

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Concerning Energy
Efficiency Rolling Portfolios, Policies, Programs,
Evaluation, and Related Issues.

Rulemaking 13-11-005

**ENERGY EFFICIENCY THIRD-PARTY SOLICITATION PROCESS SEMI-ANNUAL
INDEPENDENT EVALUATORS' REPORT – SAN DIEGO GAS & ELECTRIC
COMPANY (U 902 M)**

PUBLIC VERSION

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January 10, 2022

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Pursuant to Decision (D.) 18-01-004, Independent Evaluators have conducted a semi-annual assessment of the third-party Energy Efficiency program solicitation process and progress of San Diego Gas & Electric Company (SDG&E) for submittal to the California Public Utilities Commission in Rulemaking 13-11-005.¹

SDG&E hereby files this Semi-Annual Independent Evaluators' Report (Report) on behalf of the Independent Evaluators for the reporting period April 2021 through September 2021. This Report was not prepared by SDG&E. SDG&E was provided the opportunity to review the Report, but provided limited input into the drafting of the Report. SDG&E reserves the right to object to the content of the Report elsewhere in this Rulemaking. The Report is attached hereto as Attachment A.

DATED this 10th day of January 2022, at San Diego, California.

Respectfully submitted,

By: /s/ Erica L. Martin
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¹ D.18-01-004, Ordering Paragraph 5c at 63.

ATTACHMENT A

SEMI-ANNUAL INDEPENDENT EVALUATORS' REPORT

Semi-Annual Report

SAN DIEGO GAS & ELECTRIC COMPANY

Third-Party Energy Efficiency Program Solicitations

Reporting Period: April 2021 through September 2021

Prepared by Independent Evaluators:

Barakat Consulting, Inc.

Don Arambula Consulting

MCR Corporate Services

The Mendota Group, LLC

December 2021

Disclaimer: This report includes sensitive and confidential information.

INDEPENDENT EVALUATORS' SEMI-ANNUAL REPORT

SAN DIEGO GAS & ELECTRIC COMPANY

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I. Overview

A. Purpose

The Independent Evaluators' (IE) Semi-Annual Report (Semi-Annual Report or Report) provides an assessment of San Diego Gas & Electric's (SDG&E or the Company), third-party energy efficiency (EE) program solicitation process, and progress by SDG&E's 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) 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.³ This Report is provided in response to this requirement and represents an assessment of the program solicitation activities conducted from April 1, 2021, through September 30, 2021. This Report provides feedback to SDG&E, the PRG, and other stakeholders on the progress of SDG&E's EE program solicitations in compliance with this CPUC direction.

This Report identifies areas for improvement and highlights effective practices as noted by the IEs based on SDG&E's current program solicitations. The Report does not replace the required Final IE Solicitation Reports, which each respective assigned IE will provide to SDG&E and its PRG after each solicitation. These reports will be filed periodically throughout SDG&E's entire third-party 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 (PA). In January 2018, the CPUC adopted Decision 18-01-004 directing the four California IOUs— SDG&E, Pacific Gas and Electric (PG&E), Southern California Edison (SCE), and Southern California Gas Company (SoCalGas)—to ensure that their EE portfolios contain a minimum percentage of third-party designed and implemented programs by

¹ Decision 18-01-004, OP 2.

² Id, p. 38.

³ Id, OPN 5.c.

predetermined dates over the next three years.⁴ Further directions were included in Decision 18-05-041, which states:

The third-party requirements of Decision 16-08-019 and Decision 18-01-004 are required to be applied to the business plans of the investor-owned utilities approved in this decision. All utility program administrators shall have at least 25 percent of their 2020 program year forecast budgets under contract for programs designed and implemented by third parties by no later than December 19, 2019.⁵

Two-Stage Solicitation Approach

The CPUC requires the IOUs to conduct a two-stage solicitation approach for soliciting third-party program design and implementation services as part of the EE portfolio. All IOU solicitations must include a Request for Abstract (RFA) stage followed by a full Request for Proposal (RFP) stage.⁶

The CPUC also requires each IOU to assemble an EE PRG. 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 briefs its PRG periodically throughout the process on topics including RFA and RFP language development, abstract and proposal evaluation, contract negotiations, and development of the program's Implementation Plan.

Extension Request

In October 2019, to comply with the CPUC's 25 percent requirement, SDG&E requested an extension to June 30, 2020, to give them time to sign contracts associated with the Small Commercial, Large Commercial, and Multifamily solicitations. On November 25, 2019, the CPUC's Energy Division granted SDG&E's request for an extension of time to meet the 25 percent threshold by June 30, 2020.⁷

The CPUC further stated that consistent with Decision 18-05-041, the IOUs must meet at least 40 percent of their EE portfolios under contract for programs designed and implemented by third parties by December 31, 2020. The CPUC will grant no further extensions of time to the IOUs for

⁴ In Decision 18-05-041, OPN 4, the CPUC extended the original target date for the 25 percent threshold from December 31, 2018, to December 19, 2019.

⁵ OPN 5.C.

⁶ Decision 18-01-004, p. 31. The Decision further states that the "two-stage process should be used unless there is a specific schedule-related reason that a shortcut must be used."

⁷ 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.

meeting the third-party percentage requirements specified in Ordering Paragraph 4 of Decision 18-05-041.

Guidance Letter from Energy Division

On March 11, 2020, the Energy Division provided additional guidance to the IOUs in response to concerns raised during the semi-annual CPUC-hosted public workshops about solicitation delays:

Solicitation Schedules

- Allocate up to 12 weeks from RFA release to notification of bidders of invitation to respond to RFP.
- Allocate up to 15 weeks from RFP release to notification to 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 agreement addresses challenging contract 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 commitments made in response to stakeholder requests.
- Provide non-advancing bidders notification if their abstracts/proposals didn't advance due to incomplete or non-conforming, a violation, or an unmitigated conflict of interest.
- After the June 30 and September 30, 2020 deadlines are met, Energy Division encourages the IOUs to make feedback available to bidders notified prior to the date of this letter that they did not advance to the next stage of solicitations.

C. Overview of Solicitations

This Report represents a collection of individual IE assessments for each of SDG&E’s 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 solicitations for which SDG&E has yet to release an RFA.

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

Table C.1: Solicitations Overview			
	Solicitations	Assigned IEs	Solicitation Status
1	Local Small Commercial	The Mendota Group	Complete
2	Local Large Commercial	The Mendota Group	Complete
3	Local Multifamily Residential	MCR Corporate Services	Contract Executed
4	Local Residential Single-Family 1.0	Don Arambula Consulting	Cancelled
5	Local Residential Single-Family 2.0	Don Arambula Consulting	RFP
6	Statewide Plug Load and Appliance (PLA)	Don Arambula Consulting	Contracting
7	Statewide Upstream/Midstream Heating, Ventilation, and Air-Conditioning (HVAC)	MCR Corporate Services	Complete
8	Local Public Sector Federal	MCR Corporate Services	Contract Executed
9	Local Public Sector K-12	MCR Corporate Services	Contract Executed
10	Local Government	Don Arambula Consulting	RFP
11	Local Agriculture	Barakat Consulting, Inc.	RFP
12	Statewide Residential HVAC Quality Installation and Quality Maintenance	Don Arambula Consulting	RFA
13	Local Behavioral	MCR Corporate Services	RFA
14	Local Industrial Sector	The Mendota Group	RFA
15	Local Industrial Sector – Port Tenants	The Mendota Group	RFA

Table C.1: Solicitations Overview

Solicitations	Assigned IEs	Solicitation Status
<p>Legend</p> <p>Pre-RFA: Activities conducted before RFA release.</p> <p>RFA: Includes bid preparation and evaluation period.</p> <p>Pre-RFP: Activities conducted before RFP release.</p> <p>RFP: Includes bid preparation and evaluation period.</p> <p>Contracting: Contract negotiations being held.</p> <p>Contract Executed: Both parties signed the Contract.</p> <p>Complete: All solicitation activities have concluded and reported in prior Semi-annual reports</p> <p>Suspended: Solicitation held until a later date</p> <p>Canceled: Solicitation is withdrawn; scope may be included as part of a future solicitation.</p>		

During the entire current solicitation process, the following contracts have been executed and applied to SDG&E’s minimum third-party program threshold requirement 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	Contract Value ⁸	Diverse Business Enterprise (DBE)% ⁹
Local Small Commercial	Willdan Energy Solutions	Small Commercial Program	June 30, 2020	\$46,200,000	
Local Large Commercial	TRC Solutions, Inc.	Comprehensive Energy Management Solutions	June 30, 2020	\$45,681,894	
Local Multifamily Residential	Synergy Companies	Residential Zero Net Energy Transformation Program	June 30, 2020	\$14,570,000	
Statewide Upstream/Midstream HVAC	CLEAResult Consulting, Inc.	Comfortably California Program	September 30, 2020	\$36,974,313	
Public Sector: Federal	TRC Solutions, Inc.	Federal Energy Program	July 1, 2021	\$18,360,000	
Public Sector: K-12	California Retrofit, LLC	K-12 Schools Energy Efficiency Program	July 1, 2021	\$10,501,926	

⁸ All contract values as of September 30, 2021; final values will be reflected in Advice Letter filings and IE Final Reports.

⁹ The DBE spend is an estimate from the contracts to show the percentage of the budget that is expected to be subcontracted with DBE firms. These programs may contain significant levels of customer incentives that are not eligible for DBE classification. Actual DBE spend will be reported by the IOU per General Order 156.

D. IE Assessment of Solicitations

Table D.1 presents key observations gleaned from the individual IE reports on specific solicitations, as further detailed in Attachment II.

Table D.1: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Proposed Program Logic Models at the RFA Stage	<p>SDG&E required bidders to provide a Program Logic Model (PLM) that illustrates the proposed program theory.</p> <p>The PLM is a requirement of the Implementation Plan and is used primarily by program evaluators as part of the CPUC's EM&V process to assess the program's effectiveness.</p>	Bidders should not be required to develop all or part of the program's formal Implementation Plan, including the bidder's proposed PLM.	SDG&E partially adopted the recommendation. SDG&E requires bidders to provide a PLM as part of their RFP submittals.
Improve Bidder Response Form	SDG&E drafted a bidder response form in an MS Excel (Excel) format. It included too many questions (over 60) to be practical.	Reduce the number of bidder questions. Modify the bidder response form to include an MS Word (Word) format for bidder questions and an Excel format for bidder data (e.g., budget, energy savings, etc.). The approach will reduce the cost to both bidder and SDG&E in the bidder response form's preparation and evaluation.	<p>SDG&E has reduced the number of questions and transitioned to Word format for Qualitative questions for current and future solicitations in RFA and RFP.</p> <p>In addition, the Compensation Approach and Measure Tabs were also removed, with the Customer Privacy Survey now being required to be filled out before the Interview as opposed to part of the RFP submittal.</p>

Table D.1: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Reduce Solicitation Timelines	SDG&E should revisit its solicitation schedule and reduce the timelines associated with various schedule milestones. Extended evaluation and contract negotiations phases have contributed to delays.	SDG&E should strive to reduce the solicitation timeline.	SDG&E has been working to reduce timelines with solicitations launched after the EE PRG August 2020 guidelines were issued and continues to review solicitation schedules to identify improvements to the overall timing and completion of the solicitations.
Bidder Notifications	Notifications to non- selected bidders historically have not provided details regarding rationale.	All IEs have encouraged SDG&E to provide more detail to bidders so they can improve future submittals. IEs have recommended holding bidder feedback sessions in addition to written notification.	SDG&E provided reasons as part of their written notifications. Reasons included low evaluation scores, low TRC scores, measure mix/budget challenges, and savings. As of this reporting period, they have also started bidder feedback sessions.
Support Partnering Opportunities in Advance of Solicitations	Bidders, especially new market entrants, may have more competitive proposals if teamed with subcontractors who possess complementary skills, staff, and experience.	SDG&E should collaborate with its PRG on ways to enable such teaming before the beginning of the solicitation. For example, SDG&E can encourage firms specializing in program support (e.g., CET, inspection, etc.) to post their availability to partner with others on a common website (e.g., CAEECC). Such a statewide posting may help smaller firms create a complete bidding team.	SDG&E has started to facilitate more partnering opportunities with implementers
Use a Mock Abstract/Proposal or Other Engaging Processes to Support Evaluator Training	Large deviations in scores are often a result of team members' varied interpretations of scoring criteria. In addition, training is often not very engaging, and participants may not be reviewing the criteria in sufficient detail.	Use a Mock abstract or another engaging/interactive process for evaluator training. These approaches may help engage the evaluation team and provide an opportunity to improve scorecard instructions before scoring begins.	SDG&E adopted this approach.

Table D.1: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
SDG&E Compensation Approach	SDG&E’s compensation approach has some nuances like a hold-back provision. SDG&E preferred implementer compensation was not shared with bidders until the start of contract negotiations.	SDG&E should be clear about their preferred compensation approach in the RFA and RFP instructions.	SDG&E adopted this approach.
Continuous Improvement	Surveying SDG&E evaluators at each stage of the solicitation will allow the SDG&E to identify opportunities for improvement and apply them to future solicitations.	Seek feedback after each stage of the solicitation from the evaluation team. Track the recommendations and changes in approaches based on recommendations.	SDG&E adopted this recommendation for some solicitations.
Company’s Proposed Additional Terms and Conditions	SDG&E does not provide its proposed additional terms and conditions to potential bidders at the RFA stage.	SDG&E should provide its Company’s proposed Additional Terms and Conditions to bidders during the RFA stage. This informs potential bidders about SDG&E’s proposed terms and conditions, which they may not find acceptable and, as a result, a bidder may decline to participate in the solicitation.	SDG&E does not provide terms and conditions at the RFA stage as a general practice. SDG&E’s proposed terms and conditions will be provided to bidders at the RFP stage. However, SDG&E’s Terms and Conditions can be accessed on demand at its public Third-Party EE Solicitations website.
Develop RFP Sooner	SDG&E should improve their solicitations’ timeliness. SDG&E begins the development of the RFP after concluding RFA abstract evaluations.	SDG&E should develop the RFP while bidders are preparing their abstract during the RFA stage of the solicitation.	SDG&E is currently working with their collective IEs to identify improvements to the timing of the program solicitations.

E. Effective Solicitation Practices

During the implementation of the solicitations, the IEs observed emerging effective practices that, when adopted, can make the process more effective, efficient, and more transparent for future solicitations. The IEs recommend that the practices identified in Table E.1 be implemented by all the IOUs for future EE solicitations.

Table E.1: Effective SDG&E Solicitation Practices		
Effective Practice	IE Analysis	First Reported in Semiannual Report
Real-Time Answers at Bidders' Conference	SDG&E uses Sli.do to conduct their bidders' conferences. SDG&E includes subject matter experts (SMEs) available on another call simultaneously and behind the scenes to field questions and provide answers in real-time for bidders. SDG&E responds to all bidder questions in writing regardless of whether the IOU answered the question during the conference.	December 2020
Contract Management Office (CMO) Weekly Check-Ins	The SDG&E CMO lead has weekly check-in meetings with scoring teams to answer any questions regarding proposal evaluations. The process allows the CMO to get detailed questions from scorers and provide timely responses. The meetings also reduce the potential for groupthink among scorers before calibration.	December 2020
Multiple Rounds of Questions and Answers (Q&A)	For both the RFA and RFP stages, SDG&E provides more than a single round of Q&A following bidders' conferences, allowing bidders to provide follow-up questions, and affording bidders more opportunities to ask questions.	December 2020
Address IE Recommendations and Effective Practices	SDG&E has initiated a process to address each IE Key Issues and Observations and Effective Practices presented in the Semi-Annual Reports. The IOU formally communicates its response to each item directly to the PRG and its collective IEs.	June 2021
Moving from Excel to Word in Solicitation Response Forms	The IEs and the PRG recommend the IOUs use Word instead of Excel for qualitative responses. SDG&E initially adopted this for the RFA stage and later the RFP stage.	June 2021
Reduce Number of RFA/RFP Questions	The IEs recommended that SDG&E reduce the number of questions in the RFA and RFP stage to make the process more straightforward for bidders and scorers alike. SDG&E reduced the number and complexity of questions in both the RFA and RFP stages.	June 2021
Engage the Training Team During Evaluation Training	SDG&E has adopted a Mock abstract or other interactive approaches during the evaluation training process for the RFA phase and an interactive training approach in the RFP stage. These approaches help to engage the evaluation team and provide an opportunity to modify criteria before scoring	December 2021

Table E.1: Effective SDG&E Solicitation Practices		
Effective Practice	IE Analysis	First Reported in Semiannual Report
Incorporating a continuous improvement process during the solicitation	Requesting feedback from the evaluation team after each stage of the solicitation will allow the team to identify opportunities for improvement and apply them in future stages and solicitations. SDG&E adopted this approach with the Ag and Industrial solicitations.	December 2021

F. PRG Feedback on Solicitations

SDG&E 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 presented in Attachment II.

G. Stakeholder Feedback from CPUC Workshops

July 2021 Stakeholder Meeting

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.”¹⁰ The Energy Division held the last Stakeholder meeting on July 28, 2021. The session focused on recapping all EE third-party solicitations from both the IOUs’ and the IEs’ perspectives. It provided an opportunity for stakeholders to ask questions, provide comments, and receive updates on the solicitations. Participants included PRG members, IEs, CPUC Energy Division staff, IOUs, bidders in solicitations, and other stakeholders. The meeting presentations and agenda are available on the California for Energy Efficiency Coordinating Committee’s (CAEECC) website.¹¹

The topics covered included the following:

Progress on Key Stakeholder Issues: The IOUs and Energy Division reported that they had heard clearly from stakeholders concerns regarding solicitation timing, the effectiveness of the two-stage process, CET as an impediment to participation, feedback to bidders, and issues related to smaller, more diverse bidders participating in solicitations. Energy Division reported that, while there has been meaningful progress on some of these issues (reduced duration of solicitations, more

¹⁰ Decision 18-01-004, OP 26

¹¹ <https://www.caeccc.org/cpuc-third-party-public-meetings>

streamlined RFA, additional CET guidance), work continues. The Energy Division and IOUs expressed their interest in hearing about any other emerging issues associated with solicitations.

Solicitation Updates: The four IOUs provided updates on executed contracts and how they fit into their portfolios. SoCalGas noted that the CPUC’s shift to total system benefits (TSB) changes the target metric away from energy savings starting in 2024, so they will provide TSB as information-only until then. SCE and SDG&E remarked on the shift towards TSB and how this will not affect any currently approved contracts. PG&E executed more than 25 contracts in the last reporting period. PG&E also announced its Micro- and Small Business solicitation for small commercial customers. The solicitation is PG&E’s first equity segment-focused solicitation since the CPUC directed PAs to segment their portfolios into three categories, with the primary purposes of resource acquisition, market support, and equity.¹² All utilities noted that they were on track to meet the CPUC’s requirement that third-party programs constitute a minimum of 60 percent of their portfolio budgets by December 31, 2022. They also noted that they were reviewing their portfolios and maybe issuing additional solicitations.

Independent Evaluators’ Semi-Annual Reports: The IEs presented observations from their semi-annual reports regarding individual utility solicitation processes, highlighting that IOUs should continue efforts to simplify documents and engage in continuous improvement. The IEs also noted effective solicitation practices that IOUs are employing, including holding detailed and well-developed score team training, leveraging collective knowledge from their pools of IEs, using MS Word for qualitative aspects of bid documents and Excel for quantitative responses, conducting more effective bidders’ conferences (with real-time answers to most questions), reducing the complexity of RFAs and RFPs, and adopting a two-way dialog for bidder feedback.

Semi-Annual Report Redactions: Stakeholders expressed concerns about the number of redactions in the public versions of the Semi-Annual Reports. The IEs responded that they are working with the PRG and Energy Division to produce public reports separate from private reports with fewer redactions.

Third-Party Process Evaluation Study Update: Energy Division briefly discussed an Opinion Dynamics study they commissioned to assess the two-stage solicitation process, bidder selections, and contract negotiations. The results of the study will be discussed at future workshops.

Two-Stage Solicitation Task Force Progress Report: Energy Division formed the Two-Stage Solicitation Task Force to investigate concerns about the overly complex RFA process and its implications for selecting and implementing third-party EE programs. The task force observed that some of the RFA complexities are derived from CPUC, IOU, and PRG requirements and from efforts to balance providing/obtaining sufficient information to facilitate a robust selection and contracting process while not overburdening bidders. Stakeholders expressed continuing interest in IOUs incorporating a Request for Qualifications (RFQ) instead of an RFA, believing this would be

¹² Decision 21-05-031, OP 2

less burdensome than an RFA. The task force discussed the potential for incorporating an RFQ, although most IOUs did not see this as a viable option. Many IOUs have made substantial progress in reducing the complexity of information bidders must submit in their abstracts, but there is still room for improvement. The task force will continue to pursue efforts to streamline the solicitation process.

Overview of Engagement Touchpoints: A critical touchpoint for bidders and other stakeholders is the IOUs' Implementation Plan webinars, which are informative about the selected program(s). Some bidders find the webinars helpful and are surprised they are not better attended. Others noted the lack of consistency across the webinars.

Cultivating Small and Diverse Businesses: Ideas and feedback were gathered from attendees on strategies to enable small and diverse businesses to be more competitive and successful as implementers. The IOUs set the stage with information about their current practices and plans for encouraging and supporting small and diverse businesses as bidders and implementers of third-party programs. Multiple attendees asked the IOUs questions regarding whether including small business enterprise (SBE)/DBE firms on implementation teams affects scoring. Due to the sensitivity of information about scoring practices, some of the IOUs in attendance only partially answered these questions. Attendees raised various opportunities for improvement, including:

- clarifying that non-profits may be eligible for DBE certification through the CPUC's Supplier Clearinghouse,
- addressing/recognizing challenges to businesses seeking to introduce innovative products or services, but concerned that there is not a commensurate reward for such innovation,
- reconsidering the balance of financial risk related to implementer compensation structures and timely implementer payments to address implementer's working capital needs related to program delivery, and
- recognizing how restrictive contract requirements can flow down to subcontractors, creating barriers for these subcontractors, including SBEs and DBEs.

Bidder Feedback: There have been ongoing discussions about improving IOU feedback to unsuccessful bidders. Stakeholders noted that there had been positive movement, with some utilities providing better feedback than previously. Overall, bidders participating in the meeting expressed dissatisfaction with the feedback because it was not sufficient to help them improve their submittals. All IOUs are providing some bidder feedback now; however, there is little consistency in the IOUs' approaches. The type of feedback ranges from IOUs sending letters, others conducting brief yet highly structured meetings with a set format for feedback, and others providing general bidder feedback through large meetings. IOUs continue to assess ways to provide more feedback but acknowledged that IOU sourcing departments and legal staff are reluctant to give bidders too much

detail. There was significant discussion about potential solutions and approaches for IOUs to provide more helpful information to bidders while not giving any one bidder an unfair advantage.

II. Attachments: Individual IE Semi-Annual Solicitation Reports

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Local Residential Single-Family Solicitation

Reporting Period: April 2021 through September 2021

Prepared by:
Don Arambula Consulting



Disclaimer: This report includes sensitive and confidential information.

Local Residential Single-Family

1. Solicitation Overview

1.1 Overview

a. Scope

This Report on the Local Residential Single-Family solicitation covers the period between April 2021 through September 2021. As a result, much of the Report addresses the RFA and portions of the RFP stages of SDG&E's program solicitation.

The Local Residential Single-Family program (Residential Single-Family) solicitation seeks comprehensive and innovative EE programs targeted at SDG&E's Residential Single-Family customers. The SDG&E residential single-family market segment represents customers who own or rent a single-family detached home or a residential building with two to four units.

b. Objectives

The objective of the Residential Single-Family solicitation is to fund a third-party EE program(s) that can reliably capture energy savings from SDG&E's residential single-family customers. The bidder's proposed program should provide electric and/or natural gas energy savings. The contract will be a three-year agreement with the opportunity for two one-year extensions, not to exceed a five-year agreement. The annual budget has a not-to-exceed amount of \$1.9 million per year. SDG&E may elect to divide the budget among multiple program implementers.

1.2 Timing

Residential Single-Family 1.0

The Residential Single-Family 1.0 program solicitation was initially scheduled for release in the first quarter of 2019, as shown in the IOU's solicitation schedule presented to the bidder community on the CAEECC site in December 2018. SDG&E later revised the solicitation schedule with an RFA released in October 2019. SDG&E could not come to terms with the selected bidder and notified the bidder that it was withdrawing from contract negotiations concluding the unsuccessful solicitation.

The IE reported the Residential Single-Family 1.0 solicitation activity in the April 2020 through September 2020 Semi-Annual Report.

Residential Single-Family 2.0

As a result of the unsuccessful Residential Single-Family 1.0 solicitation, SDG&E embarked on a new Residential Single-Family 2.0 solicitation. The IOU conducted more aggressive outreach to encourage greater participation from the bidder community and released the Residential Single-Family 2.0 solicitation on March 22, 2021.

SDG&E developed the following solicitation schedule to support the re-release of this solicitation. Unless otherwise indicated, all milestones were on schedule. Table 1.1 below includes key milestones for this program solicitation.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFA Stage		
1. RFA Released	March 22, 2021	12 weeks
2. Optional Bidder Conference	March 30, 2021	
3. Bidder Questions Due	April 6, 2021	
4. Responses to Bidder Questions Due	April 13, 2021	
5. Bidder Abstract Submission Due	April 20, 2021	
6. Submittal Review	June 14, 2021	
7. Bidders Notified-Advancement to RFP Stage	June 15, 2021	
RFP Stage		
1. RFP Released	August 18, 2021	26 weeks
2. Optional Bidder Conference *	September 1, 2021	
3. Bidder Questions Due Round 1 *	September 3, 2021	
4. Responses to Bidder Questions *	September 8, 2021	
5. Bidder Questions Due Round 2 *	September 13, 2021	
6. Responses to Bidder Questions *	September 16, 2021	
7. Bidder's Proposal Due	September 27, 2021	
8. Proposal Review, Bid Clarification Discussions	November 11, 2021	
9. Selected Bidder Interviews	November 22, 2021	
10. Proposal Review Period Ends, Bidders Notified	December 12, 2021	
Selections & Contracting Stage		
1. Notification Selection	December 14, 2021	12 weeks
2. Contract Development and Negotiation	December 20, 2021–January 28, 2021	
3. Company Advice Letter Filing, if required	March 2022	

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
4. Contract Issued	Q1 2022	
5. Implementation Plan Uploaded to CEDARS	Q2 2022	
6. Full Program Roll Out	Q3 2022	

**Date slightly modified, but overall Contract Issued date is not changed.*

1.3 Key Observations

Table 1.2 represents a collection of key IE issues, observations, and outcomes, where applicable, from the assigned IE for the Residential Single-Family solicitation.

Table 1.2: Key Issues and Observations			
Topic	Observations	IE Recommendations	Outcomes (IOU Action/Response)
Proposed Program Logic Models at the RFA Stage	<p>SDG&E required bidders to provide a PLM that illustrates the proposed program theory.</p> <p>The PLM is a requirement of the Implementation Plan and is used primarily by program evaluators as part of the CPUC's EM&V process to assess the program's effectiveness.</p>	Bidders should not be required to develop all or part of the program's formal Implementation Plan, including the bidder's proposed PLM.	SDG&E partially adopted the recommendation. SDG&E requires bidders to provide a PLM as part of their RFP submittals.
Company's Proposed Additional Terms and Conditions	The IOU does not provide its proposed additional terms and conditions to potential bidders at the RFA stage.	The IOU should provide its Company's proposed additional terms and conditions to bidders during the RFA stage. This informs potential bidders about terms and conditions which they may not find acceptable, and, as a result, the bidder may decide not to participate in the solicitation.	SDG&E does not provide terms and conditions at the RFA stage as a general practice. SDG&E's proposed terms and conditions will be provided to bidders at the RFP stage. However, SDG&E's Terms and Conditions can be accessed on demand at its public Third-Party EE Solicitations website.

Table 1.2: Key Issues and Observations			
Topic	Observations	IE Recommendations	Outcomes (IOU Action/Response)
Improve Bidder Response Form	SDG&E drafted a bidder response form in an MS Excel (Excel) format. It included too many questions (over 60) to be practical.	Reduce the number of bidder questions. Modify the bidder response form to include an MS Word (Word) format for bidder questions and an Excel format for bidder data (e.g., budget, energy savings, etc.). The approach will reduce the cost to both bidder and SDG&E in the bidder response form's preparation and evaluation.	SDG&E has reduced the number of questions and transitioned to Word format for Qualitative questions for current and future solicitations in RFA and RFP. In addition, the Compensation Approach and Measure Tabs were also removed, with the Customer Privacy Survey now being required to be filled out before the Interview as opposed to part of the RFP submittal.

During the solicitation, the IE observed emerging effective practices by the IOU that made the process more effective, efficient, and transparent. The IE recommends that the IOU continue these practices, as presented below and share them with other IOUs for their consideration and potential adoption.

Table 1.3: Emerging Best Practices	
Emerging Best Practice	IE Analysis
Evaluation Team Check-in Meetings	SDG&E evaluation team met periodically to check on the evaluators' progress with their reviews. These check-in meetings encourage evaluators to conduct scoring at a reasonable cadence throughout the review period. These meetings also provided an opportunity for evaluators to ask clarifying questions on the proper application of scoring criteria as they conduct their evaluations.
Monthly IE Coordination Meetings	The IOU allowed the collective IEs to meet once a month to discuss emerging issues to find a common recommendation to present to the IOU. The collaboration provided the IOU with consistent, well-vetted recommendations associated with the various solicitations.

Table 1.3: Emerging Best Practices	
Emerging Best Practice	IE Analysis
Timely Bidder Debriefing Session	Bidders are offered an optional debriefing session immediately as part of their notification from SDG&E. The IOU's solicitation lead conducted the debriefing session, which is most familiar with all aspects of the solicitations process.
Address Divergent Scores in Evaluator Calibration Sessions	

2. RFA Solicitation Outreach and Bidder Response

2.1 RFA Development

The solicitation design met SDG&E's need to procure a resource-based program(s) targeted at the residential single-family customer segment within SDG&E's service territory. As presented in SDG&E's Energy Efficiency Business Plan¹³ and reflected in the solicitation materials,¹⁴ SDG&E's Residential Single-Family market segment (owners and renters) accounts make up 65 percent of the 1.3 million accounts within SDG&E's service territory. The single-family segment represents about 76 percent of residential electric consumption and 77 percent of residential gas consumption. Within the single-family segment, approximately 20 percent are rental properties. Based on these percentages, along with associated data showing that single-family owners participate at a higher rate in programs, it is critical to continue engaging this segment with highly targeted offerings; specifically, when considering zero net energy-ready within the residential sector. SDG&E's RFA and RFP also provided the bidders several reference documents to help inform them of the existing market, legislative drivers, regulatory policies, and compliance requirements.¹⁵

SDG&E's program solicitation conforms to the CPUC requirements for a competitive, two-stage solicitation with oversight from its PRG and active monitoring of all solicitation activities by the IE.

2.2 RFA Outreach

The solicitation outreach relied on general awareness of SDG&E's program solicitations to the bidder community through several announcements and IOU-specific workshops regarding SDG&E's upcoming EE program solicitations. SDG&E also posted information onto its [Energy Efficiency Third Party Solicitations site](#) and the [CAEECC site](#).

¹³ SDG&E's Energy Efficiency Business Plan (2018-2025), January 2017, pp. 41-42.

¹⁴ Residential Single Family-RFA, issued October 18, 2019, Section 2, Introduction, pp. 4-5.

¹⁵ Id, Appendices-Resources & References.

2.3 RFA Bidders' Conference

SDG&E held a Bidders' Conference on March 30, 2021, with ten potential bidders attending the conference. Potential bidders had ample time during the meeting to ask questions. Bidders were also provided an opportunity after the bidders' conference to provide written questions. By April 6, 2021, SDG&E had received a total of 19 questions covering an array of topics, including program coordination with new statewide offerings, compensation, risk management, presence of equity-held firms in the solicitation, ways to connect to DBE subcontractors, demand response and solar eligibility, pending San Diego community choice aggregator status, PLM examples, water heater eligibility, and cost-effectiveness. The IOU provided the IE ample opportunity to review SDG&E's draft response to each question before their release to the bidders. The responses were complete and accurate. SDG&E responded to all bidder questions by April 13, 2021, which was within the acceptable time frame recommended by the PRG.

2.4 RFA Bidders' Response

The table below summarizes the number of abstracts received in response to the RFAs released by SDG&E. All bids passed SDG&E's RFA threshold assessment which determined the responsiveness of each submittal.

Table 2.1: RFA Response	
	Number
Abstracts Expected	
Abstracts Received	
Abstracts Disqualified	

2.5 RFA Abstract Selection Process

a. RFA Bid Screening Process and Management of Deficient Bids

The IOU conducted a prescreening of the [REDACTED] that included a review of abstract completeness, business requirements, file access, timeliness, and certification requirements. The IOU's Supply Management lead conducted the screening before the scoring team evaluated the abstracts. All abstracts passed the bid screening process. The IE confirmed the IOU conducted the screening process appropriately.

RFA Evaluation Team Profile

The SDG&E's evaluation team roster is listed below. The team consisted of experienced subject matter experts drawn from the IOU's staff. There were no conflicts of interest reported by SDG&E or its team members. SDG&E held a group training session for the scoring team before evaluating

the abstracts. The training included an overview of the RFA, conformance with the Company’s code of conduct, including the conflicts of interest policies, IE and PRG roles, scoring criteria, and the scorecard.

Training included neither a mock scorecard exercise nor a detailed review of the scorecard. The IE believes SDG&E should conduct a thorough review of the scorecard and guidelines during the evaluator training session, which allows the evaluators, as a team, to gain a common understanding of how to apply the scorecard during evaluations. The tables below present SDG&E’s evaluation team roster during the solicitation.

Table 2.2: RFA-IOU Evaluation Team		
Number of Reviewers	Position Role	Area(s) Scored
[Redacted]		

[Redacted]

[Redacted]

Table 2.3: RFA Scoring Rubric	
Category	[Redacted]
Program Overview & Design	[Redacted]
Innovation	[Redacted]
Program Operations	[Redacted]
Cost and Performance	[Redacted]
Experience and Capability	[Redacted]
Program Compliance	[Redacted]

The IOU directed bidders to respond to 11 questions related to their proposals. This level of questions was far less than previous solicitations¹⁶, which helped reduce the burden on both the IOU’s evaluation team and, especially, the participating bidders. The number of questions was

¹⁶ SDG&E’s Statewide Plug Load and Appliance RFA scorecard contained over 30 questions.

sufficient to identify the quality of the bidder's abstract and to determine a shortlist at the RFA stage. The IE considers this approach an effective practice that should continue in future solicitations.

c. RFA Evaluation Process and Scoring Calibration

The IE monitored the RFA evaluation process, including the team calibration meeting. The calibration meeting was held over two days to address any significant differences among scorers for discrete scoring elements. [REDACTED]

[REDACTED] In future solicitations, SDG&E now automatically applies a two-point threshold as part of all calibration meetings. The IE considered this an effective practice.

[REDACTED] All adjustments seemed reasonable and well-founded. The IE did not see any team member force their perspective onto others during the calibration. Discussions were well-reasoned, professional and at no time were any team members encouraged to change their score. The IE had no significant disagreements with the score team's assessment of the abstracts.

d. RFA Abstract Selections

The IOU relied on the final aggregate team scores to rank the abstracts. SDG&E selected [REDACTED] outside the scope of the solicitation or scored very low relative to the overall bidder pool. The IE supported this decision.

For future solicitations, the IE recommended to SDG&E to incorporate an additional screening process at the Abstract stage to identify proposals that fall outside the solicitation scope. In concert with the Company's Supply Management lead, the IOU's program subject matter expert can perform the additional screen. This secondary screen will avoid unnecessary evaluations conducted by the scoring team, leading to a more efficient and timely evaluation process.

SDG&E immediately notified unsuccessful bidders of their final status. These bidders were also offered an optional debriefing session regarding their bid.

The bidder agreed with the overall assessment. Considering this was SDG&E's first debriefing session, the IOU managed the session very well. SDG&E assigned Solicitation Lead, who was the most familiar with all aspects of the solicitation, conducted the debriefing session and could easily field any questions from the bidder.

2.6 PRG and IE Feedback to Abstract Process and Selection

Overall, SDG&E was receptive to most input provided by the IE and the PRG throughout the RFA stage.

a. Adherence to PRG RFA Guidance and Feedback

In support of the IOUs' energy efficiency program solicitations, the PRG created a PRG Guidance document which listed a variety of PRG recommendations regarding all aspects of the IOUs' solicitations, including the RFA stage. The PRG Guidance document included over 80 discrete PRG recommendations regarding the RFA stage. As confirmed by the IE, the IOU incorporated all applicable PRG recommendations into the RFA materials and scoring rubric except for the following:

Table 2.4: PRG Recommendations Not Adopted		
Topic	PRG Recommendations	IOU Response
Proposed Program Logic Models at the RFA Stage	Bidders should not be required to develop all or part of the program's formal Implementation Plan, including the bidder's proposed PLM.	Given the reduced number of questions at the RFA stage, a PLM would be insightful for a broad program overview. SDG&E partially adopted the recommendation. SDG&E

Table 2.4: PRG Recommendations Not Adopted		
Topic	PRG Recommendations	IOU Response
		requires bidders to provide a PLM as part of their RFP submittals.
Company's Proposed Additional Terms and Conditions	The IOU should provide its Company's proposed Additional Terms and Conditions to bidders during the RFA stage to inform potential bidders about terms and conditions that they may not find acceptable. As a result, the bidder may decide not to participate in the solicitation.	SDG&E does not provide our terms and conditions at the RFA stage as a general practice, our terms and conditions to bidders at the RFP stage.

b. Response to IE Feedback on RFA

The IE provided 22 discrete comments to SDG&E on its draft RFA materials, including the scoring rubric. The IE comments covered various topics such as improvements to the scorecard, bidder questions, additional references to assist bidders, targeted customer groups, and energy efficiency and demand response integration. SDG&E accepted all recommendations except for three recommendations related to the two PRG recommendations listed in the table above and one recommendation related to the IOU's additional terms and conditions, which later were removed from the RFA stage by the IOU.

3. RFP Solicitation Outreach and Bidder Response

3.1 RFP Development

Overall, the RFP did not impose excessive requirements upon the bidder. The RFP balanced the need for information to evaluate bidder proposals with the burden placed on the bidder in responding to the RFP. The RFP included general instructions and a response form (narrative and data), along with the applicable CPUC standard and modifiable contract terms and conditions. SDG&E also presented its proposed Company-specific terms and conditions for the bidder's consideration. SDG&E asked bidders to provide responses to 26 questions and to populate program-related data in a workbook template. The RFP imposed reasonable page limits that allowed ample opportunity for bidders to provide a clear and complete response.

The IE provided 32 discrete comments and corresponding recommendations. SDG&E accepted all but five of the recommendations. The IE comments focused primarily on improving the quality and compliance of the RFP's general instructions, narrative response questions [REDACTED]

3.2 RFP Bidders' Conference

SDG&E held an optional RFP bidders' conference on September 1, 2021. [REDACTED]

[REDACTED] Attendance in the bidders' conference was optional. Invited bidders had ample time during the meeting to ask questions. Bidders were also provided an opportunity after the conference to provide written questions by September 3, 2021, and again by September 13, 2021. SDG&E received a total of 17 questions from bidders regarding the budget and savings targets, M&V, residential single-family segment profile, customer incentives, cost-effectiveness, avoided costs, expected program launch date, fuel substitution eligibility, and submission requirements. SDG&E provided the IE an opportunity to review SDG&E's draft response to each question before releasing it to the bidders. The responses were complete and accurate. The IE recommended minor adjustments to a few draft responses, and SDG&E accepted these recommendations. SDG&E responded to all questions by September 16, 2021.

3.3 RFP Bidder Response

[REDACTED]

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

3.4 Proposal Selection Process

a. Bid Screening Process and Management of Deficient Bids

For the RFP stage, SDG&E conducted a prescreening of all proposals received. The screening process included reviewing proposal completeness, business requirements, file access, timeliness, and certification requirements. The IOU's Supply Management lead completed the screening process before the scoring team evaluated the proposals. In the RFP stage, all bids passed the screening process.

[REDACTED]

[REDACTED]

Table 3.2: RFP Scoring Rubric	
Area	Category
Core Program Elements	Program Overview
	Program Design
	Program Operations
	Program Compliance
	Innovation
	Experience
	Staffing Plan
	KPIs
Measures, Savings, Pricing	Measures
	Savings Justification
	CET Score
	Budget
	Savings
	Realized Benefits
	M&V Plan
Social Responsibility & Supply Mgmt.	Social Compliance (includes DBE)
	Exceptions to Terms and Conditions

c. Evaluation Team Profile

The SDG&E’s evaluation team roster is listed below. The team consisted of experienced subject matter experts drawn from the IOU’s staff. There were no conflicts of interest reported by SDG&E or individual team members. SDG&E held a group training session for the scoring team before evaluating the proposals.

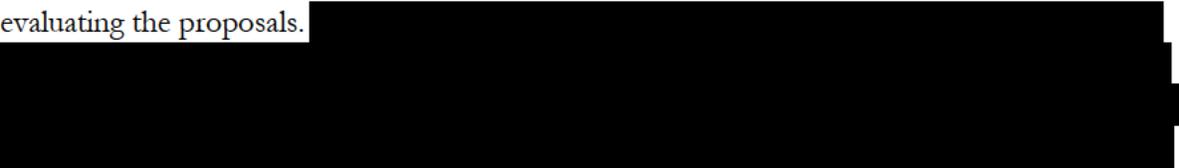


Table 3.3: RFP-IOU Evaluation Team		
Number of Reviewers	Position Role	Area(s) Scored

d. Evaluation Processes and Scoring Calibration

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

e. Shortlist and Final Selections

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

3.5 PRG and IE Feedback to Proposal Process and Selections

a. Adherence to PRG Guidance and Feedback

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

b. Response to IE Feedback

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

4. Contracting Process

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

5. Assessment of Final Contract

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

6. Overall Assessment of Solicitation

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

7. Implementation Plan Assessment

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Statewide Plug Load and Appliance Solicitation

Reporting Period: April 2021 through September 2021

Prepared by:
Don Arambula Consulting



Disclaimer: This report includes sensitive and confidential information.

Statewide Plug and Load Appliance

1. Solicitation Overview

1.1 Overview

a. Scope

This Report on the Statewide Plug Load and Appliance solicitation covers the period between April 2021 through September 2021. As a result, much of the Report addresses the contracting stage of SDG&E's program solicitation.

SDG&E sought proposals from third-party program implementers who wish to offer a comprehensive, innovative, and cost-effective turn-key Statewide Plug Load and Appliance (Statewide PLA) EE resource program to California IOU residential customers.

b. Objectives

Cost-effectiveness is a critical element of all programs in the California IOUs' EE program portfolios. The IOU expects the proposed program to help all California IOUs achieve related EE portfolio goals and metrics. Specifically, the selected program should provide energy savings for electric and/or natural gas for program years 2021 through 2023.

Bidders were allowed to submit multiple bids to this solicitation; however, each proposal had to be unique. The targeted annual budget is up to \$30 million, which may be divided among multiple winning implementers. However, the solicitation would not award overlapping program designs delivered in the same geographical area.

1.2 Timing

The Statewide PLA program solicitation was initially scheduled for release in Quarter 1 of 2019, as shown in the IOU Joint Solicitation Schedule presented to the bidder community on the CAEECC website in December 2018. SDG&E later revised the solicitation schedule in 2019. The IOU released the RFA in May 2019. The RFP release date was also delayed by one month to address administrative issues. The IOU did not provide a reason for the delayed start. The Joint IOU Solicitation Schedule was subsequently updated to reflect both the revised RFA and RFP release dates.

Due to significant changes by the CPUC to the avoided costs and deemed measure assumptions for future years, the IOU extended the review, selection, and contracting phases to allow bidders time to incorporate these changes into their cost-effectiveness showings. As a result, the IOU has not yet completed its contract negotiations. Below is a list of key solicitation milestones.

Table 1.1: Key Milestones

Milestones	Completion Date	Duration
RFA Stage		
1. RFA Released by Company	May 10, 2019	17 weeks
2. Bidder Conference	May 20, 2019	
3. Bidder Questions Due	May 31, 2019	
4. Responses to Bidder Questions	June 7, 2019	
5. Bidder Submittal Due Date	June 21, 2019	
6. Evaluation of Submittals	September 20, 2019	
7. Calibration Meeting Held	July 21, 2019	
8. Shortlist Meeting Held	August 22, 2019	
9. Shortlist Presented to PRG	September 9, 2019	
10. Selected Bidders notified of advancement to RFP, Stage 2	September 9, 2019	
RFP Stage		
1. RFP Released	January 27, 2020	56 weeks
2. Bidder Conference (Skype)	January 31, 2020	
3. Bidder Questions Due Round 1	February 6, 2020	
4. Responses to Bidder Questions Provided by Company Round 1	February 13, 2020	
5. Bidder Questions Due Round 2	February 21, 2020	
6. Responses to Bidder Questions Provided by Company Round 2	February 28, 2020	
7. Bidder's Proposal Due in PowerAdvocate	March 9, 2020	
8. Proposal Review and Bid Clarification Discussions	June 12, 2020	
9. Selected Bidder Interviews	September 23, 2020	
10. Proposal Review Period Ends *	October 2020	
Selections & Contracting Stage		
1. Notification of Proposal Selection (Subject to Negotiations) **	January 11, 2021	52 weeks
2. Contract Development, Contract Negotiation	Q 1-3 2021***	
3. Company's Advice Letter Filing to CPUC	Q 4 2021***	
4. Contract Issued (Subject to CPUC Approval, if Applicable)	Q 1 2022***	
5. Implementation Plan Development	Q 1 2022***	
6. Program Launch	Q 1 2022***	

*Original estimate – July 24, 2020

**Original estimate – August 2020

***Original estimate – Q2 2021 to conclude negotiations. All future dates are adjusted to reflect this delay.

1.3 Key Observations

Table 1.2 represents a collection of key IE issues, observations, and outcomes, where applicable, from the assigned IE for the Statewide PLA solicitation.

Table 1.2: Key Issues and Observations			
Topic	Observations	IE Recommendations	Outcomes (IOU Action/Response)
Reduce Solicitation Timelines	The IOU should revisit its solicitation schedule and reduce the timelines associated with various schedule milestones. For example, the IOU estimated a program launch date was occurring in the second quarter of 2021. Now, the program expects to launch in the first half of 2022. Extended evaluation and contract negotiations phases have contributed to the delays.	The IOU should strive to reduce the solicitation timeline. The PRG should also provide timely review and input that supports more aggressive timelines.	The IOU has been working to reduce timelines with solicitations launched after the EE PRG August 2020 guidelines were issued and continues to review solicitation schedules to identify improvements to the overall timing and completion of the solicitations.

2. RFA Solicitation Outreach and Bidder Response

The IE reported this solicitation activity in the April 2020 through September 2020 Semi-Annual Report.

3. RFP Solicitation Outreach and Bidder Response

The IE reported this solicitation activity in the April 2020 through September 2020 Semi-Annual Report.

3.1 RFP Development

The IE reported this solicitation activity in the April 2020 through September 2020 Semi-Annual Report.

3.2 RFP Bidders' Conference

The IE reported this solicitation activity in the April 2020 through September 2020 Semi-Annual Report.

3.3 RFP Bidders Response

The IE reported this solicitation activity in the April 2020 through September 2020 Semi-Annual Report.

3.4 Proposal Selection Process

The IE reported this solicitation activity in the April 2020 through September 2020 Semi-Annual Report.

3.5 PRG and IE Feedback to Proposal Process and Selections

a. Adherence to PRG Guidance and Feedback

The PRG provided the IOU with the PRG Guidance document that included more than 100 discrete PRG recommendations regarding the RFP stage. As confirmed by the IE, the IOU incorporated many of the applicable PRG recommendations into the RFP materials and scoring rubric. SDG&E considered another ten PRG recommendations based on the Guidance document but did not accept them. These recommendations included providing bidders information on IOU support services, improvements to the scorecard, and reasonable page limits for bidder's responding to the RFP.

b. Response to IE Feedback

The IE provided 39 discrete comments to SDG&E on its draft RFP materials and corresponding scoring rubric. The IE comments covered various topics within the RFA Instructions to the bidders and several improvements to the scorecard, including a five-point scoring system for each bidder response. SDG&E accepted 25 of the IE recommendations. Those IE recommendations that the IOU did not accept addressed various topics such as including instructing the bidders to achieve a TRC ratio of 1.25 for the program, reducing the number of bidder questions, and removing the bidder redlines to the Company's proposed terms and conditions from the scorecard during the evaluation of the bidder's proposal.

4. Contracting Process

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

5. Assessment of Final Contract

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

6. Overall Assessment of Solicitation

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

7. Implementation Plan Assessment

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

Energy Efficiency Independent Evaluator's Semi-Annual Report on the
Local Public Sector Federal Solicitation

Reporting Period: April 2021 through September 2021

Prepared by:
MCR Corporate Services



Disclaimer: This report includes sensitive and confidential information.

Local Public Sector Federal

1. Solicitation Overview

1.1 Overview

SDG&E's Local Public Sector Federal (Federal) solicitation is focused on contracting with third parties to propose, design, implement, and deliver new EE programs that service Federal buildings and facilities.

The public sector is defined as a group of customers that are taxpayer-funded, have political mandates, and that must go through a public budgeting and decision-making process. This sector makes up 12 percent of total electric consumption, with 70 percent of accounts under 20kW within SDG&E's service territory. The public sector has high visibility, and the potential for energy savings is great for this market.¹⁷

This sector has the following unique existing challenges:

- Long approval processes, including Division of the State Architect and board approvals
- Complex funding mechanisms and budgetary constraints

a. Scope

SDG&E is seeking comprehensive and innovative proposals from non-utility companies for the public sector serving Federal customers. The Federal sub-sector is comprised of Federal buildings, US Postal Service, Hospitals owned and/or operated by the Federal Government, Military Bases, and Tribal Nations.

b. Objectives

The objectives of the solicitation are to solicit innovative approaches to augment the Federal Government's own energy and sustainability programs and to implement third-party EE programs that reliably capture and document cost-effective energy (kWh, kW, and/or therm) savings applicable to the Federal customers. Cost-effectiveness is an important element of all programs in the California IOU portfolios. The proposed program should help SDG&E achieve related portfolio goals and metrics.

1.2 Timing

Table 1.1 details the milestones for the SDG&E Federal solicitation.

¹⁷ SDG&E Public Sector–Federal Request for Abstract, October 16, 2019, at p. 5.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFA Stage		
Solicitation Launch	October 16, 2019	22 weeks ¹⁸
Bidder Conference	October 29, 2019	
Offer Submittal Deadline	November 27, 2019	
RFA Shortlist to PRG	March 10, 2020	
Shortlisting Notification	March 24, 2020	
RFP Stage		
Solicitation Launch	May 22, 2020	46 weeks
Bidder Conference	June 1, 2020	
Offer Submittal Q&A Period	May 22–June 12, 2020	
Offer Submittal Deadline	July 16, 2020	
Cure Period	N/A	
RFP Shortlist to PRG	November 10, 2020	
Shortlisting Notification	February 5 & 12, 2021 ¹⁹	
Selections & Contracting Stage		
Contracting and Negotiations Period	February 12–April 14, 2021	20 weeks
Contracts Presented to PRG	May 11, 2021	
Contract Execution	July 1, 2021	

1.3 Key Observations

Table 1.2 represents a collection of key issues and observations noted by the IE and outcomes for the SDG&E Federal solicitation.

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Avoided Costs	2021 avoided costs released via CEDARS just	Proceed to calibration and only have bidders rerun	SDG&E adopted the IE recommendation.

¹⁸ Due to several concurrent solicitations SDG&E made the decision to extend the RFA stage by four weeks.

¹⁹ Federal Bidder Notifications were put on hold by SDG&E

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
	as bidders were submitting proposals. One bidder used them; others used 2020.	CET's if scores are too tight to determine the final selection outcome; otherwise, rerun at the interview stage.	SDG&E had bidders rerun CET's with 2021 avoided costs after interviews.
Bidder Notifications	Notifications to non-selected bidders historically have not provided details regarding rationale.	All IEs have encouraged SDG&E to provide more detail to bidders so they can improve future submittals. IEs have recommended holding bidder feedback sessions in addition to written notification.	SDG&E provided reasons as part of their written notifications. Reasons included low evaluation scores, low TRC scores, measure mix/budget challenges, and savings. As of this reporting period, they have also started bidder feedback sessions.
Credit & Risk	SDG&E's Federal solicitation was delayed for three months while SDG&E assessed the financial risk of a selected bidder	IE encouraged SDG&E to communicate delays to the market quickly because notifications could not go to any bidders until this assessment was completed. Some delays cannot be avoided [REDACTED] should be planned for in advance whenever possible to avoid interrupting the solicitation.	SDG&E did send communications to bidders notifying them of the delay. SDG&E is also in the process of instituting a new process for assessing credit risk that will be integrated into future solicitations to avoid disruptions.

2. RFA Bidder Response and Selections

Section 2 is presented in both the May 2019 through October 2019 and the November 2019 through March 2020 Semi-Annual Reports.

3. RFP Bidder Response and Selections

3.1 RFP Development

RFP development for SDG&E's Federal solicitation is addressed in the April 2020 through September 2020 Semi-Annual Report.

3.2 RFP Bidder Conference

SDG&E's Federal RFP Bidders' Conference is addressed in the April 2020 through September 2020 Semi-Annual Report.

3.3 RFP Bidder Response

Bidders' response to SDG&E's Federal RFP is presented in the April 2020 through September 2020 Semi-Annual Report.

3.4 Proposal Selection Process

SDG&E's Federal RFP bid screening process and management of deficient bids are presented in the April 2020 through September 2020 Semi-Annual Report.

3.5 PRG and IE Feedback to Proposal Process and Selections

a. Adherence to PRG Guidance and Feedback

Adherence to PRG guidance and feedback in the proposal process and selections for SDG&E's Federal solicitation are reported in the October 2020 through March 2021 Semi-Annual Report.

b. Response to IE Feedback

Response to IE feedback in the proposal process and selections for SDG&E's Federal solicitation are reported in the October 2020 through March 2021 Semi-Annual Report.

4. Contracting Process

4.1 Contract Negotiations

SDG&E notified the PRG of its selection of TRC Solutions, Inc. (TRC Solutions) and TRC Solutions' Federal Energy Program (FEP) for contract negotiations on November 10, 2020. The PRG completed its review of SDG&E's selection of TRC Solutions on November 16. [REDACTED]

[REDACTED]

On February 5, 2021, SDG&E management approved the new credit and risk assessment process and notified the Federal solicitation bidders of their status. Contract negotiations between SDG&E and TRC Solutions for its FEP began February 12, 2021 and concluded on April 14, 2021.

a. Collaboration on Final Program Design and Scope

Once the contract negotiations were underway, however, the process went smoothly. TRC Solutions was familiar with SDG&E’s contracting process, [REDACTED]

[REDACTED]

At a minimum, there was a positive impact on the schedule in our experience. [REDACTED]

[REDACTED] and was able to forgo most of the weekly scheduled calls during the final month of negotiation.

b. Fairness of Negotiations

The negotiation process was conducted fairly and transparently according to the process SDG&E established and outlined. Although the process itself was considerably delayed in starting, as noted above, the parties quickly made up for lost time. Negotiations moved rapidly with little need for discussion. Nearly all the contract details were worked out via email. [REDACTED]

[REDACTED]

This negotiation represented a true partnership arrangement, with give and take on both sides.

c. Changes to Contract Terms and Conditions

Except for slight changes to the expected contract TRC value and unit lifecycle costs resulting from the incorporation of the 2021 avoided costs in the CET, there were no changes from the proposal to the final contract.

Neither SDG&E nor TRC Solutions made changes to the CPUC’s modifiable terms and conditions.

d. Conformance with CPUC Policies and Objectives

Table 4.1 summarizes the alignment of FEP with CPUC Policies and Objectives.

Table 4.1: FEP – Alignment with CPUC Policies and Objectives

Element/Requirement	Yes	No	IE Comments
The contract includes all CPUC standard and modifiable contract terms	✓		Included in full. No changes to terms in the final contract.
No modifiable contract terms and conditions (or Term Sheet) proposed by SDG&E conflicted or otherwise undermined the meaning or intent of the CPUC terms and conditions for TPI energy efficiency programs.	✓		No conflicts.
As required, SDG&E included standard contract language requiring TRC Solutions to coordinate with other PAs in the same geographic area.	✓		Included Section G from Required Modifiable Terms and Conditions.
As required, SDG&E incorporated all applicable CPUC decisions and direction and considered PRG RFA/P Guidelines in the development of the contract.	✓		SDG&E incorporated all applicable CPUC decisions and direction and considered PRG RFA/P Guidelines in the development of the contract.
Does the contract include an assignability clause (stating that winning bidders will contract with the IOU or its successors and assignees) to ensure that programs can continue to operate smoothly in the event of a restructuring or bankruptcy?	✓		Included in Section 24 of Schedule A.
Does the contract comply with state law and the Contractors State License Board requirements that TRC Solutions and its subcontractors hold valid contractor's licenses applicable to their program for contract execution and advice letter approval?	✓		Included in Section 12.3 of Schedule A and Schedule A1, Part B, Section A.1.a(4).
Does the contract address: Key Performance Indicators, other performance matrix (e.g., innovation, etc.), payment terms, program-level M&V requirements (including the use of NMEC), and include a disadvantaged worker plan?	✓		Included in Schedule A, Section 3; Schedule A1, Part B, Section B.2; and Schedule B, Attachment 13.
During contract negotiations, did SDG&E stay true to its established process?	✓		Overall, SDG&E stayed true to its established process.
Was the final contract based on the proposed program?	✓		Basically, the contracted program was the same as the proposed, excluding the exceptions noted previously in Section 4.c.

Table 4.1: FEP – Alignment with CPUC Policies and Objectives			
Element/Requirement	Yes	No	IE Comments
Does the final compensation structure match the proposed structure?	✓		
Do the final budget and savings goals match those of the proposed program?	✓		The final budget is \$100,000 (0.6%) larger than proposed.
Does the final cost-effectiveness match that of the proposed program?	✓		Final cost-effectiveness (1.71) is considerably higher than proposed (1.39).
Were negotiations transparent? (For example, SDG&E set clear expectations with the bidder, all negotiations were monitored by the IE, and no conflict-of-interest issues were raised.)	✓		Expectations were discussed at the Negotiations Kick-Off Meeting, and all subsequent communications were proper and conducted with the IE monitoring.

e. Uniformity of Contract Changes

SDG&E negotiated with only one contractor—TRC Solutions—in the Federal solicitation.

4.2 Final Selection

SDG&E negotiated with only one contractor—TRC Solutions—in the Federal solicitation.

4.3 Contract Execution

SDG&E presented the FEP contract to the PRG on May 11, 2021 and asked for feedback by May 14. SDG&E received no feedback from the PRG, so it began the process of executing the contract with TRC Solutions. During the remainder of May and into June, SDG&E Contracts Management was awaiting management approval of the contract before they could go to Supply Management for completion of contracting. In the meantime, SDG&E had an internal kickoff meeting to begin drafting its Advice Letter, which was anticipated to be submitted by July 21, 2021.

The final FEP contract was executed by SDG&E and TRC Solutions on July 1, 2021. SDG&E filed its Advice Letter (3815-E) on July 21, 2021. The following day, SDG&E issued a “substitute sheet” for Advice Letter 3815-E to correct a wrong date in the original Advice Letter.

On July 27, the Public Advocates Office (PAO) reached out to the IE requesting clarification on the final contracts for both the Federal and K-12 solicitations (the Advice Letters for which were filed simultaneously by SDG&E). The PAO wanted to know how SDG&E's bidder interview process informed the selection process and whether the IE had insight into why many bidders had trouble reaching the therm and kWh savings goals for these solicitations. The PAO was satisfied with the IE's responses and had no further questions on either contract. SDG&E Advice Letter 3814-E was approved by the CPUC Energy Division on September 10, 2021.

4.4 PRG and IE Feedback to Contracting

SDG&E received no feedback from the PRG on the FEP contract, other than the PAO's requests for clarification on Advice Letter 3815-E. During the concurrent Public K-12 contract negotiations, the IE sensed that SDG&E's preference to conduct negotiations via email was making it more difficult to resolve issues in a timely manner and leaving open the possibility of misinterpretation. The IE proposed standing weekly telephone calls, at a minimum, to allow an opportunity to address issues more quickly and talk through issues rather than trying to leave everything to interpretation via email. SDG&E and the K-12 bidder quickly agreed to this recommendation, which resulted in dramatically improved K-12 negotiations immediately. As a result, SDG&E employed this approach for the Federal contract negotiations with TRC Solutions with similarly positive results.

5. Assessment of Final Contract

5.1 Bid Selections Respond to Portfolio Needs

TRC Solutions' FEP conforms to SDG&E's solicitation needs as stated in the Federal solicitation documentation and Public Goals outlined on page 96 of SDG&E's January 2017 Energy Efficiency Business Plan. The Federal solicitation documentation stated that SDG&E was looking for a comprehensive solution that provided Federal customers with a path to Zero Net Energy (ZNE),²⁰ which FEP does. In addition, in FEP SDG&E was able to find a comprehensive program approach that included many of the elements it was looking for.

5.2 Bid Selections Provide the Best Overall Value to Ratepayers

SDG&E selected TRC Solutions' FEP for contracting after a long, intensive, and comprehensive solicitation process. [REDACTED]

The IE is satisfied with the selection process adopted by SDG&E and feels that FEP, in addition to

²⁰ SDG&E Public Sector – Federal Request for Abstract, October 16, 2019, at p. 5.

being consistent with the goals stated in SDG&E’s Business Plan, provides the best overall value to ratepayers.

6. Overall Assessment of Solicitation

Now that SDG&E has initiated over a dozen solicitations, many of the issues and difficulties encountered early in the third-party solicitation process have been fixed and further incorporated into later solicitations as best practices. As a result, SDG&E’s Federal solicitation ran comparatively smoothly, even though the negotiations were delayed several months as SDG&E developed a new risk assessment process.



In the IE’s opinion, the solicitation process was conducted fairly and transparently, as were the contract negotiations with TRC Solutions, and the resulting program provides the best overall value to ratepayers.

7. Implementation Plan Assessment

Since SDG&E’s Advice Letter for TRC Solutions’ FEP was approved on September 10, 2021, TRC Solutions has not yet completed the FEP Implementation Plan (IP). The IE’s assessment of the FEP IP will be reported in the next Semi-Annual Report.

Energy Efficiency Independent Evaluator's Semi-Annual Report on the
Local Public Sector K-12 Solicitation

Reporting Period: April 2021 through September 2021

Prepared by:
MCR Corporate Services



Disclaimer: This report includes sensitive and confidential information.

Local Public Sector K-12

1. Solicitation Overview

1.1 Overview

SDG&E's Local Public Sector K-12 (K-12) solicitation is focused on contracting with third parties to propose, design, implement, and deliver new EE programs that service Public Sector K-12 schools.

The Public Sector is defined as a group of customers that are taxpayer-funded, have political mandates, and that must go through a public budgeting and decision-making process. This sector makes up 12 percent of total electric consumption, with 70 percent of accounts under 20 kW within SDG&E's service territory.²¹ This sector includes the K-12 Public Schools sub-sector consisting of 46 school districts across the SDG&E territory that represent 12 percent of billed electric consumption and four percent of billed therm consumption. The Public sector represents 12 percent of SDG&E's total electric consumption and four percent of Public Sector therm consumption. The public sector has high visibility and influence within the customer base, and the potential for savings is great for this market.²²

This sector has the following unique existing challenges:

- Long approval processes including Division of the State Architect and board approvals,
- Complex funding mechanisms and budgetary constraints,
- Timing interventions with school breaks,
- Security within school campuses, and
- Peak hour usage within K-12 facilities.

a. Scope

SDG&E is seeking comprehensive and innovative turnkey EE program abstracts from non-utility companies for the Public Sector serving K-12 customers.²³ In addition to providing a path to Zero Net Energy for K-12 customers, a comprehensive Program approach may include but is not limited to the following elements:²⁴

- Benchmarking

²¹ SDG&E Public Sector – K-12 Request for Abstract, October 16, 2019, at p. 4.

²² Id., at p. 5.

²³ Id., at p. 6.

²⁴ Id., at p. 5.

- Audits
- Measure Implementation
- Marketing Education and Outreach (ME&O)
- Financing
- Workforce Education and Training (WE&T)

b. Objectives

The objective of the solicitation is to implement third-party EE programs that reliably capture and document cost-effective energy (kWh, kW and/or therm) savings applicable to the Public Sector K-12 customers. The proposed Program should provide energy savings for electric (kWh, kW) and/or natural gas (therm) for Program Years 2021 through 2025 (the last two years are potential contract extension years). The annual budget range proposed should be between \$2.2 million and \$3.2 million, which may be divided among multiple winning Implementers.²⁵

1.2 Timing

Table 1.1 details the milestones for the SDG&E K-12 solicitation.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFA Stage		
Solicitation Launch	October 16, 2019	23 weeks
Bidder Conference	October 29, 2019	
Offer Submittal Deadline	November 27, 2019	
RFA Shortlist to PRG	March 10, 2020	
Shortlisting Notification	March 24, 2020	
RFP Stage		
Solicitation Launch	May 22, 2020	34 weeks
Bidder Conference	June 1, 2020	
Offer Submittal Q&A Period	May 22 to June 12, 2020	
Offer Submittal Deadline	July 16, 2020	
Cure Period	N/A	
RFP Shortlist to PRG	November 10, 2020	

²⁵ Id., at p. 6.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
Shortlisting Notification	November 18 & 23, 2020	
Selections & Contracting Stage		
Contracting and Negotiations Period	November 30, 2020 – April 28, 2021	32 weeks
Contracts Presented to PRG	May 11, 2021	
Contract Execution	July 1, 2021	

1.3 Key Observations

Table 1.2 represents a collection of key issues and observations noted by the IE and outcomes for the SDG&E K-12.

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Avoided Costs	2021 avoided costs released via CEDARS just as bidders were submitting proposals. One bidder used them; others used 2020.	Proceed to calibration and only have bidders rerun CETs if scores are too tight to determine the final selection outcome; otherwise, rerun at the interview stage.	SDG&E adopted the IE recommendation. SDG&E had bidders rerun CETs with 2021 avoided costs after interviews.
Bidder Notifications	Notifications to non-selected bidders historically have not provided details regarding rationale.	All IEs have encouraged SDG&E to provide more detail to bidders so they can improve future submittals. IEs have recommended holding bidder feedback sessions in addition to written notification.	SDG&E provided reasons as part of their written notifications. Reasons included low evaluation scores, low TRC scores, measure mix/budget challenges, and savings. As of this reporting period, they have also started bidder feedback sessions.
Sector Challenges	COVID-19 challenges are particularly impacting this K-12 sector and impacting the ability of this sector to fund programs to the same extent as previously.	IE encouraged SDG&E to explore creative solutions around measure mix and financing for this sector and bring them to the PRG for consideration.	SDG&E brought bidder solutions to PRG for consideration that included providing schools with emergency medical systems and lighting

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
			with no co-pays required.
Contract Negotiations	Preference for email negotiations with only limited bidder contracts is more challenging for less experienced bidders.	IE proposed standing weekly calls with the bidder, SDG&E, and IE.	SDG&E established standing weekly calls for this solicitation.

2. RFA Bidder Response and Selections

Section 2 is presented in both the May 2019 through October 2019 and the November 2019 through March 2020 Semi-Annual Reports.

3. RFP Bidder Response and Selections

3.1 RFP Development

RFP development for SDG&E’s K-12 solicitation is addressed in the April 2020 through September 2020 Semi-Annual Report.

3.2 RFP Bidder Conference

SDG&E’s K-12 RFP Bidders’ Conference is addressed in the April 2020 through September 2020 Semi-Annual Report.

3.3 RFP Bidder Response

Bidders’ response to SDG&E’s K-12 RFP is presented in the April 2020 through September 2020 Semi-Annual Report.

3.4 Proposal Selection Process

a. *Bid Screening Process and Management of Deficient Bids*

SDG&E's K-12 RFP bid screening process and management of deficient bids are presented in the April 2020 through September 2020 Semi-Annual Report.

b. *Proposal Scoring Rubric Design*

SDG&E's K-12 RFP scoring rubric design is presented in the April 2020 through September 2020 Semi-Annual Report.

c. *Proposal Evaluation Team Profile*

SDG&E's K-12 RFP evaluation team profile is presented in the April 2020 through September 2020 Semi-Annual Report.

d. *Proposal Evaluation Processes and Scoring Calibration*

SDG&E's K-12 RFP evaluation processes and scoring calibration are detailed in the April 2020 through September 2020 Semi-Annual Report.

e. *Shortlist and Final Selections*

SDG&E's K-12 RFP shortlist and final selections are detailed in the October 2020 through March 2021 Semi-Annual Report.

3.5 PRG and IE Feedback to Proposal Process and Selections

a. *Adherence to PRG Guidance and Feedback*

Adherence to PRG guidance and feedback in the proposal process and selections for SDG&E's K-12 solicitation are reported in the October 2020 through March 2021 Semi-Annual Report.

b. *Response to IE Feedback*

Response to IE feedback in the proposal process and selections for SDG&E's K-12 solicitation is reported in the October 2020 through March 2021 Semi-Annual Report.

4. Contracting Process

4.1 Contract Negotiations

Contract negotiations between SDG&E and California Retrofit (CRI) for its K-12 Schools Energy Efficiency Program (KEEP) program began in late November 2020 and concluded on April 28, 2021.

a. Collaboration on Final Program Design and Scope

The contract negotiations between SDG&E and CRI were cooperative, positive, and open. Both parties worked cooperatively toward the goal of presenting the final KEEP contract to the EE PRG no later than its May 11, 2021, meeting. Both parties were very open about the challenges facing this sector and CRI, and they worked to address those challenges one issue at a time.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

b. Fairness of Negotiations

The KEEP negotiations were conducted fairly and transparently, according to the process SDG&E established and outlined. The IE observed nothing during the negotiation process to indicate that the negotiations were anything other than fair and transparent. Both parties worked cooperatively and diligently to settle the few differences encountered in true partnership fashion.

c. Changes to Contract Terms & Conditions

There were changes in the contract terms and conditions from proposal to final KEEP contract, most notably in budget and savings goals because of the changes in compensation type. The contracted 3-year program budget is 16 percent higher than proposed. Contracted kWh savings

goals are 21 percent lower than proposed and contracted therm savings goals were 37 percent lower than proposed.

The Public Advocates Office (PAO) raised some concerns regarding these changes. In particular, the PAO questioned why the projected therm savings for KEEP were only seven percent of SDG&E’s goal. Researching SDG&E’s Business Plan revealed that the therm savings goal stated in SDG&E’s Business Plan was for the entire Public Sector, not just K-12 schools. Additionally, SDG&E did not provide its savings goals to bidders, so the bidders had no savings targets to aim for in their proposals.

SDG&E and CRI made no changes to the CPUC’s modifiable terms and conditions.

d. Conformance with CPUC Policies and Objectives

Table 4.1 summarizes the alignment of KEEP with CPUC Policies and Objectives.

Table 4.1: KEEP – Alignment with CPUC Policies and Objectives			
Element/Requirement	Yes	No	IE Comments
The contract includes all CPUC standard and modifiable contract terms	✓		No modifications made.
No modifiable contract terms and conditions (or Term Sheet) proposed by SDG&E conflicted or otherwise undermined the meaning or intent of the CPUC terms and conditions for TPI energy efficiency programs.	✓		No conflicts.
As required, SDG&E included standard contract language requiring CRI to coordinate with other PAs in the same geographic area.	✓		Included Section G from Required Modifiable Terms and Conditions.
As required, SDG&E incorporated all applicable CPUC decisions and direction and considered PRG RFA/P Guidelines in the development of the contract.	✓		SDG&E incorporated all applicable CPUC decisions and direction and considered PRG RFA/P Guidelines in the development of the contract.
Does the contract include an assignability clause (stating that winning bidders will contract with the IOU or its successors and assignees) to ensure that programs can continue to operate smoothly in the event of a restructuring or bankruptcy?	✓		Included in Section 24 of Schedule A.
Does the contract comply with state law and the Contractors State License Board requirements that CRI and its subcontractors hold valid contractor’s licenses applicable to their program for contract execution and advice letter approval?	✓		Included in Section 12.3 of Schedule A and Attachment 6 – Quality Assurance Plan to Schedule B – Scope of Work.

Table 4.1: KEEP – Alignment with CPUC Policies and Objectives			
Element/Requirement	Yes	No	IE Comments
Does the contract address: Key Performance Indicators, other performance matrix (e.g., innovation, etc.), payment terms, program-level M&V requirements (including the use of NMEC), and include a disadvantaged worker plan?	✓		Included in Schedule A1, Part B, Section B.2; Schedule B, Section 1.1.14; Schedule B, Attachment 7; Schedule B, Attachment 13.
During contract negotiations, did SDG&E stay true to its established process?	✓		Overall, SDG&E stayed true to its established process.
Was the final contract based on the proposed program?	✓		Basically, the contracted program was the same as the proposed, excluding the exceptions noted previously in Section 4.
Does the final compensation structure match the proposed structure?		✓	
Do the final budget and savings goals match those of the proposed program?		✓	As discussed in Section 4.1.a and 4.1.c, modifications to the final budget and savings goals were required due to changes in compensation type.
Does the final cost-effectiveness match that of the proposed program?	✓		Final TRC is very similar to the proposed (1.37 proposed; 1.26 contracted).
Were negotiations transparent? (For example, SDG&E set clear expectations with the bidder, all negotiations were monitored by the IE, and no conflict-of-interest issues were raised.)	✓		Expectations were discussed at the Negotiations Kick-Off Meeting, and all subsequent communications were proper and conducted with the IE monitoring.

e. Uniformity of Contract Changes

SDG&E negotiated with only one contractor—CRI—in the K-12 solicitation.

4.2 Final Selection

SDG&E negotiated with only one contractor—CRI—in the K-12 solicitation.

4.3 Contract Execution

SDG&E presented the KEEP contract to the PRG on May 11, 2021 and asked for feedback by May 14. SDG&E received no feedback from the PRG, so it began the process of executing the contract with CRI. During the remainder of May and into June, SDG&E Contracts Management was awaiting management approval of the contracts before they could go to Supply Management for completion of contracting. In the meantime, SDG&E had an internal kickoff meeting to begin drafting its Advice Letter, which was anticipated to be submitted by July 21, 2021.

The final KEEP contract was executed by SDG&E and CRI on July 1, 2021. SDG&E filed its Advice Letter (3814-E) on July 21, 2021. On July 27, the Public Advocates Office (PAO) reached out to the IE requesting clarification on the final contracts for both the Federal and K-12 solicitations (the Advice Letters for which were filed simultaneously by SDG&E). The PAO's concerns are those presented in Section 4.1.c regarding changes from the proposed budget and term savings.

SDG&E Advice Letter 3814-E was approved by the CPUC Energy Division on August 18, 2021.

4.4 PRG and IE Feedback to Contracting

SDG&E received no feedback from the PRG on the KEEP contract, other than the PAO's requests for clarification on Advice Letter 3814-E.



The IE also sensed that SDG&E's preference to conduct negotiations via email was making it more difficult to resolve issues in a timely manner and leaving open the possibility of misinterpretation. The IE proposed standing weekly telephone calls, at a minimum, to allow an opportunity to address issues more quickly and talk through issues rather than trying to leave everything to interpretation via email. SDG&E and CRI quickly agreed to this recommendation, which resulted in dramatically improved negotiations immediately.

5. Assessment of Final Contract

5.1 Bid Selections Respond to Portfolio Needs

CRI's KEEP conforms to SDG&E's solicitation needs as stated in the Public K-12 solicitation documentation and Public Goals outlined on page 96 of SDG&E's January 2017 Energy Efficiency Business Plan. The K-12 solicitation documentation stated that SDG&E was looking for a comprehensive solution that provided K-12 schools with a path to ZNE, which KEEP does. In addition, in KEEP, SDG&E was able to find a comprehensive program approach that included many of the elements it was looking for.

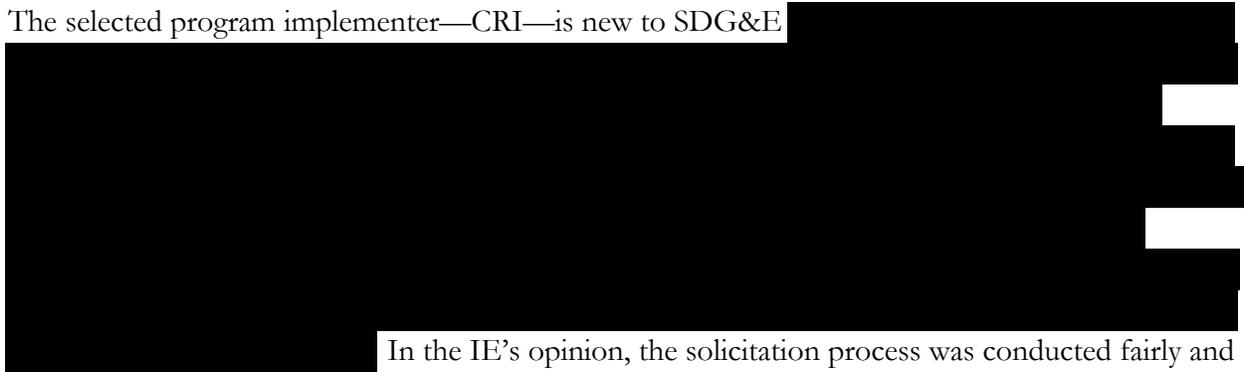
5.2 Bid Selections Provide the Best Overall Value to Ratepayers

SDG&E selected CRI's KEEP for contracting after a long, intensive, and comprehensive solicitation process. To make its decision, SDG&E considered all aspects of the bidders' submittals.

In addition to program economics and impacts, SDG&E’s evaluators looked at more difficult to assess qualities, such as program innovation, impacts on DAC and HTR, and whether the program addressed the State’s policy initiatives. The IE is satisfied with the process taken by SDG&E to select KEEP and feels that KEEP, in addition to being consistent with the goals stated in SDG&E’s Business Plan, provides the best overall value to ratepayers.

6. Overall Assessment of Solicitation

Now that SDG&E has initiated over a dozen solicitations, many of the issues and difficulties encountered in early solicitations have been fixed and further incorporated into later solicitations as best practices. As a result, SDG&E’s K-12 solicitation ran smoothly, even if the negotiations took longer than anticipated. The 12 abstracts resulted in five proposals, which were generally very good. The selected program implementer—CRI—is new to SDG&E



In the IE’s opinion, the solicitation process was conducted fairly and transparently, as were the contract negotiations with CRI, and the resulting program provides the best overall value to ratepayers.

7. Implementation Plan Assessment

The IE found the Draft Implementation Plan (IP) to be consistent but lacking details in some areas. CRI’s Implementation Plan (IP) for KEEP was only 11 pages in total length, which is comparatively shorter than most IPs that this IE has reviewed. Many sections were too brief, which contributed to the lack of detail in those areas. A couple of sub-sections in the IP’s Program Budget & Savings section were missing, so the IE recommended these be added to the Final IP.

The IE also noted that the quantitative targets for KEEP were slightly lower for the years 2022-2024 than indicated in the executed contract, which the IE asked CRI to explain. The IP was also missing performance metrics, which are called for by the IE Checklist.

Refrigeration and pool pump measures are included in the executed contract and referenced in the Draft IP but not specifically included in the measure list. The IE asked CRI to include specific language around its intent regarding these measures.

CRI introduced KEEP and its Draft IP in two parts at a public webinar on October 7, 2021. The first part was an overview of KEEP, including an example of the savings that could be realized for a sample school project. The second part of the presentation was an overview of the details of the population NMEC methodology, presented by CRI's partner, Quest.

SDG&E anticipates posting the Final IP to the California Energy Data and Reporting System (CEDARS) by October 18, 2021.

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Local Government Solicitation

Reporting Period: April 2021 through September 2021

Prepared by:
Don Arambula Consulting



Disclaimer: This report includes sensitive and confidential information.

Local Government

1. Solicitation Overview

1.1 Overview

This Report on the Local Government sector solicitation covers the period between April 2021 through September 2021. As a result, much of the Report addresses the RFA stage of SDG&E's program solicitation.

The solicitation is seeking program proposals that can provide electric and/or natural gas energy savings for SDG&E Local Government customers during program years 2022 through 2024. The IOU may elect to extend the selected program(s) two years based on program performance and funding availability. The proposed budget should not exceed \$2.3 million per year, with an overall proposed budget no greater than \$6.9 million for the three-year program implementation period. The solicitation may result in multiple awards.

a. Scope

The Local Government program solicitation is seeking comprehensive and innovative EE resource program(s) that address SDG&E's Local Government customers, which include the following:

- 25 cities²⁶
- County of San Diego (including county hospitals and correctional facilities)
- South Orange County (portions of the county which include 21 zip codes, electric-only)
- Specialty Districts (e.g., cemeteries, fire, health, community services, parks & recreation, and conservation)
- Solid Waste Facilities
- Water/Wastewater Treatment Facilities²⁷

The solicitation target market is focused solely on the Local Government segment facilities. It does not include other Public Sector segments (i.e., public school districts, Federal, state) or other customer sectors (e.g., residential, commercial, etc.). The solicitation also excludes related statewide programs such as Statewide Higher Education and Statewide California Partnership.

²⁶ See Appendix B for a listing of cities.

²⁷ In the future, such facilities may fall under the scope of the upcoming Statewide Water/Wastewater Program solicitation led by Southern California Edison.

b. Objectives

The objective of the solicitation is to select an innovative program(s) that reliably captures cost-effective energy savings applicable to SDG&E’s Local Government customer facilities. There is a need for innovative solutions that also deliver cost-effective energy savings. Cost-effectiveness is a critical element of all resource programs in the California IOU portfolios. The proposed program should contribute to a cost-effective portfolio and support the IOU in achieving related CPUC-adopted portfolio goals and sector metrics.

1.2 Timing

The IOU delayed the Local Government program solicitation to refine the RFA requirements. Still, the RFA release was consistent with the projected release timeframe (first quarter of 2021), as shown in the IOU’s solicitation schedule presented to the bidder community through the CAEECC site. Unless otherwise indicated, all milestones were met or on schedule. Table 1.1 below includes key milestones for this program solicitation.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFA Stage		
1. RFA Released	January 27, 2021	12 weeks
2. Optional Bidder Conference	February 2, 2021	
3. Bidder Questions Due	February 9, 2021	
4. Responses to Bidder Questions Due	February 16, 2021	
5. Bidder Abstract Submission Due	February 23, 2021	
6. Submittal Review	April 20, 2021	
7. Bidders Notified—Advancement to RFP Stage	April 21, 2021	
RFP Stage		
1. RFP Released	June 15, 2021	19 weeks
2. Optional Bidder Conference (Skype)	June 22, 2021	
3. Bidder Questions Due Round 1	June 25, 2021	
4. Responses to Bidder Questions	June 30, 2021	
5. Bidder Questions Due Round 2	July 7, 2021	
6. Responses to Bidder Questions	July 12, 2021	
7. Bidder’s Proposal Due	July 21, 2021	
8. Proposal Review, Bid Clarification Discussions	August 22, 2021	
9. Selected Bidder Interviews	August 25, 2021	

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
10. Proposal Review Period Ends, Bidders Notified	September 1, 2021	
Selections & Contracting Stage		
1. Notification Selection (Subject to Negotiations) *	October 20, 2021*	32+ weeks
2. Contract Development and Negotiation *	October 24, 2021–December 15, 2021*	
3. Company’s Advice Letter Filing, if Required *	February 2022	
4. Program Ramp-Up Begins	Q1 2022	
5. Full Program Roll Out	Q2 2022	
6. Notification Selection (Subject to Negotiations)	Q2 2022	

**Revised Estimated dates. Initially, notification selection was scheduled for September 20, 2021.*

1.3 Key Observations

Table 1.2 represents a collection of key IE issues, observations, and outcomes, where applicable, from the assigned IE.

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Support Partnering Opportunities in Advance of Solicitations			SDG&E has started to facilitate more partnering opportunities with implementers.

2. RFA Solicitation Outreach and Bidder Response

The IE reported this solicitation activity in the October 2020 through March 2021 Semi-Annual Report.

3. RFP Bidder Response and Selections

The IE reported this solicitation activity in the April 2021 through September 2021 Semi-Annual Report.

3.1 RFP Development

Overall, the RFP balanced the need for information to evaluate bidder proposals with the burden placed on the bidder in responding to the RFP with one exception. The RFP included general instructions and a response form (narrative and data), along with the applicable CPUC standard and modifiable contract terms and conditions. However, SDG&E also instructed bidders to provide redlines to its proposed Company-specific terms and conditions. The IE and PRG believed such requests should be addressed in the contract negotiations as it likely placed an unnecessary burden on the bidder. SDG&E asked bidders to respond to 17 questions and populate program-related data in a workbook template as part of the RFP. The RFP imposed reasonable page limits that allowed ample opportunity for bidders to provide clear and complete responses.

The IE provided 55 discrete comments and corresponding recommendations. SDG&E accepted all but 15 of the recommendations. The IE comments focused on improving the quality and compliance of the RFP's general instructions, improvements to the narrative response form, [REDACTED] refinements to the RFP format to help the bidder prepare its response.

3.2 RFP Bidders Conference

SDG&E held an RFP bidders' conference on June 22, 2021. All [REDACTED] of the invited bidders attended the conference. The [REDACTED] Attendance in the bidders' conference was optional. Invited bidders had ample time during the conference to ask questions; however, the bidders asked no questions. After the meeting, bidders were also provided an opportunity to provide written questions by June 25, 2021, and again by July 7, 2021. SDG&E received a total of 13 questions from bidders regarding various topics, including the cost-effectiveness, subcontractors, expanding measure offering during implementation, the IOU's role in the CPUC technical review process, availability of the IOU's on-bill financing program, PLM format, redline requirements associated with the terms and conditions, and CET-related questions. The IOU provided the IE an opportunity to review SDG&E's draft response to each question before releasing it to the bidders. The responses were complete and accurate. The IE recommended minor adjustments to a few draft

responses, and SDG&E accepted the IE’s recommendations. SDG&E provided answers to bidders on all questions by July 12, 2021.

3.3 RFP Bidders Response

All but one invited bidder responded to the RFP.



Table 3.1: Solicitation Response	
	Number
Proposals Expected	
Proposals Received	
Proposals Disqualified	

3.4 Proposal Selection Process

a. Bid Screening Process and Management of Deficient Bids

For the RFP stage, SDG&E conducted a prescreening of all proposals received. The screening process included reviewing proposal completeness, business requirements, file access, timeliness, and certification requirements. The IOU’s Supply Management lead completed the initial screening before the scoring team evaluated the proposals. In the RFP stage, all bids passed the screening process.

b. Scoring Rubric Design



Table 3.2: RFP Scoring Rubric	
Area	Category
Core Program Elements	Program Overview
	Program Design
	Program Operations
	Program Compliance
	Innovation
	Experience

Table 3.2: RFP Scoring Rubric	
Area	Category
	Staffing Plan
	KPIs
Measures, Savings, Pricing	Measures
	Savings Justification
	CET Score
	Budget
	Savings
	Realized Benefits
	M&V Plan
Social Responsibility & Supply Mgmt.	Social Compliance (includes DBE)
	Exceptions to Terms and Conditions

c. Evaluation Team Profile

The SDG&E’s evaluation team roster is listed below. The team consisted of experienced subject matter experts drawn from the IOU’s staff. There were no conflicts of interest reported by SDG&E or individual team members. SDG&E held a group training session for the scoring team before evaluating the proposals. The training included an overview of the RFP, conformance with the Company’s code of conduct, including the conflicts of interest policies, scoring criteria, IE, and PRG roles. [REDACTED] an effective practice carried over from other SDG&E solicitations.

Table 3.3: RFP-IOU Evaluation Team		
Number of Reviewers	Position Role	Area(s) Scored
[REDACTED]		

d. Evaluation Processes and Scoring Calibration

SDG&E applied the same scoring methodology to all proposals without exception. The IOU scored all information provided by the bidders as part of the evaluation process. The evaluation team completed its review and scoring by August 20, 2021. Nearly all the bidders had issues with their CET submissions.

[REDACTED]

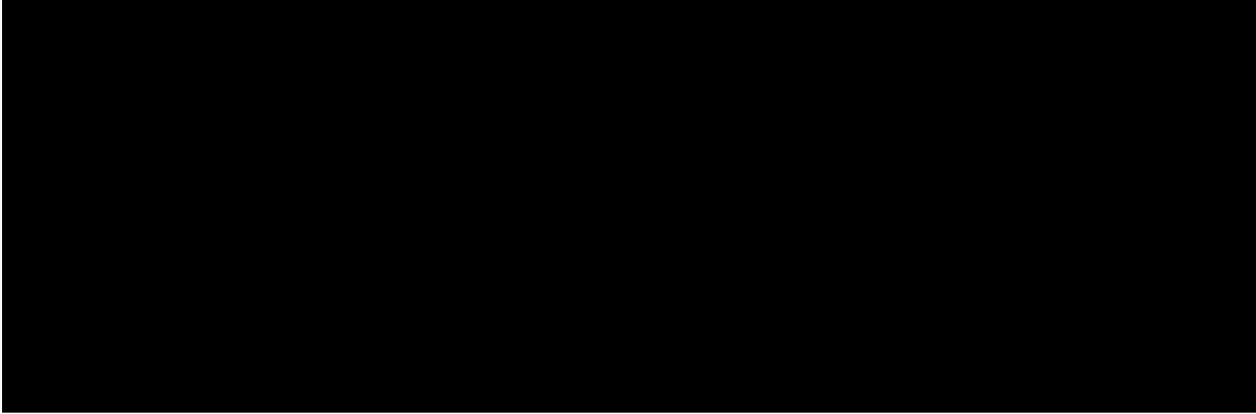
Overall, the SDG&E evaluation approach was neutral and conducted fairly and transparently.

The evaluation team held three calibration meetings the week of August 23, 2021. The IOU spent significant time on evaluations and calibrations

[REDACTED]

All adjustments seemed reasonable and well-founded. Discussions were well-reasoned and professional, and at no time was any team member coerced/encouraged into changing their scores.

[REDACTED]



As part of SDG&E's CPUC-approved Solicitation Plan, the IOU has an option to conduct bidder interviews before final selections. SDG&E uses the interviews to seek additional information from the bidder to confirm the IOU's understanding of the proposals and final ranking. 

asked bidders a set of standard questions. These questions were reviewed by both the IE and the PRG, as recommended by the PRG Guidelines. The interview format allowed the IOU and bidder to both ask follow-up questions. The IE monitored all bidder interviews. As with the other aspects of the IOU evaluation, the IE found the interviews neutral and conducted them fairly and transparently.

e. *Shortlist and Final Selections*

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

3.5 PRG and IE Feedback to Proposal Process and Selections

a. *Adherence to PRG Guidance and Feedback*

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

b. *Response to IE Feedback*

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

4. Contracting Process

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

5. Assessment of Final Contract

This solicitation activity has not yet occurred; future Semi-Annual reports will address this topic.

6. Overall Assessment of Solicitation

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

7. Implementation Plan Assessment

Completion of this solicitation activity has not occurred; future Semi-Annual reports will address this activity.

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

Reporting Period: April 2021 through September 2021

Prepared by:
Barakat Consulting, Inc.

Barakat Consulting
I N C O R P O R A T E D

Disclaimer: This report includes sensitive and confidential information.

Local Agriculture

1. Solicitation Overview

1.1 Overview

The solicitation target market is focused solely on the Local Agricultural segment. SDG&E Agriculture segment has approximately 4,700 accounts. These accounts represent the following categories: Nursery & Cut Flower Products, Fruits and Nuts, Vegetables, Livestock & Poultry, Livestock & Poultry Products, and Misc. Products and Services.

a. Scope

The solicitation target market is focused solely on the Local Agricultural segment. SDG&E Agriculture segment has approximately 4,700 accounts. These accounts represent the following categories: Nursery & Cut Flower Products, Fruits and Nuts, Vegetables, Livestock & Poultry, Livestock & Poultry Products, and Misc. Products and Services²⁸.

b. Objectives²⁹

The objective of the solicitation is to select innovative third-party EE programs (“third-party programs”) that reliably capture and document cost-effective energy savings (kWh, kW, and/or therm) applicable to SDG&E’s Local Agriculture customer facilities and provide the Agricultural Sector a solution addressing the water/energy nexus³⁰.

1.2 Timing

The solicitation launched on April 26, 2021 and is expected to be complete before the third quarter of 2022.

Milestones	Completion Date	Duration
RFA Stage		
Solicitation Launch	April 26, 2021	12 weeks
Bidder Conference	May 7, 2021	
Offer Submittal Deadline	May 25, 2021	

²⁸ SDG&E Final SDG&E Agricultural Sector: Local Agriculture RFA Scoring and Selection Report, p. 3.

²⁹ Ibid.

³⁰ Water/Energy Nexus is defined as the treatment, heating, and conveyance of water in California. <https://www.cpuc.ca.gov/General.aspx?id=4139>

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFA Shortlist to PRG	July 13, 2021	
Shortlisting Notification	July 20, 2021	
RFP Stage		
Solicitation Launch	September 23, 2021	22 weeks
Bidder Conference	October 1, 2021	
Offer Submittal Q&A Period	October 1 – 18, 2021	
Offer Submittal Deadline	October 27, 2021	
Cure Period	NA	
RFP Shortlist to PRG	December 14, 2021	
Shortlisting Notification	December 17, 2021	
Selections & Contracting Stage		
Contracting and Negotiations Period	January - March 2022	21 weeks
Contracts Presented to PRG	March 8, 2022	
Contract Execution	May 18, 2022	

1.3 Key Observations

Table 1.2 represents a collection of key IE issues, observations, and outcomes (where applicable), from the assigned IE for the Local Agriculture Solicitation.

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Use of Word in Qualitative section of the solicitation materials	Word is easier to use in responses as well as in the evaluation process	Use Word, not Excel for responses to qualitative questions in the RFA and RFP stage	SDG&E adopted this approach
Use a Mock Abstract/Proposal or another engaging process during Evaluation training	Large deviations in scores are often a result of team members' varied interpretations of scoring criteria. In addition, training is often not very engaging, and participants are not reviewing the criteria in detail.	Use a Mock abstract during the evaluation training process for the RFA phase and an interactive training approach in the RFP stage. This will help to engage the evaluation team and provide an opportunity to modify criteria prior to scoring	SDG&E adopted this approach for the Ag solicitation

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Number and complexity of questions	The RFP has had extensive (at one point over 60) questions that are also overly complex	Reduce the number of questions without reducing the effectiveness of the solicitation.	SDG&E adopted this approach. The Local Agriculture RFP had 24 questions total.
SDG&E Compensation Approach	SDG&E's compensation approach has some nuances like a hold-back provision. This should be made clear to bidders in a stage prior to the negotiations stage.	Make sure to be clear about SDG&E's preferred compensation approach in the RFP documents	SDG&E adopted this approach. The information was added in the Instructions and referenced in the Schedule B1 Offer Form
Requiring Redlines to Contracts at the RFP stage			
Continuous Improvement	Conducting a survey after each stage of the solicitation will allow the team to identify opportunities for improvement and apply them in future stages and solicitations	Conduct a survey after each stage of the solicitation. Track the recommendations and changes in approaches based on recommendations.	SDG&E adopted this recommendation. This was the first time that SDG&E has conducted a continuous improvement process related to a specific solicitation.

2. RFA Bidder Response and Selections

2.1 RFA Development

SDG&E provided the RFA materials to the IE for review on March 30, 2021 and conducted a thorough review and provided comments and feedback (30 in total) on the RFA, Abstract Response

Form, and Scorecard. The IE was given adequate time to review and provide feedback and to review changes made by SDG&E based on our recommendations.

Since this is our first solicitation as an assigned IE for SDG&E, we posed some questions that are shown in the tracker sheet. These included:

- Allowance for Curing of bidder submittals: SDG&E does not have a curing process for bidders
- Uploading of company/team resumes: Bios can be embedded in the Abstract, but there is not a separate upload for resumes

SDG&E accepted and/or adequately responded to our suggested modifications to the documents. So far, the process has gone very smoothly, and we are encouraged by SDG&E's receptivity to our feedback and recommendations for the process going forward.

2.2 RFA Outreach

SDG&E's outreach strategy focused on two primary methods of informing and educating bidders about the solicitation opportunity.

Web-Based

- SDG&E set up a dedicated Third-Party Energy Efficiency Solicitations website, [Energy Efficiency Third Party Solicitations](#), which includes a solicitation schedule, specific pages for general solicitation resources, and registration information for SDG&E's online procurement tool (PowerAdvocate®). Suppliers can also visit the Opportunities Dashboard in PowerAdvocate to view active solicitations and request access to solicitation documents.
- Solicitation Notifications posted to the Proposal Evaluation & Proposal Management Application (PEPMA): <https://pepma-ca.com/Public/Default.aspx>. PEPMA is a website sponsored by all four IOUs and includes information about upcoming and released solicitations.
- Solicitation information posted to the CAEECC's web site: <https://www.caeccc.org/third-party-solicitation-process>.
- SDG&E's LinkedIn page post-reached over 27,000 followers.

Email Messages sent to:

- Trade Pro Alliance with a service list of over 980 Trade Professionals;
- Supplier Diversity DBE list;

- San Diego Green Building Council;
- American Society of Heating, Refrigerating, and Air Conditioning Engineers (ASHRAE)
- CEDMC
- San Diego County Farm Bureau
- San Diego County Agricultural Commissioner

2.3 RFA Bidders' Conference

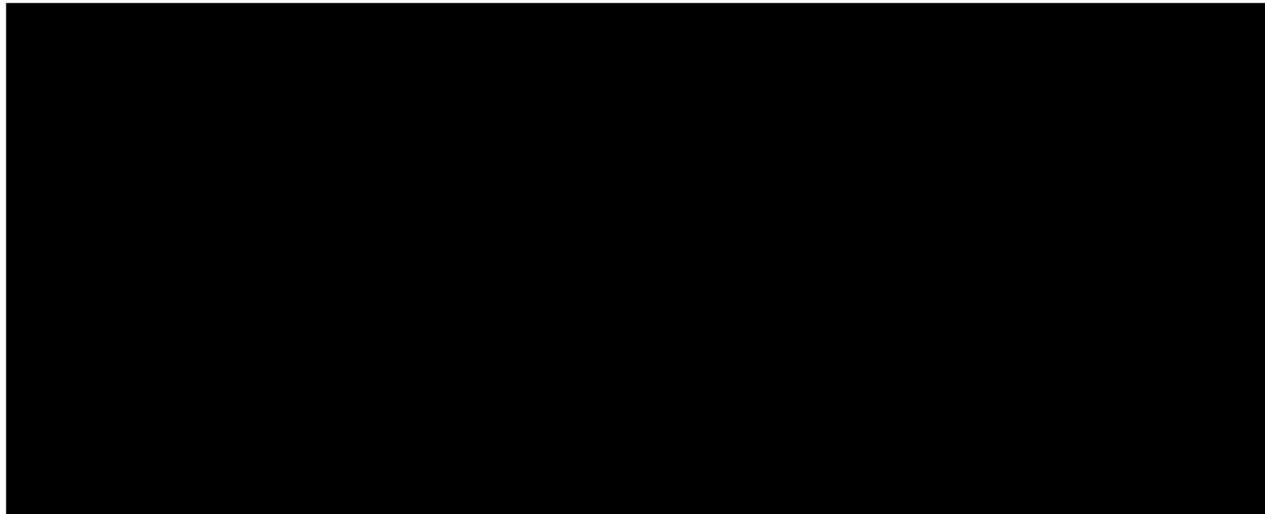
On May 7, 2021, SDG&E held the Bidders' Conference for the Local Agriculture solicitation, which, although scheduled for two hours, only ran for one hour based on limited questions from the bidders. [REDACTED]. The SDG&E team did a very good job presenting the materials and transitioning from one presenter to the next. There were a few questions from bidders, mainly related to budget, savings goals, and the intent to transition from the current program and implementer at the end of 2021 to a new program in 2022.

2.4 RFA Bidders Response

Based on the number of participants in the Bidders' Conference, [REDACTED]

Table 2.1: Solicitation RFA Response	
	No.
Abstracts Expected	[REDACTED]
Abstracts Received	[REDACTED]
Abstracts Disqualified	[REDACTED]
Abstracts Shortlisted	[REDACTED]

[REDACTED] abstracts were received by the May 28, 2021 noon deadline. Each of them passed the complete and conforming review by SDG&E. [REDACTED]



2.5 Abstract Selection Process

a. Bid Screening Process and Management of Deficient Bids

abstracts were received by the May 28, 2021, noon deadline. Each of them passed the complete and conforming review by SDG&E. There were no deficient abstracts.

b. Abstract Evaluation Team Profile

Five SDG&E team members from different departments scored the entire abstracts. Details on the scoring team are shown in Table 2.3.

Position Title	Position Role	Area Scored
	Manage the process for completing high-quality regulatory filings and other projects Collaborate with program staff to help prepare deliverables, assess project risks and issues, and provide solutions where applicable	Entire Abstract
	Provide leadership/direction for major or complex engineering and construction projects and/or studies Conduct complex engineering studies requiring advanced knowledge within the assigned discipline. Keep informed of technical developments, industry codes, and safety and/or regulatory requirements	Entire Abstract
	Oversight of day-to-day operations of the segments staff, including reviewing program progress, identification of efficiencies and planning activities.	Entire Abstract

Table 2.3: Abstract Evaluation Team		
Position Title	Position Role	Area Scored
	Representation of SDG&E in industry trade groups and professional organizations	
	Develop and maintain project parameters for project requirements. Manage and coordinate all activities leading to the successful completion of large-scale, major strategic projects Testify before and/or prepare supporting documentation for CPUC and other gov agencies	Entire Abstract
	Responsible for meeting SDG&E's Commercial and Industrial EE related program goals Responsible for annual program budgets of \$60 million and an organization of 35 staff members	Entire Abstract
	Manage data analytics to inform Demand Side Management (DSM) Portfolio/Program Design (EE, DR, and Low Income). Analyze customer program portfolios and provide recommendations on program design and measure development Provide cost-effectiveness evaluation and analysis to inform program design. Develop logic models, program metrics, and KPIs	Entire Abstract

c. Abstract Scoring Rubric Design

The Abstract scorecard is shown in Table 2.3.

Table 2.4 Abstract Scoring Rubric	
Core Program Elements	
Program Overview & Design	
Innovation	
Program Operations	
Cost and Performance	
Experience and Capability	
Program Compliance	

d. Evaluation Processes and Scoring Calibration

Calibration took place over two days from June 22-23, 2021 and took a total of 2.5 hours. [REDACTED] evaluators reviewed and scored the abstracts and participated in the calibration session, which was facilitated by the solicitation lead. [REDACTED]

[REDACTED] This is not surprising given that there were six evaluators, each with varying degrees of experience in the sector and the evaluation process overall. The calibration process went very smoothly given the following:

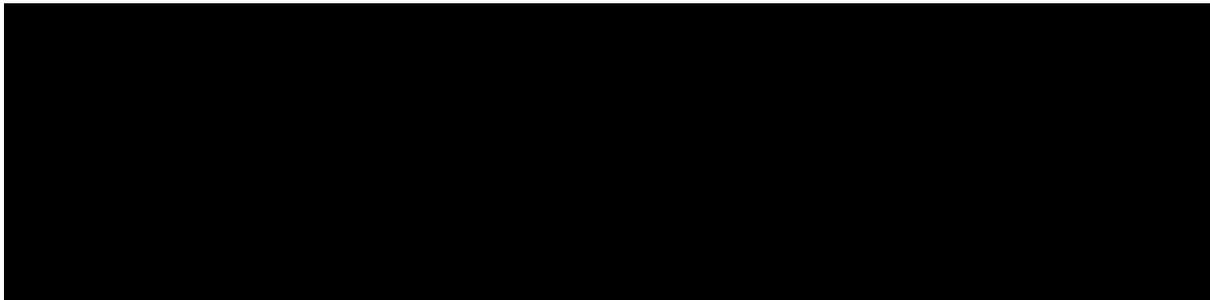
- All scorers were engaged in the process.
- The calibration sessions focused simply on the responses with deviations, no overviews of the proposals or additional information was provided given all scorers had read the abstracts.
- All scorers were made aware of what questions would be discussed in the sessions so they could prepare for the meeting by reviewing their notes related to the questions being discussed.
- Based on feedback from the scorers, the training session and mock scoring exercise made it easier for them to discuss scores, level set, and potentially change scores based on feedback from other team members.

Each of the six evaluators scored all questions in the Abstracts, and there were no identified conflicts of interest.

[REDACTED]



e. Abstract Selections



2.6 PRG and IE Feedback to Abstract Process and Selections

a. Adherence to PRG Guidance and Feedback

The Abstract review and selection process followed PRG guidance and although there was no PRG feedback at the RFA stage, SDG&E responded very favorably to most of the IE feedback.

b. Response to IE Feedback

The main themes of IE feedback included the following:

- Emphasizing the need for detail on the outreach aspects of the RFA, particularly in this sector, with many small farmers
- Including strategies for reaching socially disadvantaged farmers in addition to HTR/DAC (with reference to AB 1348 – Farmer Equity Act of 2017)

- Expanding Integrated Demand-Side Management (IDSM) to include water energy savings and quantification of IDSM funds that might be leveraged
- Allowing for increased word count in the outreach section and the addition of a graphic for bidders to show their plan in an overall/graphic format
- Requesting bidders justify NMEC savings for this sector
- Updating the weighting descriptions to reflect changes to the RFA and Abstract Response Form

SDG&E accepted and/or adequately responded to IE suggested modifications to the documents.

3. RFP Bidder Response and Selections

3.1 RFP Development

The main focus of the development of the RFP materials was working to reduce the complexity of the questions and the response format to make the process more streamlined for bidders and for the evaluators. The SDG&E team was extremely receptive to IE feedback on all of the RFP materials.

Topics included the following:

- **Recommendation:** [REDACTED]
[REDACTED] **Status:** Adopted in the RFA stage and now for all solicitations going forward.
- **Recommendation:** Move all narrative response sections to a word document. **Status:** Adopted.
- **Recommendation:** Instead of character/ word limits, suggesting sections of the Bidder's Proposal have page limits for responses. **Status:** Adopted.
- **Recommendation:** Combine questions under appropriate sections and eliminate duplicative and/or unnecessary questions to make RFP and responses flow better and to reduce complexity. **Status:** All suggested changes adopted.
- **Recommendation:** [REDACTED]
[REDACTED] **Status:** Adopted.
- **Recommendation:** Make sure to be clear about SDG&E's preferred compensation approach **Status:** Adopted. The information was added in the Instructions and referenced in

the Schedule B1 Offer Form.

- **Recommendation:** Add Ag-specific questions to the Response form, including water efficiency under Innovation and IDSM and include strategies for Socially Disadvantaged Farmers in outreach and hard-to-reach strategies. **Status:** Adopted.
- **Recommendation:** Make modifications to the Excel Response form, including 1) adding a subcontractor Tab; 2) requesting cumulative TRC, not just TRC by year; 3) moving the M&V plan request from the Excel doc to a word/narrative response with no page limits. **Status:** Adopted.
- **Recommendation:** SDG&E has a “Checklist document” that is more than just a checklist. It is really an acknowledgment by the Bidder of all the terms of submitting a Proposal. We recommended several changes to clarify the nature of the document, improve the language in the overall document, and make the commitments of the Bidder and SDG&E clearer. **Status:** Adopted.



3.2 RFP Bidder Conference

The Bidder conference was held on October 1, 2021, and will be covered in the next Semi-Annual Report.

3.3 RFP Bidder Response

To be covered in the next Semi-Annual Report.

3.4 Proposal Selection Process

To be covered in the next Semi-Annual Report.

3.5 PRG and IE Feedback to Proposal Process and Selections

To be covered in the next Semi-Annual Report.

4. Contracting Process

To be covered in the next Semi-Annual Report.

5. Assessment of Final Contract

To be covered in the next Semi-Annual Report.

6. Overall Assessment of Solicitation

To be covered in the next Semi-Annual Report.

7. Implementation Plan Assessment

To be covered in a future Semi-Annual Report.

Energy Efficiency Independent Evaluators' Semi-Annual
Report on the

Statewide Residential HVAC Quality Installation and Quality Maintenance Solicitation

Reporting Period: April 2021 through September 2021

Prepared by:
Don Arambula Consulting



Disclaimer: This report includes sensitive and confidential information.

Statewide Residential HVAC Quality Installation and Quality Maintenance

1. Solicitation Overview

1.1 Overview

This Report on the Statewide Residential HVAC Quality Installation and Quality Maintenance (Statewide Residential HVAC QI/QM) solicitation covers the period between April 2021 through September 2021. As a result, much of the Report addresses the RFA stage of SDG&E's program solicitation.

The solicitation seeks an innovative Statewide HVAC Quality Installation and Quality Maintenance ("QI/QM") program directed at all residential customer segments across all California IOU service territories. The IOU may extend the selected program(s) two years based on program performance and funding availability. The proposed budget may not exceed \$6.9 million per year, with an overall proposed budget no greater than \$20.7 million for the three-year program implementation period. The solicitation may result in multiple awards.

a. Scope

The Statewide HVAC QI/QM program solicitation is seeking innovative and comprehensive, market support-based³¹ program ideas to have residential customers modify the use of their HVAC equipment and equipment-based behaviors in ways that reduce energy use. This Program will assist the IOUs in the achievement of various portfolio and sector metrics. While market support programs are primarily considered a non-resource program type, bidders may propose programs that deliver energy savings.³² Program designs may address the following overarching program outcomes:

- Engage residential customers and/or industry HVAC actors to adopt HVAC quality installation and quality maintenance actions, especially those that directly lead to reduced electricity load during the peak and net peak hours, coordinating with the Statewide HVAC program for new installations, and proper disposal of refrigerant.
- Change customer and/or HVAC industry behaviors by improving their understanding of HVAC QI/QM benefits by providing relevant awareness, information, and education, including benefits of cost-effective fuel substitution opportunities.
- Utilize and leverage the defined criteria of the IDSM solutions, including EE/DR

³¹ Decision 21-05-031 states: "Programs with a primary objective of supporting the long-term success of the energy efficiency market by educating customers, training contractors, building partnerships, or moving beneficial technologies towards greater cost-effectiveness.", p.14.

³² Id, p.15.

integration, related to residential customers to promote demand shifting and peak conservation.³³ IDSM efforts should involve referring customers to participate in other residential programs such as ESA, CARE, and FERA.

- Accelerate activities within the residential HVAC QI/QM market before the Summer of 2023, resulting in lower overall electricity load, particularly in the peak and net peak hours.
- Encourage customer achievement of deep, longer-term energy savings associated with HVAC QI/QM.
- Increase program participation from residential customers, including hard-to-reach customers and those who reside in disadvantaged communities.
- Include a flexible delivery approach targeting specific customers based on specific criteria such as distinct climate zones, high HVAC energy usage, or other characteristics (e.g., Public Safety Power Shutoff zones, etc.).
- Support the achievement of applicable residential sector metrics.³⁴
- Address barriers and drivers identified in the IOU Business Plans.³⁵

b. Objectives

The objective of the solicitation is to select an innovative program(s) that will support quality installation and quality maintenance of HVAC systems in the residential sector across all four California IOUs.³⁶ The Program will be funded by the IOU's "Market Support" segment of the EE program portfolio.³⁷ The CPUC's cost-effectiveness threshold requirements do not apply to the Market Support segment. However, the IOU does encourage Bidders to propose a cost-efficient program design and delivery that maximizes program performance.

1.2 Timing

The IOU RFA release was consistent with the projected release timeframe (third quarter of 2021), as shown in the IOU's solicitation schedule presented to the bidder community through the CAEECC site. Unless otherwise indicated, all milestones were met or on schedule. Table 1.1 below includes key milestones for this program solicitation.

³³ Refer to Decision 18-05-041. pp. 34-38, for guidance on appropriate activities.

³⁴ Attachment A of this RFA.

³⁵ Id.

³⁶ California IOUs include PG&E, SCE, SDG&E and SoCalGas.

³⁷ Decision 21-05-031.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFA Stage		
1. RFA Released	September 29, 2021	12 weeks
2. Optional Bidder Conference	October 5, 2021	
3. Bidder Questions Due	October 11, 2021	
4. Responses to Bidder Questions Due	October 18, 2021	
5. Bidder Abstract Submission Due	October 28, 2021	
6. Submittal Review	December 1, 2021	
7. Bidders Notified-Advancement to RFP Stage	December 22, 2021	
RFP Stage		
1. RFP Released	April 20, 2022	34 weeks
2. Optional Bidder Conference (Skype)	April 28, 2022	
3. Bidder Questions Due Round 1	May 3, 2022	
4. Responses to Bidder Questions	May 6, 2022	
5. Bidder Questions Due Round 2	May 11, 2022	
6. Responses to Bidder Questions	May 16, 2022	
7. Bidder's Proposal Due	May 25, 2022	
8. Proposal Review, Bid Clarification Discussions	June 30, 2022	
9. Selected Bidder Interviews	July 20, 2022	
10. Proposal Review Period End	August 15, 2022	
Selections & Contracting Stage		
1. Notification Selection (Subject to Negotiations) *	August 15, 2022	32 weeks
2. Contract Development and Negotiation *	Q3 2022	
3. Company's Advice Letter Filing, if Required *	Q3 2022	
4. Program Ramp-Up Begins	Q4 2022	
5. Full Program Roll Out	Q1 2023	

**Estimated Dates*

1.3 Key Observations

Table 1.2 represents a collection of key IE issues, observations, and outcomes, where applicable, from the assigned IE.

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Reduce Solicitation Timelines	The IOU should revisit its solicitation schedule and reduce the timelines associated with various schedule milestones.	For future solicitations, the IOU should strive to reduce the solicitation timelines. The IOU should confer with its PRG and collective IEs to identify process improvements to support timely solicitation. For example, the IOU's preparation and review of the RFP can be completed while the market is responding to the RFA.	The IOU has significantly reduced the program solicitation timelines with solicitations launched after the EE PRG August 2020 guidelines were issued and continues to review solicitation schedules to identify improvements to the overall timing and completion of the standards. The IOU has also asked the collective IEs to collaborate on recommendations related to solicitation issues, such as the timeliness of the solicitation.
Company's Proposed Additional Terms and Conditions	The IOU does not provide its proposed additional terms and conditions to potential bidders at the RFA stage.	The IOU should provide its Company's proposed Additional Terms and Conditions to bidders during the RFA stage. This would inform potential bidders about terms and conditions which they may not find acceptable and, as a result, a bidder may decide not to participate in the solicitation.	SDG&E does not provide terms and conditions at the RFA stage as a general practice. SDG&E's proposed terms and conditions will be provided to bidders at the RFP stage.

During the solicitation, the IE observed emerging effective practices by the IOU that made the process more effective, efficient, and transparent. The IE recommends that the IOU continue these practices, as presented below, and share them with other IOUs for their consideration and potential adoption.

Table 1.3: Emerging Best Practices	
Emerging Best Practice	IE Analysis
Reduced RFA Requirements	The IOU has made significant advancements in refining and reducing its RFA requirements. The RFA now includes a reasonable number of bidder questions that address each PRG suggested evaluation category. The bidder must now provide their responses in the PRG-preferred Word format rather than the previous Excel format. The revised format reduces evaluation time and likely reduces bid preparation time for the bidder.

2. RFA Bidder Response and Selections

2.1 RFA Development

The solicitation design met SDG&E’s need to procure a Market Support-based program(s) targeted at the residential HVAC QI/QM market segment across the collective IOU service territory.

The IOU has made significant advancements in refining and reducing its RFA requirements. The draft RFA now includes only 13 bidder questions that address each of the PRG suggested evaluation categories. Also, the bidder is now required to provide their responses in the PRG-preferred Word format rather than the previous Excel format. The IE commends SDG&E’s solicitation staff for addressing the PRG and IE concerns regarding the extensive bidder RFA requirements in previous solicitations.

2.2 RFA Outreach

The solicitation outreach relied on targeted announcements through various channels, including Proposal Evaluation & Proposal Management Application (PEPMA), Supply Diversity list, American Society of Heating, Refrigeration and Air-Conditioning Engineers (ASHRAE), San Diego Green Building Council, SDG&E LinkedIn page, CEDMC, and trade pro ally listings.

2.3 RFA Bidders Conference

This solicitation activity has not yet occurred; future Semi-Annual reports will address this topic.

2.4 RFA Bidder Response

This solicitation activity has not yet occurred; future Semi-Annual reports will address this topic.

2.5 Abstract Selection Process

This solicitation activity has not yet occurred; future Semi-Annual reports will address this topic.

2.6 PRG and IE Feedback to Abstract Process and Selections

This solicitation activity has not yet occurred; future Semi-Annual reports will address this topic.

a. Adherence to PRG Guidance

In support of the IOUs' energy efficiency program solicitations, the PRG created a PRG Guidance document which lists a variety of PRG recommendations regarding all aspects of the IOUs' solicitations, including the RFA stage. The PRG Guidance document included over 80 discrete PRG recommendations regarding the RFA stage. As confirmed by the IE, the IOU incorporated all applicable PRG recommendations into the RFA materials and scoring rubric, with one exception. The PRG recommended that the RFA includes the IOU's proposed additional terms and conditions. The IOU did not include its proposed additional terms and conditions in the RFA as a general practice, but SDG&E will incorporate them in the upcoming RFP. Including the proposed terms and conditions at the RFA stage would allow potential bidders to consider the IOU's additional terms and conditions before responding to the RFA.

a. Response to IE Feedback

The IE provided 32 comments on the draft RFA and scoring materials. After multiple rounds of review and discussion with the IOU, SDG&E accepted all IE recommendations with one exception.

[REDACTED]

The IE recommendations accepted by the IOU addressed several improvements to the bidder questions, RFA scope, and RFA background, and reformat the RFA instructions, including a consolidated attachment containing all reference materials.

3. RFP Bidder Response and Selections

This solicitation activity has not yet occurred; future Semi-Annual reports will address this topic.

4. Contracting Process

This solicitation activity has not yet occurred; future Semi-Annual reports will address this topic.

5. Assessment of Final Contract

This solicitation activity has not yet occurred; future Semi-Annual reports will address this topic.

6. Overall Assessment of Solicitation

This solicitation activity has not yet occurred; future Semi-Annual reports will address this topic.

7. Implementation Plan Assessment

This solicitation activity has not yet occurred; future Semi-Annual reports will address this topic.

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

Local Behavioral Solicitation

Reporting Period: April 2021 through September 2021

Prepared by:
MCR Corporate Services



Disclaimer: This report includes sensitive and confidential information.

Local Behavioral Segment

1. Solicitation Overview

1.1 Overview

Through this solicitation, SDG&E is seeking EE program proposals from non-utility companies targeting the Local Behavioral segment for the 2023-2025 program years. The objective of the solicitation is to implement third-party programs that reliably capture and document cost-effective energy savings (kWh, kW, and/or therm) applicable to the Local Behavioral segment.

a. Scope

Bidders' responses should target SDG&E's eligible residential customers, who are currently on an SDG&E residential tariff rate.

b. Objectives

The purpose of this program is to increase residential customer awareness of their energy use with the goal of motivating those customers to modify their usage-based and equipment-based behaviors in ways that reduce energy use. The program should also encourage demand shifting and peak conservation. The mechanisms for changing these behaviors are increasing customer awareness and understanding of their energy use while providing relevant tips and program offers and increased participation in existing and future energy efficiency or demand response programs.

Although multiple aspects of other SDG&E programs include behavior change elements, the focus for this specific effort should include:

1. Interventions focusing on altering residential energy use
2. Behavioral modeling strategies
3. Behavioral energy savings

Cost-effectiveness is an important element of all programs in the California IOU portfolios. The proposed program should contribute to a cost-effective portfolio and support SDG&E in achieving related CPUC-adopted portfolio goals and sector metrics.

1.2 Timing

Table 1.1 details the milestones for the SDG&E Local Behavioral solicitation.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFA Stage		
Solicitation Launch	July 26, 2021	12 weeks
Bidder Conference	August 2, 2021	
Offer Submittal Deadline	August 23, 2021	
RFA Shortlist to PRG	October 12, 2021 (planned)	
Shortlisting Notification	October 19, 2021 (planned)	
RFP Stage		
Solicitation Launch	December 22, 2021 (planned)	21 weeks
Bidder Conference	January 5, 2022 (planned)	
Offer Submittal Q&A Period	December 22, 2021 through January 7, 2022 (planned)	
Offer Submittal Deadline	January 18, 2022 (planned)	
Cure Period	N/A	
RFP Shortlist to PRG	March 8, 2022 (planned)	
Shortlisting Notification	March 15, 2022 (planned)	
Selections & Contracting Stage		
Contracting and Negotiations Period	March 18 through April 28, 2022 (planned)	10 weeks
Contracts Presented to PRG	May 10, 2022 (planned)	
Contract Execution	May 31, 2022 (planned)	

1.3 Key Observations

Table 1.2 represents a collection of key issues and observations noted by the IE, and outcomes for the Local Behavioral solicitation.

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Program Design	The draft RFA used overly prescriptive wording in several places that not only stated that the program should include home energy reports, but even how they should be delivered. Providing that	Bidders should be providing the details on program design and delivery to facilitate innovation.	SDG&E deleted the language, leaving the description of the program without any inappropriate clues as to what SDG&E wanted the program to be.

Table 1.2: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
	level of information and defining the program so narrowly would limit innovative program design by the bidders. The only remaining areas for innovation would have to be in marketing strategy.		
Excessive and Repetitive Wording	The RFA Form used by bidders to respond to SDG&E’s RFA questions contained excessive directions that were repeated unnecessarily.	Provide the directions just once at the beginning of the RFA Form.	SDG&E deleted all directions but those at the beginning of the RFA Form.
Word Count Violations	Bidders were given a word limit for each question and warned that their “inability to comply with word limits may impact scoring.” The word “may” implies there is no plan, so no deterrent to exceeding the word limits.	Since SDG&E’s plan was to redact text in bidder responses that exceeded the word limits, change “may” to “will,” which will emphasize that there is a penalty to exceeding a word limit.	SDG&E changed “may” to “will” and followed through with its plan to redact excessively long bidder responses.
Evaluator Training	Evaluator training was too “light” and did not require the evaluators to really	Conduct a follow-up training, particularly for the less experienced	SDG&E opted for a voluntary approach for evaluators to request

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
	understand the scoring criteria. The mock scoring exercise did not push the evaluators to think about how the bidders' responses fit into the criteria.	evaluators, to ensure they can consistently apply the scoring criteria	help if needed; we are not aware of any evaluators that requested additional help.
Calibration Sessions	In several cases, evaluators' discussions of responses did not align with the scores given.	Evaluators need to make sure their scores clearly align with scoring criteria. Detailed notes should support the scores.	Facilitators have begun to draw out explanations and justifications of scores from each evaluator that better aligns with the Scoring Criteria.

2. RFA Bidder Response and Selections

2.1 RFA Development

SDG&E held the Kick-Off Meeting for the Local Behavioral solicitation on April 28, 2021. The meeting introduced SDG&E's solicitation team, the goals, and purpose of the solicitation, reviewed the RFA process and outlined the solicitation schedule and deliverables.

The IE received the package of four Local Behavioral RFA documents for review from SDG&E on May 25, 2021. The IE noted immediately that SDG&E significantly improved its standard RFA package by having bidders provide their responses in a Word document rather than in an Excel document. Not only does this change make it easier for the bidders to use because text editing in Excel is very cumbersome, but it also makes it easier for SDG&E's evaluators to score because long passages of text are difficult to view and read in Excel.

The IE provided SDG&E with several dozen comments and recommendations on the RFA package documents. SDG&E accepted and implemented a great majority of those recommendations. Most of the IE's comments and recommendations related to the use of overly prescriptive wording on program design in the RFA and inconsistencies between RFA questions and SDG&E's scoring criteria, as described above in Table 1.2. In all, there were three review rounds of the RFA document package due to the extent of the comments and recommendations made by the IE. As a result, SDG&E decided to delay presenting the RFA package to the PRG until July 13, 2021, rather than June 8, as planned. PRG responded on July 16 with two comments that SDG&E addressed, and the

IE confirmed SDG&E's corrections on July 19, 2021. SDG&E launched the RFA through PowerAdvocate on July 26, 2021.

2.2 RFA Outreach

SDG&E successfully conducted outreach through the standard channels, as evidenced by 41 registered bidders through its PowerAdvocate portal as of the abstract due date (August 23, 2021). In addition, SDG&E devoted a section of its corporate website to listing third-party energy efficiency solicitations opportunities ("Energy Efficiency Third-Party Solicitations").³⁸ SDG&E also utilized the websites for CAEECC and the Proposal Evaluation and Proposal Management Application (PEPMA), which hosts the California Statewide IOU and Energy Efficiency Solicitation website, for notifying the market of the solicitations.

2.3 RFA Bidder Conference

SDG&E held the RFA Bidder Conference for the Local Behavioral solicitation on August 2, 2021. SDG&E's presentation lasted about 35 minutes and was followed by questions from attendees. The Bidder Conference was not recorded, but the presentation was made available via PowerAdvocate just after the completion of the Conference. [REDACTED]

Bidders were given until closing of business on August 9 to submit questions. SDG&E's responses to the bidders' questions were posted to PowerAdvocate on August 13 (one business day earlier than planned). SDG&E received 11 questions from potential bidders. The general topics of the 11 bidder questions were as follows:

1. Alternative incentive designs
2. Bid submittal process
3. Availability of customer information such as email addresses and meter data
4. SDG&E logo use
5. Program history and continuity
6. Integration with SDG&E's website

2.4 RFA Bidder Response

[REDACTED]

³⁸ <https://www.sdge.com/more-information/doing-business-with-us/energy-efficiency-third-party-solicitations>.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

Table 2.1: Solicitation RFA Response	
	No.
Abstracts Expected	[Redacted]
Abstracts Received	[Redacted]
Abstracts Disqualified	[Redacted]
Abstracts Shortlisted	[Redacted]

³⁹ SDG&E’s initial recommendation to its management was to shortlist the top 4 bidders. The IE objected and recommended the top 5. See Section 2.5d of this report.

2.5 Abstract Selection Process

a. *Bid Screening Process and Management of Deficient Bids*

SDG&E required bidders to submit just two documents in response to the RFA:

1. The “RFA Form” in which the bidders included their responses to the 11 RFA questions, and
2. The “RFA Checklist and Acknowledgement” is a tool to assist the bidder in identifying and verifying that all required abstract submittal documents had been reviewed and submitted.

█ respondents uploaded their submittals to PowerAdvocate on time and in full.



b. *Abstract Evaluation Team Profile*

SDG&E’s practice is that all its evaluators score the entire abstract. Table 2.2 lists the title and role for each of the five abstract evaluators for the Local Behavioral solicitation.

Table 2.2: Abstract Evaluation Team		
Position Title	Position Role	Area Scored
Customer Programs Advisor	Responsible for the design, implementation, and management of all applicable customer programs targeting residential or commercial/ industrial customers.	All
Customer Programs Policy Advisor	Responsible for managing timely completion of regulatory filings and other projects for energy efficiency, demand response, and low-income customer programs.	All
Evaluation Measurement & Verification Research Advisor	Develops researchable questions, issues RFPs and associated contracts collaborates on research design, communicates with program managers to gain consensus on research questions, and monitors third-party research firms contracted to conduct studies.	All
Energy Efficiency Non-Residential Programs Manager	Responsible for meeting SDG&E's Commercial and Industrial EE-related program goals contained in its CPUC-approved EE program portfolio.	All
Senior Engineer	Provides work direction to subordinate engineers and/or acts as a project leader over the more complex or major engineering projects and/or studies.	All

SDG&E conducted a two-hour RFA Evaluator Training on August 20, 2021. Topics included conflicts of interest, use of the scoring workbook, and “rules” for abstract evaluation. Most of the training time was spent on a mock scoring exercise. The evaluators had been provided with a mock abstract and a scoring workbook prior to the training. They were instructed to read the entire abstract but not to score any responses until the training. At the training, the evaluators were told which three questions to score and given 30 minutes to do so. After scoring, the trainer then led the evaluators through the calibration part of the exercise – discussing each question and asking each evaluator to provide their scores and their rationale for each score.

[REDACTED]

[REDACTED]

[REDACTED]

[Redacted]

[Redacted]

Table 2.3 Abstract Scoring Rubric	
Tier 1 Criteria	Tier 2 Criteria
Program Overview & Design	Program Overview
	Program Design Theory
Innovation	Program Innovation
Program Operations	Program Operations
	Program Outreach and Results
Cost and Performance	Sound Methodologies and Forecasts
	Program Incentives
	Cost and Savings Justification
Experience and Capability	Staff Roles and Organizational Structure
	Bidder Experience
Program Compliance	Regulatory and Legislative Requirements

d. Evaluation Processes and Scoring Calibration

[Redacted]

[Redacted]

On September 27-29, 2021, SDG&E held three 1½ hour Local Behavioral abstract Calibration Meetings. The purpose of the Calibration Meetings was not to force any evaluator to change their score to eliminate the variance. Their purpose was to confirm that the scoring criteria were applied consistently by SDG&E’s evaluators and to provide an opportunity for the evaluators to identify any major strengths and weaknesses in the proposed programs while exercising independent judgment in evaluating the abstracts. [REDACTED]

At the completion of calibration on September 29, SDG&E’s evaluators selected the shortlist of bidders that would be invited to the RFP stage of the solicitation. Based on the evaluators’ post-calibration scores, the bidders were ranked by score. After some discussion, the evaluators decided to advance the [REDACTED] to the RFP stage.

[REDACTED]

e. Abstract Selections

[REDACTED]

[REDACTED]

⁴¹ For this application, there are two classes: 1) bidders that should advance to the RFP stage and 2) those that should not advance.

⁴² As of the end of the reporting period (September 30, 2021), SDG&E had not presented these shortlisted bidders to the PRG for review.

2.6 PRG and IE Feedback to Abstract Process and Selections

a. Adherence to PRG Guidance and Feedback

The IE completed a “Checklist of PRG Guidelines for RFA Document Development and Review” on the Local Behavioral RFA document package. The IE found that only three percent of the Checklist’s 95 items did not follow guidelines in their entirety, and all those items were really precursors for RFP stage requirements and would be resolved at that time.

SDG&E presented the Local Residential RFA package to the PRG on July 13, 2021. The Energy Division of the CPUC raised two issues – an inconsistency regarding the scoring of DR Integration and inconsistent dates – and requested that SDG&E correct those, which it did.

b. Response to IE Feedback

The IE conducted three review rounds of the Local Behavioral RFA document package and provided SDG&E with over 80 comments and recommendations. Ultimately, SDG&E accepted over 85 percent of the IE’s recommendations.



3. RFP Bidder Response and Selections

This stage of the SDG&E Local Behavioral solicitation has not yet occurred; future Semi-Annual Reports will address this topic.

4. Contracting Process

This stage of the SDG&E Local Behavioral solicitation has not yet occurred; future Semi-Annual Reports will address this topic.

5. Assessment of Final Contract

This stage of the SDG&E Local Behavioral solicitation has not yet occurred; future Semi-Annual Reports will address this topic.

6. Overall Assessment of Solicitation

This stage of the SDG&E Local Behavioral solicitation has not yet occurred; future Semi-Annual Reports will address this topic.

7. Implementation Plan Assessment

This stage of the SDG&E Local Behavioral solicitation has not yet occurred; future Semi-Annual Reports will address this topic.

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

Local Industrial Sector Solicitation

Reporting Period: April 2021 through September 2021

Prepared by:
THE MENDOTA GROUP



Disclaimer: This report includes sensitive and confidential information.

Local Industrial Sector

1. Solicitation Overview

1.1 Overview

This Report covers the activities associated with the Local Industrial solicitation for the period from April through September 2021. During the period covered by this Report, SDG&E prepared and released the RFA, scored the Abstract responses, and invited selected bidders to the RFP stage. Unless specifically mentioned, all solicitation references in this Report relate to the RFA Stage. It should be noted that SDG&E is running its Industrial and Industrial-Port Tenants solicitations at the same time, using similar template documents and following similar processes for these segments in parallel. Therefore, many of the items discussed in this Report are similar to those discussed in the Industrial Port Tenants Report.

a. Scope

The Local Industrial Sector solicitation is seeking comprehensive and innovative EE resource program(s) that are applicable to the Company's Industrial customer facilities, excluding the customers that are currently being served by The Port of San Diego. The majority of these Non-Port Industrial customers fall into the following five main segments:

- Sand, Gravel & Contractors—Industry contractors and construction (plumbing, electrical, heating, A/C, special trades, roofing, etc.), natural gas extractions, landscape, and masonry.
- General Manufacturing—Commercial bakeries and breweries, machine shops, fabrication, textile, and woodworking manufacturing.
- Large Manufacturing—Aircraft, engine, bicycle, turbine, A/C, and commercial refrigeration manufacturing.
- Electronics/Telecommunications—Manufacturers of communications, audio/visual, TV/Radio, computer and circuit assembly, and other forms of electronic equipment.
- Biotech, Laboratories, and Research—Pharmaceutical, biological, medicinal, and botanical manufacturing.

SDG&E is simultaneously issuing a solicitation targeted at non-Port Industrial customers (this solicitation) and a solicitation targeted at customers served by The Port of San Diego. These solicitations have been separated because of the unique nature of the Port's customers and SDG&E's belief that the two programs may require different program designs to best achieve success. Bidders were permitted to propose programs to serve both sets of customers, though each

abstract was evaluated on a stand-alone basis. SDG&E requested that Bidders not propose “package deals” that offer lower costs if both bidder proposals were selected. However, if SDG&E does ultimately opt to select a single bidder to implement both programs, they will request, in contract negotiations, ways that the Bidder could reduce costs for each program due to operational synergies.

b. Objective

The objective of this Solicitation is to select innovative third-party resource EE program(s) that reliably capture and document cost-effective energy savings applicable to Company’s Industrial customer facilities and provide SDG&E’s Industrial Sector solutions to address the highly complex systems which exist within this heterogeneous customer group. Cost-effectiveness is an important element of all programs in the California IOU portfolios. The proposed Program should contribute to a cost-effective portfolio and support the Company in achieving related CPUC-adopted portfolio goals and sector metrics.

1.2 Timing

The timing of the Local Industrial Sector solicitation has thus far been consistent with the IOU’s solicitation schedule presented on the CAEECC website. Table 1.1 below includes key milestones for this program solicitation.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFA Stage		
Solicitation Launch	June 18, 2021	13 weeks
Bidder Conference	June 28, 2021	
Offer Submittal Deadline	July 22, 2021	
RFA Shortlist to PRG	September 14, 2021	
Shortlisting Notification	September 21, 2021	

1.3 Key Observations

Table 1.2 represents a collection of key IE issues, observations, and outcomes (where applicable), from the assigned IE for the Local Industrial solicitation

Table 1.2: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Strategic Energy Management Role	Bidders may propose programs that incorporate strategic energy management approaches to serving industrial customers. We believe it is important that the solicitation is clear regarding what bidders are permitted to propose in terms of strategic energy management.	We believe the RFA does a good job of describing the way strategic energy management elements can be incorporated into bidder programs but know that this is an area that may be subject to change as the current set of CPUC-approved Strategic Energy Management cohorts proceed with Cycle 2. We want to be sure that bidders are aware of the Commission’s SEM guidelines (Version 2.01 of the SEM guidelines was released September 12, 2020).	We have closed this item. No bidders asked questions about SEM during the Q&A. A bidder did ask: “Can SDG&E share their latest guidance on the use of NMEC within this Program? Are there any updates since the RFA was released?” SDG&E answered that Rulebook for Programs and Projects Based on Normalized Metered Energy Consumption 2.0 remains the latest guidance.
Compensation /Pricing Strategy			
Scoring Rubric	The RFA solicitation documents and scoring rubric generally worked well, [REDACTED]	We recommend that SDG&E continue to refine its RFA and scorecard to improve the ability to evaluate bidder proposed programs. [REDACTED]	Pending for the RFP stage.

Table 1.2: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
	<p>██████████ However, we believe it would be helpful for SDG&E to continue to pay special attention to the questions posed to bidders and scorecard language to facilitate more clear distinctions between bids.</p>	<p>██████████ This doesn't allow for distinction between bids.</p>	
RFP Documents			
Develop RFA and RFP in Parallel	<p>The RFA and the RFP solicitation documents historically have been developed separately, leading to inconsistencies and/or redundancies in requests of bidders between the two stages. In the interest of reducing the time between RFA and RFP and ensuring consistency between the information requested at each stage, we think it would be useful to develop RFA and RFP in parallel.</p>	<p>For future solicitations, we recommend beginning the development of RFP in parallel with RFA to both reduce the RFA-RFP timing gap and to help ensure consistency/coverage between RFA and RFP.</p>	<p>Pending.</p>

2. RFA Bidder Response and Selections

2.1 RFA Development

The Local Industrial Sector solicitation RFA development process went smoothly. We received the draft RFA documents on May 4, 2021 and returned our comments on May 10, 2021. SDG&E provided the PRG draft RFA documents on June 3, 2021, and the PRG responded on June 11, 2021.

2.2 RFA Outreach

SDG&E's outreach strategy focused on two primary methods of informing and educating bidders about the solicitation opportunity.

Web-Based

- SDG&E set up a dedicated Third-Party Energy Efficiency Solicitations website, [Energy Efficiency Third Party Solicitations](#), which includes a solicitation schedule, specific pages for general solicitation resources, and registration information for SDG&E's online procurement tool (PowerAdvocate®). Suppliers can also visit the Opportunities Dashboard in PowerAdvocate to view active solicitations and request access to solicitation documents.
- Solicitation Notifications posted to the Proposal Evaluation & Proposal Management Application (PEPMA): <https://pepma-ca.com/Public/Default.aspx>. PEPMA is a website sponsored by all four IOUs and includes information about upcoming and released solicitations.
- Solicitation information posted to the CAEECC's web site: <https://www.caecc.org/third-party-solicitation-process>.
- SDG&E's LinkedIn page post-reached over 27,000 followers.

Email -- SDG&E sent email messages to:

- CPUC service list A. 17-01-013;
- Trade Pro Alliance with a service list of over 980 Trade Professionals;
- Supplier Diversity DBE list;
- American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) San Diego list, which reaches over 2,000 contacts;

- San Diego Green Building Council;
- California Efficiency + Demand Management Council (CEDMC);
- San Diego Port Tenants Association.

2.3 RFA Bidder Conference

SDG&E held a combined Industrial and Industrial-Port solicitations Bidder Conference on June 28, 2021. There were [REDACTED] registered for the solicitation in PowerAdvocate.

The Bidder Conference went smoothly, and SDG&E had several members of the organization present various pieces of information, which was very helpful. There were no technical issues.

At the Bidder’s Conference, SDG&E provided background on the solicitation, described the utility’s road to 60 percent of its energy efficiency portfolio outsourced to third parties, provided solicitation logistics, shared an overview of the Industrial sector, and discussed goals and items for bidders to consider. SDG&E also presented both its RFA and RFP solicitation timelines. Team members walked bidders through PowerAdvocate, introduced the documents in the RFA package, and discussed the proposal structure and offer form. Finally, SDG&E shared resources for bidders and provided success tips for bidders. SDG&E closed with a Q&A period.

SDG&E received eight questions during and after the Bidder’s Conference. The questions were mainly focused on whether SDG&E was able to provide bidders with more granular detail around customer data, budgets and savings targets, and individual segments. The IE reviewed SDG&E’s responses to bidder questions for accuracy, clarity, and impartiality and suggested some revisions to ensure clarity prior to SDG&E posting the responses to PowerAdvocate.

2.4 RFA Bidder Response

The solicitation outreach resulted in [REDACTED] RFA. The table below summarizes bidder response to the RFA.

Table 2.1: Solicitation RFA Response	
	No.
Abstracts Expected	[REDACTED]
Abstracts Received	[REDACTED]
Abstracts Disqualified	[REDACTED]
Abstracts Shortlisted	[REDACTED]

2.5 Abstract Selection Process

a. Bid Screening Process and Management of Deficient Bids

As described in the Local Industrial RFA Instructions, SDG&E's Contract Management Office lead performed a threshold assessment in which they evaluated proposal responsiveness, including whether bidders: followed RFA instructions, submitted mandatory schedules, provided all required information as requested and in PowerAdvocate, and provided an abstract that could be reasonably scored. No abstracts were disqualified.

b. Abstract Evaluation Team Profile and Training

Five evaluators with broad representation across the SDG&E Energy Efficiency portfolio participated in scoring. All evaluators scored the Abstracts in their entirety.

Position Title	Position Role	Area Scored
Senior Engineer	Provides work direction to subordinate engineers and/or acts as a project leader over the more complex or major engineering projects and/or studies.	All
Customer Programs Advisor	Responsible for the design, implementation, and management of all applicable customer programs targeting residential or commercial/ industrial customers.	All
Customer Programs Policy Advisor	Responsible for managing timely completion of regulatory filings and other projects for energy efficiency, demand response, and low-income customer programs.	All
Evaluation Measurement & Verification Research Advisor	Develops researchable questions, issues RFPs and associated contracts collaborates on research design, communicates with program managers to gain consensus on research questions, and monitors third-party research firms contracted to conduct studies.	All
Energy Efficiency Non-Residential Programs Manager	Responsible for meeting SDG&E's Commercial and Industrial EE-related program goals contained in its CPUC-approved EE program portfolio.	All

SDG&E provided a joint Industrial and Industrial – Port Tenants RFA Reviewer Training session on July 20, 2021, using a PowerPoint presentation. The training provided an overview of scoring team responsibilities, as well as an overview of the scoresheet. SDG&E provided a thorough outline of their Conflict-of-Interest policies to ensure that reviewers understood their responsibilities and

obligations to report any potential conflicts. No conflicts of interest were reported. SDG&E described their Code of Conduct policies to ensure that reviewers understood their responsibilities and obligations to maintain the confidentiality of bidder submissions, as well as to prevent the sharing of sensitive information between SDG&E staff and existing third-party program implementers.

The training included a focused mock scoring session, with scoring team members mock scoring an industrial-focused fictional abstract response to the innovation question. The mock scoring was effective in engaging scoring team members in discussions about their approach to scoring. One lesson learned coming out of the exercise is to provide the information to the scoring team earlier and request their preliminary review prior to training.

In addition, SDG&E also held three check-in sessions after receipt of abstracts to respond to scoring team questions and discuss progress, during which scorers asked good, clarifying questions to assist with scoring. There were constructive discussions among team members. This is an effective solicitation practice and worked well to surface items that required clarification in the scorecard. The IE believes that SDG&E's reviewers received sufficient training on how to score the Local Industrial abstracts.

c. Abstract Scoring Rubric Design

[REDACTED]

[REDACTED]

[REDACTED]

Table 2.3 Abstract Scoring Rubric		
Category	Description	Weight
Program Overview & Design		
Innovation		
Program Operations		
Cost & Performance		
Experience & Capability		
Program Compliance		

d. Evaluation Processes and Scoring Calibration

SDG&E held two consensus scoring meetings for the Local Industrial solicitation RFA Stage on August 18, 2021, and August 22, 2021. Scores were finalized on August 28, 2021.

[Redacted]

Calibration sought to discuss those 28 questions (out of 55) for which individual scores differed by two or more across scorers. This filter provided a good number of scores for discussion among scorers.

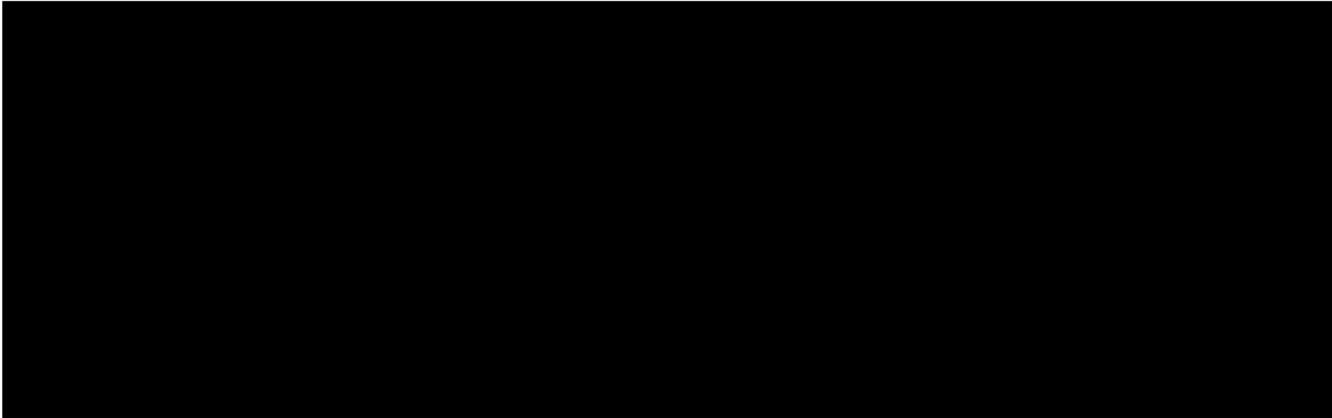
There were a handful of instances where the scoring criteria posed challenges in clearly distinguishing between the different levels of bidder response. Some of the disagreements were over the role that behavioral-type approaches (e.g., SEM) may play in the program and whether behavioral interventions are innovative and produce long-lived savings, and also ways that bidders demonstrated competence in handling compliance-related challenges.

[Redacted]

e. Abstract Selections

SDG&E proposed to advance [REDACTED] RFP stage. We found the bids to be generally all above average quality. All bidders have experience as prime or subcontractors for CA IOU third-party industrial programs. The [REDACTED], distinguished itself with higher scores on program design and operations, and innovation.

[REDACTED] The following



Our shadow scores largely aligned with SDG&E's with the exception of [REDACTED] that we scored fourth vs. SDG&E's fifth. We also scored [REDACTED] lower than SDG&E and likely would have eliminated them from advancing to RFP; however, given the general parity among scores and good bid quality, we support SDG&E's decision to advance all bidders to RFP and note that [REDACTED]

2.6 PRG and IE Feedback to Abstract Process and Selections

a. Adherence to PRG Guidance and Feedback

The RFA conformed to the PRG Guidance RFA checklist with no exceptions. The PRG requested that SDG&E clarify how bidders could propose IDSM components and opportunities for bidders to propose Strategic Energy Management elements. SDG&E updated the RFA package to address the PRG's suggestions. The PRG did not have any feedback on the Local Industrial bidders selected to advance to the RFP Stage.

b. Response to IE Feedback

The IE provided 31 suggestions for changes to RFA documents. SDG&E modified its solicitation documents and process to address all but two of the suggestions. The suggestions mainly focused on clarifying the information requested of bidders, eligible program designs, and SDG&E's compensation preferences. [REDACTED]



3. RFP Bidder Response and Selections

The RFP Stage for the Local Industrial solicitation has not yet taken place.

4. Contracting Process

Contracting for the Local Industrial solicitation has not yet taken place.

5. Assessment of Final Contract

Contracting for the Local Industrial solicitation has not yet taken place.

6. Overall Assessment of Solicitation

The Local Industrial solicitation assessment will be provided once completed, in a future semi-annual report.

7. Implementation Plan Assessment

The Implementation Plan will be assessed in a future semi-annual report.

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

Local Industrial-Port Tenants Solicitation

Reporting Period: April 2021 through September 2021

Prepared by:
THE MENDOTA GROUP



Disclaimer: This report includes sensitive and confidential information.

Local Industrial–Port Tenants

1. Solicitation Overview

1.1 Overview

This Report covers the activities associated with the Local Industrial – Port Tenants solicitation for the period from April through September 2021. During the period covered by this Report, SDG&E prepared and released the RFA, scored the Abstract responses, and invited selected bidders to the RFP stage. Unless specifically mentioned, all solicitation references in this Report relate to the RFA Stage. It should be noted that SDG&E is running its Industrial and Industrial – Port Tenants solicitations at the same time, using similar template documents and following similar processes for these segments in parallel. Therefore, many of the items discussed in this Report are similar to those discussed in the Industrial Report.

a. Scope

The Local Industrial – Port Tenants solicitation is seeking comprehensive and innovative EE resource program(s) that are applicable to the Company’s Industrial customer facilities operating inside the entrusted 34 miles of San Diego’s bay and waterfront lands currently being managed by The Port of San Diego.

SDG&E is simultaneously issuing a solicitation targeted at Industrial Port Tenants customers (this solicitation PowerAdvocate number 114703) and a solicitation targeted at those Industrial customers not served by The Port of San Diego (PowerAdvocate number 114701). These solicitations have been separated because of the unique nature of the Port’s customers and SDG&E’s belief that the two programs may require different program designs to best achieve success. Bidders were permitted to propose programs to serve both sets of customers, though each abstract was evaluated on a stand-alone basis. SDG&E requested that bidders not propose “package deals” that offer lower costs if both bidder proposals were selected. However, if SDG&E does ultimately opt to select a single bidder to implement both programs, they will request, in contract negotiations, ways that the Bidder could reduce costs for each program due to operational synergies.

b. Objective

The objective of this Solicitation is to select innovative third-party resource EE program(s) that reliably capture and document cost-effective energy savings applicable to Company’s Industrial – Port Tenant customer facilities and provide solutions to address the highly complex systems which exist within this heterogeneous customer group. Cost-effectiveness is an important element of all programs in the California IOU portfolios. The proposed Program should contribute to a cost-effective portfolio and support the Company in achieving related CPUC-adopted portfolio goals and sector metrics.

1.2 Timing

The timing of the Local Industrial – Port Tenants solicitation has thus far been consistent with the IOU’s solicitation schedule presented on the CAEECC website. Table 1.1 below includes key milestones for this program solicitation.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFA Stage		
Solicitation Launch	June 18, 2021	13 weeks
Bidder Conference	June 28, 2021	
Offer Submittal Deadline	July 22, 2021	
RFA Shortlist to PRG	September 14, 2021	
Shortlisting Notification	September 21, 2021	

1.3 Key Observations

Table 1.2 represents a collection of key IE issues, observations, and outcomes (where applicable), from the assigned IE for the Local Industrial – Port Tenants solicitation.

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Strategic Energy Management Role	Bidders may propose programs that incorporate strategic energy management approaches to serving industrial customers. We believe it is important that the solicitation is clear regarding what bidders are permitted to propose in terms of strategic energy management.	We believe the RFA does a good job of describing the way strategic energy management elements can be incorporated into bidder programs but know that this is an area that may be subject to change as the current set of CPUC-approved Strategic Energy Management cohorts proceed with Cycle 2. We want to be sure that bidders are aware of the Commission’s SEM guidelines (Version 2.0 of the SEM was released September 12, 2020).	We have closed this item. No bidders asked questions about SEM during the Q&A. A bidder did ask: “Can SDG&E share their latest guidance on the use of NMEC within this Program? Are there any updates since the RFA was released?” SDG&E answered that Rulebook for Programs and Projects Based on Normalized Metered Energy Consumption (Version 2.0) remains the latest guidance.

Table 1.2: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Compensation /Pricing Strategy			
Scoring Rubric	<p>The RFA solicitation documents and scoring rubric generally worked well. [REDACTED]</p> <p>However, we believe it would be helpful for SDG&E to continue to pay special attention to the questions posed to bidders and scorecard language to facilitate more clear distinctions between bids.</p>	<p>We recommend that SDG&E continue to refine its RFA and scorecard to improve the ability to evaluate bidder proposed programs. [REDACTED]</p>	<p>Pending for RFP Stage</p>
RFP Documents			

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Develop RFA and RFP in Parallel	The RFA and the RFP solicitation documents historically have been developed separately, leading to inconsistencies and/or redundancies in requests of bidders between the two stages. In the interest of reducing the time between RFA and RFP and ensuring consistency between the information requested at each stage, we think it would be useful to develop RFA and RFP in parallel.	For future solicitations, we recommend beginning the development of RFP in parallel with RFA to both reduce the RFA-RFP timing gap and to help ensure consistency/coverage between RFA and RFP.	Pending

2. RFA Bidder Response and Selections

2.1 RFA Development

The Local Industrial–Port Tenants solicitation RFA development process went smoothly. We received the draft RFA documents on May 4, 2021 and returned our comments on May 10, 2021. SDG&E provided the PRG draft RFA documents on June 3, 2021, and the PRG responded on June 11, 2021.

2.2 RFA Outreach

SDG&E’s outreach strategy focused on two primary methods of informing and educating bidders about the solicitation opportunity.

Web-Based

- SDG&E set-up a dedicated Third-Party Energy Efficiency Solicitations web site, [Energy Efficiency Third Party Solicitations](#), which includes a solicitation schedule, specific pages for general solicitation resources, and registration information for SDG&E's online procurement tool (PowerAdvocate®). Suppliers can also visit the Opportunities Dashboard in PowerAdvocate to view active solicitations and request access to solicitation documents.
- Solicitation Notifications posted to the Proposal Evaluation & Proposal Management Application (PEPMA): <https://pepma-ca.com/Public/Default.aspx>. PEPMA is a web site sponsored by all four IOUs and includes information about upcoming and released solicitations.
- Solicitation information posted to the CAEECC's web site: <https://www.caeecc.org/third-party-solicitation-process>.
- SDG&E's LinkedIn page post-reached over 27,000 followers.

Email -- SDG&E sent email messages to:

- CPUC service list A. 17-01-013;
- Trade Pro Alliance with a service list of over 980 Trade Professionals;
- Supplier Diversity DBE list;
- American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) San Diego list, which reaches over 2,000 contacts;
- San Diego Green Building Council;
- California Efficiency + Demand Management Council (CEDMC);
- San Diego Port Tenants Association.

2.3 RFA Bidder Conference

SDG&E held a combined Industrial and Industrial-Port Tenant solicitations Bidder Conference on June 28, 2021. There [REDACTED] for the solicitation in PowerAdvocate.

The Bidder Conference went smoothly, and SDG&E had several members of the organization present various pieces of information, which was very helpful. There were no technical issues.

SDG&E provided background on the solicitation, described the utility’s road to 60 percent of its energy efficiency portfolio outsourced to third parties, provided solicitation logistics, shared an overview of the Industrial sector, and discussed goals and items for bidders to consider. SDG&E also presented both its RFA and RFP solicitation timelines. Team members walked bidders through PowerAdvocate, introduced the documents in the RFA package, and discussed the proposal structure and offer form. Finally, SDG&E shared resources for bidders and provided success tips for bidders. SDG&E closed with a Q&A period.

SDG&E received 14 questions during and after the Bidder Conference. The questions were mainly focused on whether SDG&E was able to provide bidders with more granular detail around customer data, budgets and savings targets, and individual segments. About half of the questions were Port-specific, seeking information about Port Tenant customer numbers, sizes, consumption, and leases. The IE reviewed SDG&E’s responses to bidder questions for accuracy, clarity, and impartiality and suggested some revisions to ensure clarity prior to SDG&E posting the responses to PowerAdvocate.

2.4 RFA Bidder Response



Table 2.1: Solicitation RFA Response	
	No.
Abstracts Expected	
Abstracts Received	
Abstracts Disqualified	
Abstracts Shortlisted	

SDG&E [REDACTED]
 However, the Port Tenants solicitation is more focused and has a smaller budget, so it is understandable that not all Industrial bidders also submitted to the Port Tenants solicitation. [REDACTED]
 [REDACTED]

2.5 Abstract Selection Process

a. Bid Screening Process and Management of Deficient Bids

As described in the Local Industrial – Port Tenants RFA Instructions, SDG&E’s Contract Management Office lead performed a threshold assessment in which they evaluated proposal responsiveness, including whether bidders: followed RFP instructions, submitted mandatory

schedules, provided all required information as requested and in PowerAdvocate, and provided an abstract that could be reasonably scored. No abstracts were disqualified.

b. Abstract Evaluation Team Profile and Scorer Training

Five evaluators with broad representation across the SDG&E Energy Efficiency portfolio participated in scoring. All evaluators scored the Abstracts in their entirety.

Table 2.2: Abstract Evaluation Team		
Position Title	Position Role	Area Scored
Senior Engineer	Provides work direction to subordinate engineers and/or acts as a project leader over the more complex or major engineering projects and/or studies.	All
Customer Programs Advisor	Responsible for the design, implementation, and management of all applicable customer programs targeting residential or commercial/ industrial customers.	All
Customer Programs Policy Advisor	Responsible for managing timely completion of regulatory filings and other projects for energy efficiency, demand response, and low-income customer programs.	All
Evaluation Measurement & Verification Research Advisor	Develops researchable questions, issues RFPs and associated contracts collaborates on research design, communicates with program managers to gain consensus on research questions, and monitors third-party research firms contracted to conduct studies.	All
Energy Efficiency Non-Residential Programs Manager	Responsible for meeting SDG&E’s Commercial and Industrial EE-related program goals contained in its CPUC-approved EE program portfolio.	All

SDG&E provided a joint Industrial and Industrial – Port RFA Reviewer Training session on July 20, 2021, using a PowerPoint presentation. The training provided an overview of scoring team responsibilities, as well as an overview of the scoresheet. SDG&E provided a thorough outline of their Conflict-of-Interest policies to ensure that reviewers understood their responsibilities and obligations to report any potential conflicts. No conflicts of interest were reported. SDG&E described their Code of Conduct policies to ensure that reviewers understood their responsibilities and obligations to maintain the confidentiality of bidder submissions, as well as to prevent the sharing of sensitive information between SDG&E staff and existing third-party program implementers.

The training included a focused mock scoring session, with scoring team members mock scoring an industrial-focused fictional abstract response to the innovation question. The mock scoring was effective in engaging scoring team members in discussions about their approach to scoring. One

lesson learned coming out of the exercise is to provide the information to the scoring team earlier and request their preliminary review prior to training.

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c. Abstract Scoring Rubric Design

[REDACTED]

[REDACTED]

There were no differences in evaluation methods for specific technologies, program strategies,

[REDACTED]

Table 2.3 Abstract Scoring Rubric

Category	
Program Overview & Design	
Innovation	
Program Operations	
Cost & Performance	
Experience & Capability	
Program Compliance	

d. Evaluation Processes and Scoring Calibration

SDG&E held one consensus scoring meeting for the Local Industrial – Port Tenants solicitation RFA Stage on August 23, 2021. Scores were finalized on August 28, 2021. We shadow scored

[Redacted]

[Redacted]

e. Abstract Selections

[REDACTED]

[REDACTED]

[REDACTED]

2.6 PRG and IE Feedback to Abstract Process and Selections

a. Adherence to PRG Guidance and Feedback

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5. Assessment of Final Contract

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6. Overall Assessment of Solicitation

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7. Implementation Plan Assessment

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