor EE installations. The Program verifies EE savings, generates the installation report, closes the project, and provides incentives to customers.

During the presentation, the Implementer discussed the potential market barriers they will likely face and their proposed plans to overcome them. They also highlighted the innovative aspects of the Program, such as flexible incentives, SPOC, and real-time energy management systems. RGEEP measures success through key performance indicators like cost-effectiveness, program achievements, and customer satisfaction. Lastly, the Implementer shared their annual energy savings targets.

Participants in the workshop did not ask any questions about the Program. However, SoCalGas allowed stakeholders to submit questions after the workshop, but attendees did not provide any questions about the Implementation Plans.





Energy Efficiency Independent Evaluator's Semi-Annual Report on the

**LOCAL MULTIFAMILY WHOLE BUILDING SOLICITATION**

Reporting Period: April 2023 through September 2023

*Prepared by:*  
Apex Analytics LLC



**Disclaimer: This Report includes sensitive and confidential information.**

# Local Multifamily Whole Building Solicitation

## 1. Solicitation Overview

This Report covers the activities associated with the Local Multifamily Whole Building (MF Whole Building) Solicitation from April 2023 through September 2023. During this period, SoCalGas and the bidder developed an Implementation Plan. The IE (Apex) reviewed and provided feedback, which was incorporated into the plan.

### 1.1. Overview

The purpose of the MF Whole Building solicitation is to invite bidders to develop innovative, resource-based program ideas and solutions to address specific segment barriers, resulting in more comprehensive and deeper, longer-term sustained energy savings.<sup>19</sup> The solicitation is based on the needs and strategies provided in SoCalGas' Business Plan as a tactic to achieve deeper EE savings. One of SoCalGas' portfolio goals is to achieve, at a minimum, 60% third-party programs by the year 2022. Working towards this goal, the MF Whole Building solicitation is for third-party Program Implementers to design and implement innovative programs that deliver EE savings.

This solicitation was designed to work in collaboration with other SoCalGas and Statewide multifamily EE programs such as no-cost direct install, appliance rebates, ESA<sup>20</sup>, financing, whole building incentives, etc.<sup>21</sup> Therefore, the solicitation defines that bidders would be required to collaborate with other programs and be knowledgeable about all multifamily EE programs and inform and educate potential participants of all program options so customers can select the program/service(s) best-suited for their needs.

#### a. Scope

In the SoCalGas territory, the multifamily customer segment represents 1.8M units and almost 30% of residential energy consumption across SoCalGas territory. The MF Whole Building program will be open to property owners and/or managers of existing multifamily construction with two or more units and may include the common area of homeowners associations. Multifamily properties in the territory are diverse and vary by many characteristics, including but not limited to, energy consumption, type of building construction, age of building, climate zone, and metering configuration.

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<sup>19</sup> See SoCalGas Business Plan, Pg. 244 (Public Sector Vision) & Pg. 256-258 (Public Sector Energy Usage), available at [https://www.socalgas.com/regulatory/documents/a-17-01-016/SoCalGas\\_Business\\_Plan-1.17.17-FINAL.PDF](https://www.socalgas.com/regulatory/documents/a-17-01-016/SoCalGas_Business_Plan-1.17.17-FINAL.PDF).

<sup>20</sup> For information on the SoCalGas Energy Savings Assistance Program visit <https://www.socalgas.com/save-money-and-energy/assistance-programs/energy-savings-assistance-program>

<sup>21</sup> A listing of current SoCalGas Multifamily Programs <https://www.socalgas.com/for-your-business/energy-savings/multi-family-savings>. A listing of current statewide program implementation plans is provided in CPUC's Cedars website <https://cedars.sound-data.com/programs/list/>.

The Program is expected to serve predominantly market rate properties, yet also be able to serve properties that are affordable or low-income housing, which either do not meet the Multifamily ESA program requirements or that opt not to participate in Multifamily ESA. Final contract details are shown in Table 1.1.

Topic	Contract
Offerings	Marketing and outreach, facility audits, energy engineering and technical assistance, design and procurement advice, and financial incentives or rebates
Target markets	Multifamily sector participants
3-year Savings Goals	2,009,289 Therms (Gross) 1,406,502 Therms (Net)
3-Year Budget	\$18,000,000
Contract Period	3 years

This solicitation encourages the exploration of all relevant implementation tactics to produce a cost-effective program to maximize natural gas, electric, and water efficiency savings for multifamily customers. The RFA suggested Whole Building retrofit tactics such as: adopting EE natural gas savings measures; bundling equipment or technology solutions to make high-cost projects more accessible, including innovative and new technology/equipment; reaching all types of eligible Multifamily properties, including those in DAC and HTR communities; delivering technical assistance and project management throughout the lifecycle of projects; leveraging available financing options; establishing an industry network that will help cross-promote the Program across various marketing and outreach channels; partnering with local contractors and vendors; and providing EE education for customers.

Bidders were encouraged to target specific customers based on criteria such as, but not limited to, specific climate zones, income levels, building configuration, varying types of water heating/space heating systems, HTR status, and members of DACs.

**b. Objectives**

The objective of this solicitation is to achieve more comprehensive, property-wide/whole-building, long-term energy savings. SoCalGas is seeking innovative programs that will assist SoCalGas in achieving portfolio and sector-level metrics related to the residential multifamily customer segment, as well as engaging and securing participation from DAC and HTR customers.

**1.2. Timing**

The MF Whole Building RFA was released in March 2022, with an anticipated program launch in the first quarter of 2023. During this period, SoCalGas launched the Program, developed the

implementation plan, and conducted the implementation webinar. Key milestones associated with the solicitation are shown in Table 1.2.

Table 1.2: Key Milestones		
Milestones	Completion Date	Weeks to Complete
<b>RFA Stage</b>		
Solicitation Launch	March 24, 2022	12 weeks
Bidders' Conference	March 31, 2022	
Offer Submittal Deadline	April 29, 2022	
RFA Shortlist to PRG	NA	
Shortlisting Notification	NA	
<b>RFP Stage</b>		
Solicitation Launch	July 15, 2022	12 weeks
Bidders Conference	July 21, 2022	
Offer Submittal Deadline	September 1, 2022	
RFP Shortlist to PRG	October 4, 2022	
Shortlisting Notification	October 14, 2022	
<b>Selections &amp; Contracting Stage</b>		
Contracting and Negotiations Period	October–December 2022	10 weeks
Contracts Presented to PRG	December 6, 2022	
Contract Execution	December 28, 2022	
<b>Implementation Plan Stage</b>		
Draft Implementation Plan	May 26, 2023	21 weeks*
Implementation Webinar	June 9, 2023	23 weeks*

### 1.3. Key Observations

The Implementation Plan was well written and followed the required outline.

### 2. RFA Bidder Response and Selections

This topic was addressed in the October 2021 through March 2023 Semi-Annual Report.

### 3. RFP Bidder Response and Selections

This topic was addressed in the October 2021 through March 2022 and April 2022 through September 2022 Semi-Annual Reports.

### 4. Contracting Process

This topic was addressed in the October 2022 through March 2023 Semi-Annual Report.

### 5. Assessment of Final Contract

This topic was addressed in the October 2022 through March 2023 Semi-Annual Report.

## **6. Overall Assessment of Solicitation**

This topic was addressed in the October 2022 through March 2023 Semi-Annual Report.

## **7. Implementation Plan Assessment**

The Implementation Plan followed the template and IP requirements. The IE feedback identified several places in the implementation plan where the plan could be clarified to specifically state whether it is the implementer, SoCalGas, or other party responsible for a particular task. All comments were incorporated into the final plan. The implementation webinar occurred on June 9, 2023. There were nine attendees. No significant comments were received at the implementation plan webinar. Two clarifying questions were asked.



Energy Efficiency Independent Evaluators' Semi-Annual  
Report on the

**LOCAL INNOVATIVE DESIGN FOR ENERGY EFFICIENCY  
APPLICATIONS SOLICITATION**

Reporting Period: April 2023 through September 2023

*Prepared by:*  
Don Arambula Consulting



**Disclaimer: This Report includes sensitive and confidential information.**

# Local Innovative Design for Energy Efficiency Application Solicitation

## 1. Solicitation Overview

The Semi-Annual Report on the Local Innovative Design for Energy Efficiency Application (IDEEA) program solicitation covers the development and release of the RFP, which occurred between April 2023 and September 2023.

### 1.1. Overview

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

#### a. Scope

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

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



**b. Objectives**

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

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

**1.2. Timing**

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

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
<b>RFP Stage</b>		
1. RFP Released	April 20, 2023	21 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 13-18, 2023	
8. Selected Bidders Notified	September 8, 2023	
9. Bidder Debriefing Sessions	Sept. 9 - Oct. 20, 2023 *	
<b>Selections &amp; Contracting Stage</b>		
1. Contract Negotiations Begin	October 5, 2023 *	pending
2. Contract Execution Dates	November 30, 2023 *	
3. Implementation Plan Due	Q1 2024 *	
4. Program Launch	Q1 2024 *	
* Delayed from the original date		

<sup>22</sup> 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>.

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

### 1.3. Key Observations

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

Table 1.3: Key Issues and Observations			
Topic	Key Observation	Potential Remedy	Outcomes/ Lessons Learned
[Redacted Content]			

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 1.4: Emerging Effective Practices	
Emerging Effective Practice	IE Analysis
Timely Debriefing Sessions	SoCalGas scheduled bidder debriefing sessions immediately following its proposal selections to help inform the next IDEEA solicitations.

## 2. RFP Bidder Response and Selections

### 2.1. RFP Development

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

SoCalGas reduced the number of bidder questions from 20 or more to 11. SoCalGas plans to

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<sup>24</sup> Decision 23-02-002, OP 1.

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

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

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

## 2.2. RFP Outreach

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

## 2.3. RFP Bidders' Conference

On April 26, 2023, SoCalGas held an RFP bidders' conference. The conference was well attended, with 15 firms participating. SoCalGas provided bidders an opportunity to provide written questions about the RFP. SoCalGas received fourteen questions covering various topics, including the scoring criteria, marketing support, program performance, program scalability, budget categories, energy savings claims, prior IDEEA programs, cost-effectiveness showing, and coordination with other EE programs. The IOU allowed the IE to review SoCalGas' draft response to each question before

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<sup>25</sup> The CPUC, in Decision 18-05-041, states: "Our fundamental intent with both these transitions [**program outsourcing and new statewide program governance structure**] is to achieve greater energy savings more efficiently, on the premises that (1) third parties will bring innovative strategies to bear on California's energy efficiency market, thereby achieving savings that would otherwise go untapped; and (2) statewide administration of certain programs could yield efficiency benefits in the form of standardized processes and seamless customer experience.", p. 71 [emphasis added].

releasing it to the bidders. The responses were complete and accurate. The IE recommended minor adjustments to a few draft responses, and SoCalGas accepted them. SoCalGas responded to all bidder questions on schedule.

**2.4. RFP Bidders’ Response**

A summary of the proposals received is shown in Table 3.1 below. The solicitation received [REDACTED] of any SoCalGas solicitation since 2018.

Table 3.1: Solicitation Response	
	Number
Proposals Expected	[REDACTED]
Proposals Received	[REDACTED]
Proposals Disqualified	[REDACTED]
Proposal Withdrawn	[REDACTED]

**2.5. Proposal Selection Process**

**A. RFP, Bid Screening Process, and Management of Deficient Bids**

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

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

Threshold Assessment Criteria

- On-time submittal via PowerAdvocate
- Proposal responsiveness

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

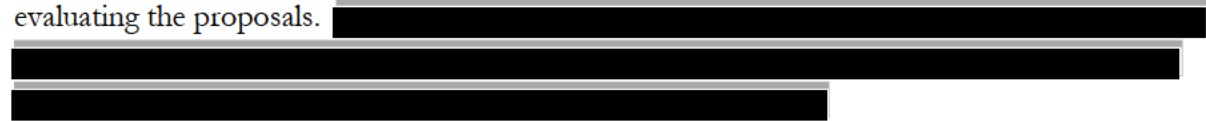
- Statewide energy efficiency programs or programs that overlap with statewide programs;
- Energy efficiency programs designed exclusively for Income Qualified customers; or

- Programs that overlap or duplicate the efforts of Regional Energy Networks.<sup>26</sup>



**B. RFP Evaluation Team**

The SoCalGas evaluation team roster is listed in Table 3.2. The team consisted of experienced subject matter experts drawn from the IOU’s staff. SoCalGas or individual team members reported no conflicts of interest. SoCalGas held a group training session for the scoring team before evaluating the proposals.



**C. RFP Scoring Rubric Design**

The scoring categories and weighting generally followed the PRG and the IE guidance. Table 3.2 presents SoCalGas’ scoring rubric for evaluating the proposals received in the RFP stage.

Table 3.2: Scoring Rubric		
Category	Category	Weight
Program Design & Strategies	Program Design & Objectives	
	Strategic Partnering	
	Program Outreach	
	Program Operations	
	Program Innovation	

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

Table 3.2: Scoring Rubric		
Category	Category	Weight
	Measurement & Verification	
Costs & Feasibility	Customer Motivation and Incentive Design	
	Program Feasibility & Forecast	
	Program Budget	
Skills & Experience	Program Experience and Results	
	Staffing Plan	
Social Responsibilities	Diverse Business Enterprises and Small Business Enterprises	
	Social Responsibility Questionnaire	
	Subtotal	
Bidder Interviews		
	Total	

**D. RFP Evaluation Processes and Scoring Calibration**

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

SoCalGas held an evaluation team calibration meeting on June 28, 2023. [REDACTED]  
 [REDACTED]  
 [REDACTED]  
 [REDACTED]

SoCalGas held bidder interviews [REDACTED]. SoCalGas believed all proposals should advance to interviews based on the open-ended RFP scope and the additional points assigned to the interview process.

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

SoCalGas held a post-interview calibration to discuss changes to the evaluator’s scores based on the bidder interviews. Various evaluators adjusted scores based on the bidder interviews. The adjustments were reasonable and resulted in the selection of four proposals that SoCalGas deemed innovative in promoting a newer EE technology or customer approach.

**2.6. PRG and IE Feedback to Proposal Process and Selection**

**A. Adherence to PRG Guidance and Feedback**

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

### B. Response to IE Feedback

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

After the evaluation phase, the IE had these additional recommendations, as shown below. SoCalGas accepted all of these recommendations.

Topic	Comment	Recommendation
[Redacted Content]		

### 3. Contracting Process

This solicitation activity has not yet occurred. Future Semi-Annual Reports will address this topic.

### 4. Assessment of Final Contract

This solicitation activity has not yet occurred. Future Semi-Annual Reports will address this topic.

### 5. Overall Assessment of Solicitation

This solicitation activity has not yet occurred. Future Semi-Annual Reports will address this topic.

### 6. Implementation Plan Assessment

This solicitation activity has not yet occurred. Future Semi-Annual Reports will address this topic.





Energy Efficiency Independent Evaluators' Semi-Annual  
Report on the

**COMMERCIAL STRATEGIC ENERGY MANAGEMENT  
SOLICITATION**

Reporting Period: April 2023 through September 2023

*Prepared by:*  
Apex Analytics LLC



**Disclaimer: This Report includes sensitive and confidential information.**

# Commercial Strategic Energy Management Solicitation

## 1. Solicitation Overview

The Semi-Annual Report on the Commercial Strategic Energy Management (SEM) program solicitation covers the preparation of the RFP period between April 2023 and October 2023.

### 1.1. Overview

The purpose of this solicitation is 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 is intended to emphasize customer participation in energy savings through onsite activities and educational modules as described in the California SEM Design Guide (designed for the Industrial sector) with modifications made to conform to the commercial sector and findings from a California SEM expansion study currently underway.

#### a. Scope

Interested bidders are 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 Guide<sup>27</sup> and the California SEM Design Guide<sup>28</sup> as foundations, the objective of the program is 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, this is intended to be updated during contract negotiations 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.
- Expanding SEM to the commercial sector and promoting energy efficiency and decarbonization through behavior and operational-based energy-saving interventions.

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<sup>27</sup> Dias, S. and Therkelsen, P, 2022, California Industrial SEM M&V Guide, version 3.02

<https://pda.energydataweb.com/#!/documents/2648/view>

<sup>28</sup> Id.

## 1.2. Timing

During this IE semi-annual 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
<b>RFP Stage</b>		
1. RFP Released	September 21, 2023	11 weeks (est.)
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	
3. Bidder Questions Due (Round 2)	October 9, 2023	
4. Responses to Bidder Questions (Round 2)	October 12, 2023	
5. Bidder's Proposal Due	November 1, 2023	
8. Selected Bidders Notified	December 4, 2023*	
9. Bidder Debriefing Sessions Begin	December 4, 2023*	
<b>Selections &amp; Contracting Stage</b>		
1. Contract Negotiations	December 4, 2023-December 18, 2023*	6 weeks (est.)
2. Contract Execution Dates	January 11, 2024-January 19, 2024*	
3. Implementation Plan Due	July, 2024*	
4. Program Launch	July, 2024*	
*estimated		

## 1.3. Key Observations

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

## 2. RFP Bidder Response and Selections

This solicitation activity has not yet occurred. Future Semi-Annual Reports will address this topic.

### 2.1. RFP Development

The RFP balanced the need for information to evaluate bidder proposals with the effort placed on the bidder in responding to the RFP. The RFP included general instructions, a response form (narrative and data), and the newly adopted CPUC-required standard and modifiable contract terms and conditions.<sup>29</sup> SoCalGas also presented its proposed Company-specific terms and conditions for the bidder’s consideration.

SoCalGas included nine bidder questions along [REDACTED]  
 [REDACTED]  
 [REDACTED]. The RFP

<sup>29</sup> Decision 23-02-002, OP 1.

imposed reasonable page limits that allowed ample opportunity for bidders to provide a clear and complete response to each question. Based on feedback from the IE and PRG, SoCalGas made refinements to its RFP to clarify specific requirements.

## **2.2. RFP Outreach**

SoCalGas conducted outreach to ensure that bidders were made aware of the solicitation. SoCalGas outreach included:

- DBE/SBE outreach
- CAEECC Posting and strategic sourcing communication
- Service list Rulemaking 13-11-005
- Directing bidders who registered for the RFP in Ariba

## **2.3. RFP Bidders' Conference**

A bidders' webinar was held on September 27, 2023. About 7 external firms attended. Two clarifying questions were asked and responded to by SoCalGas.

1. Section 2.8 of the RFP indicates that projects must be targeted at sites of 250,000 or more therms per year. The question asked whether that was by meter, site, or customer (including multiple sites). SoCalGas' response was that the threshold was applicable to an individual site, which could include multiple meters.
2. A question was asked about whether Attachment 4 is required since it is noted in the RFP but not labeled in the other documents. SoCalGas clarified that there is no Attachment 4 and that the RFP will be updated.

## **2.4. RFP Bidders' Response**

This solicitation activity has not yet occurred. Future Semi-Annual Reports will address this topic.

## **2.5. Proposal Selection Process**

This solicitation activity has not yet occurred. Future Semi-Annual Reports will address this topic.

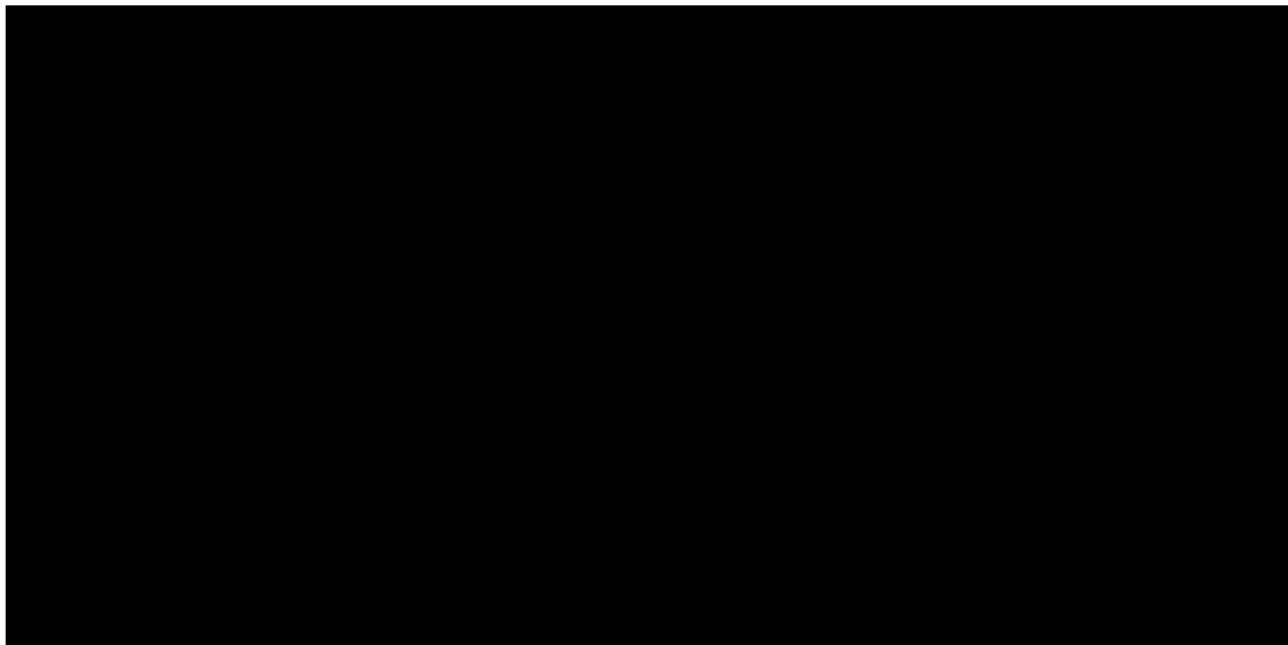
## **2.6. PRG and IE Feedback to Proposal Process and Selection**

Much of the PRG and IE feedback has not yet occurred. Future Semi-Annual Reports will address this topic. However, as summarized below, the IE and PRG provided feedback to SoCalGas on the RFP.

SoCalGas provided three rounds of documents to the IE on August 16, August 28, and September 6, 2023. However, each round of documents included only a partial list of the full package with a request to begin reviewing while the remaining were being developed. As the review often involves

cross-referencing the documents against each other, an IE recommendation is to provide the full package each time an IE review is requested.

Most comments identified errors where the previous language from another solicitation was not updated from the initial template. Several comments were made to clarify RFP language and address vague or confusing language. One comment identified that the insurance requirements in the sample contract were high and could be a deterrent to bidders. As a response, SoCalGas clarified in the RFP that the insurance values provided were examples and actual insurance requirements will be negotiable and dependent on the final contract size and specifics. Initially, the RFP suggested that the proposal may or may not include resource elements and did not require a CET. After the IE raised the issue, SoCalGas confirmed that the RFP was resource-based and removed the optionality of the CET and [REDACTED]



All comments were ultimately addressed to the satisfaction of the IE. The IE believes the RFP meets the intent of the solicitation and incorporates lessons learned from past solicitations. [REDACTED]

PRG comments included the following, all of which were incorporated by SoCalGas:

- [REDACTED]
- Incorporate a reference to the CPUC SEM expansion study and note that it may affect implementation plans, in addition to the reference to SoCalGas' expansion study underway.
- Add clarification about statewide programs to ensure bidders avoid offering programs that compete with statewide programs.

- Add a requirement for bidders to develop a logic model in the Implementation Plan and provide an example in the RFP.
- Modify Exhibit L to remove reference to IDSM with respect to the achievement of zero net energy goals.
- Remove reference to NMEC in Exhibit D, as SEM projects will follow the SEM guidebook.
- Edits for clarification in the RFP and remove references to decarbonization.
- Extend the timeline for RFP response and the time between the RFP release and bidders' conference.
- Emphasize the date time and login details of the bidder webinar with the service list notice of the RFP.

A further recommendation by the PRG was related to noting the accelerated time frame and requesting that future solicitations allow for the full-time review of RFP materials.

### **3. Contracting Process**

This solicitation activity has not yet occurred. Future Semi-Annual Reports will address this topic.

### **4. Assessment of Final Contract**

This solicitation activity has not yet occurred. Future Semi-Annual Reports will address this topic.

### **5. Overall Assessment of Solicitation**

This solicitation activity has not yet occurred. Future Semi-Annual Reports will address this topic.

### **6. Implementation Plan Assessment**

This solicitation activity has not yet occurred. Future Semi-Annual Reports will address this topic.