

SDG&E
Summer Reliability Market Access Program
Program Manual
Version 3.0

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1.0 INTRODUCTION

The Summer Reliability Market Access Program offers aggregators the opportunity to provide SDG&E customers with a wide variety of options to reduce energy usage which are not available through conventional Energy Efficiency programs. The program utilizes population-level NMEC rules and methodologies to determine energy savings. A pay-for-performance (PFP) payment structure incentivizes aggregators to find energy efficiency projects that deliver measurable peak (4pm-9pm) demand savings, notably during summer months (June 1st-September 30th) and between the hours of 4pm to 7pm (Peak) and 7pm to 9pm (Net Peak).

The Summer Reliability Market Access Program was designed in response to Governor Newsom's Emergency Proclamation of July 2021 to expedite clean energy projects and relieve demand on the electrical grid during extreme weather events and the California Public Utility Commission's (CPUC) Decision 21-12-011. Program incentives are tiered for demand savings delivered during summer months (June-September) for peak (4pm-7pm) and net peak (7pm-9pm) hours to drive participation and outcomes for this effort.

The primary program objective is to produce emergency peak demand and/or net peak demand reductions through energy efficiency actions. Specific objectives include:

- Open access to qualified aggregators to facilitate wider contractor and customer participation.
- Provide incentives aligned with the value to the grid.
- Provide technical assistance to customers to achieve energy savings.
- Utilize NMEC methodologies to pay aggregators based on delivered savings, thus expanding the measures available for implementation.

2.0 ELIGIBILITY REQUIREMENTS

2.1 Measure Eligibility

The underlying program design is to not prescribe what measures are used to reduce load. Allowable measures can be grouped into the following categories:

- Measures submitted as SRMAP projects with energy savings and incentives claimed in full by SRMAP.
- Measures submitted concurrently to a standard Energy Efficiency program for the allowable energy savings for that program, and to SRMAP for the portion of energy savings being captured by the population-level NMEC calculations that are not accounted for by a standard Energy Efficiency program, for example to-code savings.

- Measures purchased through a Statewide Midstream program for the allowable energy savings for that program and submitted to SRMAP for the portion of energy savings being captured by the population-level NMEC calculations that are not accounted for by the Statewide Midstream program, for example to-code savings.

Measures will be verified as part of the project eligibility process prior to aggregators receiving a notice to proceed.

2.2 Project Eligibility

General project eligibility requirements include but are not limited to:

- Project site must be in SDG&E's service territory.
- Must have an active SDG&E electric account.
- Must pay the Public Purpose Program surcharge on the account where the energy efficiency (EE) equipment is to be installed.
- 12 consecutive months of energy usage data is available.
- More than one CPUC ratepayer-funded energy efficiency incentive or rebate program is not covering the same cost of a measure, including but not limited to the Statewide Midstream programs (e.g. HVAC and Lighting).
- The project site does not have a change in on-site generation within the previous year. Specifically, the capacity of solar, thermal energy storage, or battery storage systems has not changed in 12 months and does not plan to change for the next 12 months.
- Project sites with changes in EV status in the previous 12 months or planned in the next 12 months should generally be excluded from consideration. The increased energy usage due to EV charging can overshadow the savings achieved by the EE project and result in negative savings.
- The eligibility of projects with new onsite solar or storage systems is being considered. Updates regarding the eligibility of these projects will be provided on the SRMAP website at sdge.com/SRMAP.
- Customer may not be enrolled in a wholesale Demand Response program under Rule 32.
- Customer sites with more than 1 MW of peak demand consumption will require additional screening to determine eligibility.
- Projects must comply with the NMEC Rulebook for permissible projects.

- Projects must be installed no later than March 31, 2024, or when all funds have been used, whichever comes first.
- Other requirements as noted in the program M&V plan.

2.3 Aggregator Eligibility

Individuals or organizations that meet the requirements as listed in the Aggregator Participation Agreement may participate in the program. Aggregators are participating vendors or program partners who generate energy efficiency and/or demand savings for an aggregated group of customers. Aggregator will verify that contractors installing equipment hold licenses for all work performed and comply with all applicable laws and permitting requirements.

3.0 AGGREGATOR ROLES AND RESPONSIBILITIES

Aggregators manage interactions and relationships with the customer in the program design. The following roles and responsibilities include:

- Holds any agreement (e.g., Incentive, Direct Install, Letter of Authorization, etc.) with the customer.
- Follows all SDG&E customer privacy guidelines as noted at <https://www.sdge.com/privacy>.
- Responsible to ensure that customer agrees to provide all required documentation and access to the facility for project-related audits, inspection or data gathering by SDG&E or by the CPUC.
- Receives incentive payments and determines customer incentives if any.
- Responsible for performance.
- Agrees to SDG&E's terms and conditions of the Aggregator Participation Agreement.
- Agrees to terms of M&V Plan requirements.
- Accountable for resolution of customer complaints.
- Responsible for installation, warranties, and product guarantees if any.

4.0 ADDITIONAL SERVICES

The program may offer the following additional tools and services to SDG&E's customers:

- Referrals to financing assistance programs if available.
- Energy savings via methods that may include direct installation of EE measures, behavioral and operational changes, or other means to reduce metered energy use.

- Referrals to other energy efficiency and demand response programs. Participation in programs additional to SRMAP must occur such that the timing and scope of changes made are sufficiently documented to be detected and differentiated by the program’s population-level NMEC analysis methods.
- Customized outreach and technical assistance by aggregators to identify measures which help customers achieve summer peak and net peak reductions.
- Open network of aggregators.

5.0 AUDITS

Audits are not an element of the program except as an Aggregator may use them to identify potential measures. No audit report is required as part of the program.

6.0 INCENTIVE PAYMENTS

Incentives offered by the program vary by month and are tiered based on the following incentive periods.

Incentive Period	Hours
1. Net Peak	7:00 p.m.-9:00 p.m.
2. Peak	4:00 p.m.-7:00 p.m.
3. Off Peak	9:00 p.m.- 4:00 p.m.

The methodology to calculate these different incentive values is based on Hourly Levelized Values of Electricity from the Avoided Cost Calculator (ACC) for Distributed Energy Resources (DER) prepared by Energy and Environmental Economics, Inc. (E3)¹. Shifting consumption from periods with higher levelized values (e.g. peak periods) to periods with lower levelized value, or reducing consumption, creates system benefits. Incentives rates are structured to take this into account, higher rates will be paid during Summer Net Peak and Summer Peak Hours.

The specific monthly incentive rates for each of the Incentive Periods will be provided on the SDG&E Summer Reliability Market Access Program website at sdge.com/SRMAP.

Aggregators will receive incentive payments based on a Pay-for-Performance payment structure for delivered savings calculated by population-level NMEC methodologies. The appropriate Net-to-Gross (NTG) ratio will be applied to the calculated savings.

¹ https://www.ethree.com/public_proceedings/energy-efficiency-calculator/
 “2021 ACC Electric model v1b”

Customer Type	NTG Ratio
Commercial	0.95
Residential – Single Family	0.85
Residential – Multi-family	0.55*

* The default value listed in the table will be used unless circumstances and documentation is available to justify using a higher value.

Incentive payments will occur at six different milestones.

Payment	Timing
Installation	After project completion, for qualifying measures
Q1	After end of next calendar-year quarter following date of installation
Q2	After end of 2 nd calendar-year quarter following date of installation
Q3	After end of 3 rd calendar-year quarter following date of installation
Q4	After end of 4 th calendar-year quarter following date of installation
Final	After remaining calendar-year quarterly period to complete 12-months of evaluation

To account for projects which may outperform initial savings estimates, 125% of the Expected Total Project Incentive will be reserved for each project until program funds get low, at which point these reserved funds will switch to 100% of the Expected Total Project Incentive. The amount of reserved funds for each project will be communicated to the Aggregator during the project approval process.

Installation Payment

The Installation Payment is intended to provide Aggregators with an initial payment to help cover project costs. Payments will be made as follows:

- Payment will be 40% of the Initial Expected Total Project Incentive Payment, but not more than 50% of the Project Cost.
- Payment will be made after Aggregator has confirmed project completion and SDG&E has validated installation documentation.
- Installation Payments will be made only for projects that install measures/equipment. Initial Expected Total Project Incentive Payment will be calculated based on the Aggregator reported baseline conditions and measures installed and the appropriate load curves and measure specific EUL(s). The appropriate NTG will be applied to the estimated savings.
- Project Cost will be the total Aggregator reported equipment and fully-loaded labor costs supported by appropriate invoices. Unusually high labor rates will be rejected.

- Installation payments are made for each eligible project; however, one aggregated payment for all Installation Payments will be processed once a month for each Aggregator.
- An adjustment to the 40% value may be made if an Aggregator's actual savings performance is consistently lower than initially estimated or if a given project's Expected Total Project Incentive cannot be reasonably estimated.
- Projects (or aggregations of projects) with a weighted EUL of less than 2 years will not receive an Initial Payment.

Quarterly Payments

The Quarterly Payments are meant to provide Aggregators with an ongoing revenue stream based on actual project performance (savings). Payments will be made as follows:

- The first quarterly payment (Q1) will be the difference between the Cumulative Earned Incentive in the first quarterly measurement period and the Installation payment.
- Each additional Quarterly Payment will be the difference between the Cumulative Earned Incentive and the actual prior payments. Note that no quarterly payment will be made until the balance of the Installation payment has been reached.
- Cumulative Earned Incentive is calculated based on the actual savings achieved to date, the rates corresponding to when the savings were achieved, and a weighted EUL. The appropriate NTG will be applied to the calculated savings. Quarterly Payments are planned to be made within 60 days of the end of each calendar-year quarter.
- While reporting may be available by project, an Aggregator will receive only one aggregated incentive payment per calendar-year quarter.
- A true-up is built into the design of the Quarterly Payments in that the actual payment amount is the to-date earned incentive amount, based on metered savings, minus the actual incentive payments made to-date.

Final Payment

The Final Payment is the last quarterly payment based on actual project performance (savings). Payments will be made as follows:

- The Final Payment will be the difference between the Total Project Incentive for the total 12-month M&V period and the total of the actual prior payments.

- Total Project Incentive will be calculated using the actual savings achieved during the 12-month M&V period, the rates corresponding to when the savings were achieved, and a weighted EUL. The appropriate NTG will be applied to the calculated savings.
- The Final Payment quarter will include the last weeks or months needed to reach an M&V period of 12 months.
- The Final Payment will be made within 60 days of the end of this last quarter.
- The Final Payment for each project will be aggregated with Final Payments for other projects and added to the aggregator's Quarterly Payments. Thus, each aggregator will receive no more than one incentive payment per quarter.
- If the Total Project Incentive is less than the total of the actual prior payments, the aggregator must refund the difference.

Incentive Limit

For all projects with an Effective Useful Life (EUL) of greater than 1 year, the total of all incentive payments for a project will be limited to the Project Cost of that project. For purposes of this limit, Project Cost submitted by the Aggregator must be supported by customer invoices. Invoices should include both material costs and labor costs. Invoice totals should also include all overhead and profit amounts. All cost documentation is subject to SDG&E review and approval.

7.0 QUALITY ASSURANCE

7.1 Quality Assurance Plan

To ensure program success and customer satisfaction, the Summer Reliability Market Access Program will adhere to the following quality assurance guidelines.

- Review of aggregator qualifications to meet program eligibility rules.
- Early screening of customer and project details.
- Required submittal of project documentation to verify installation for each project and comparison to planned project.
- Review of project documents to meet program eligibility and support project calculations.
- Inspections of completed projects per the conditions noted in the Inspection section below.

7.2 Inspections

SDG&E reserves the right to select any project for inspection. Project selection may consider the following:

- Low savings realization rates
- Unique technology
- Projects with large Incentive amounts
- Projects with long EULs

By participating in the program, aggregators and customers are agreeing to allow all inspections required by the program. Inspections may be onsite or virtual. The decision to use virtual or in person inspection approach will be determined on a case-by-case basis at the sole discretion of the program staff. Customer agrees to provide all required documentation and access to the facility for project-related audits, inspection or data gathering by SDG&E or by the CPUC and their contractors for EM&V activities. An inspection report will be created and made available to aggregators.

8.0 PROGRAM METRICS

This program will track two types of metrics, Performance Metrics and Indicator Metrics. The first type is the primary means of measuring program success. The second type are indicators that will be tracked and reported but are of secondary importance.

The Primary Performance Metrics are:

- Peak demand savings (kW);
- Net Peak demand savings (kW).

The following Indicators may be used to track program progress as jointly determined by the Energy Division and the IOUs:

- Program savings to date (kWh);
- Forecasted program savings (kWh);
- Forecasted peak demand and net peak demand savings (kW);
- Program Total System Benefit² (TSB) to date (\$);
- Forecasted program TSB (\$);

² The Total System Benefit (TSB) is expression, in dollars, of the lifecycle energy, ancillary services, generation capacity, transmission and distribution capacity, and GHG benefits of energy efficiency activities, on an annual basis. It is a metric which represents the value of energy efficiency resources to the grid.

- Payments to Aggregator to date;
- Forecasted Payments to Aggregator;
- Total budget reserved;
- Forecasted number of completed projects;
- Number of approved projects per month;
- Total number of approved projects to date;
- Number of installed projects per month;
- Total number of installed projects to date.