

**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**

Erica L. Martin  
8330 Century Park Court, CP 32D  
San Diego, CA 92123-1530  
Telephone: (858) 654-1813  
Facsimile: (619) 699-5027  
Email: emartin8@sdge.com

Attorney for:  
SAN DIEGO GAS & ELECTRIC COMPANY

June 18, 2021

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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.<sup>1</sup>

SDG&E hereby files this Semi-Annual Independent Evaluators' Report (Report) on behalf of the Independent Evaluators for the reporting period October 2020 through March 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 18<sup>th</sup> day of June 2021, at San Diego, California.

Respectfully submitted,

By: /s/ Erica L. Martin  
Erica L. Martin

Erica L. Martin  
8330 Century Park Court, CP 32D  
San Diego, CA 92123-1530  
Telephone: (858) 654-1813  
Email: emartin8@sdge.com  
Attorney for:  
SAN DIEGO GAS & ELECTRIC COMPANY

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<sup>1</sup> D.18-01-004, Ordering Paragraph 5c at 63.

**ATTACHMENT A**

**SEMI-ANNUAL INDEPENDENT EVALUATORS' REPORT**

# **Semi-Annual Report**

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## **SAN DIEGO GAS & ELECTRIC COMPANY**

### **Third Party Energy Efficiency Program Solicitations**

Reporting Period: October 2020 through March 2021

*Prepared by Independent Evaluators:*

Barakat Consulting, Inc.

Don Arambula Consulting

MCR Corporate Services

The Mendota Group, LLC

June 11, 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).<sup>1</sup> For the entire solicitation process, the IE serves as a consultant to the PRGs, participates in PRG meetings, and provides assessments of the overall third-party solicitation process and progress.<sup>2</sup> The IEs are privy to viewing all submissions, are invited to participate in the IOU's solicitation-related discussions, and are bound by confidentiality obligations.

In Decision 18-01-004, the California Public Utilities Commission (CPUC) directs that a semi-annual report on the overall process and conduct of the third-party solicitations be filed in the relevant EE rulemaking proceeding.<sup>3</sup> This Report is provided in response to this requirement and represents an assessment of the program solicitation activities conducted during the period from October 1, 2020 through March 31, 2021. This Report is intended to provide 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.

These Reports will be filed periodically throughout SDG&E's entire third-party solicitation process. 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 will be provided by each respective assigned IE to SDG&E and its PRG at the conclusion of each solicitation.

## 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

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

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

<sup>3</sup> Id, OPN 5.c.

predetermined dates over the next three years.<sup>4</sup> 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.<sup>5</sup>*

## **Two Stage Solicitation Approach**

The IOUs are required by the CPUC to conduct a two-stage solicitation approach for soliciting third party program design and implementation services as part of the EE portfolio. All IOUs are required to conduct a Request for Abstract (RFA) stage followed by a full Request for Proposal (RFP) stage.<sup>6</sup>

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 is charged with overseeing 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 on a periodic basis 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 extension of time to meet the 25 percent threshold by June 30, 2020.<sup>7</sup>

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 emphasized that they would not grant any further

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<sup>4</sup> 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.

<sup>5</sup> OPN 5.C.

<sup>6</sup> 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."

<sup>7</sup> CPUC Letter to IOUs regarding the "Request for Extension of Time to Comply with Ordering Paragraph 4 of Decision 18-05-041", November 25, 2019.

extensions of time for 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 invitation to contract negotiation unless IOU is conducting multiple negotiations within the same solicitation, the program is complex, or contract is addressing challenging contract elements.
- Update the solicitation schedules in the next quarterly update.

### RFA Guidance

- Adhere to the intent of the RFA stage explained in CPUC 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 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. For ease of review, 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. 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 (TMG)	Contract Executed
2	Local Large Commercial	TMG	Contract Executed
3	Local Multifamily Residential	MCR Corporate Services (MCR)	Contract Executed
4	Local Residential Single-Family 1.0	Don Arambula Consulting	Cancelled
5	Local Residential Single-Family 2.0	Don Arambula Consulting	RFA
6	Statewide Plug Load and Appliance (PLA)	Don Arambula Consulting	Contracting
7	Statewide Upstream/Midstream Heating, Ventilation, and Air-Conditioning (HVAC)	TMG	Contract Executed
8	Local Public Sector Federal	MCR	Contracting
9	Local Public Sector K-12	MCR	Contracting
10	Local Government	Don Arambula Consulting	RFA
11	Local Agriculture	Barakat Consulting, Inc. (Barakat)	Pre-RFA (not addressed in this report)
<p><b>Legend</b>  <b>Pre-RFA:</b> Activities conducted prior to RFA release  <b>RFA:</b> Includes bid preparation and evaluation period  <b>Pre-RFP:</b> Activities conducted prior to RFP release  <b>RFP:</b> Includes bid preparation and evaluation period  <b>Contracting:</b> Contract negotiations  <b>Contract Executed:</b> Contract executed with implementer  <b>Suspended:</b> Solicitation held until a later date  <b>Cancelled:</b> Solicitation 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. Three of the four are provided for historical reference with one additional contract (Statewide Upstream/Midstream HVAC) executed during the current reporting period.

Table C.2: Summary of Executed Contracts

Solicitation	Implementer	Program Name	Contract Execution Date	Contract Value <sup>8</sup>	Diverse Business Enterprise (DBE )% <sup>9</sup>
Local Small Commercial	Willdan Energy Solutions	Small Commercial Program	June 30, 2020		
Local Large Commercial	TRC Solutions, Inc.	Comprehensive Energy Management Solutions	June 30, 2020		
Local Multifamily Residential	Synergy Companies	Residential Zero Net Energy Transformation (RZNET) Program	June 30, 2020		
Statewide Upstream/Midstream HVAC	CLEAResult Consulting, Inc.	Comfortably California Program	September 30, 2020		

## D. IE Assessment of Solicitations

The following are key observations gleaned from the individual IE reports on specific solicitations, as presented in Attachment II. Corresponding details are provided in Table D.1, including a summary of IE recommendations and outcomes.

Key issues are related to the following areas:

- **Reducing Solicitation Timelines:** Although SDG&E has worked to reduce timelines overall, there have been other factors in some solicitations that have resulted in delays.
- **Using Microsoft Word (Word) for Narrative Questions:** SDG&E has maintained use of the Microsoft Excel (Excel) format in all solicitations but did adopt the IEs’ recommendation for the Local Government and Residential RFA stages only.
- [REDACTED]

<sup>8</sup> All contract values as of March 31, 2021; final values will be reflected in Advice Letter filings and IE Final Reports.

<sup>9</sup> 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.



- **Continuous Improvement:** Although SDG&E has instituted a process to incorporate IE recommendations, to date, SDG&E has not adopted a continuous improvement process during the solicitations that involves feedback from evaluators and the IEs after the RFA and RFP stages.
- **Reduced Number and Complexity of Questions:** The RFAs have been complex. Recently, SDG&E reduced the number of questions, beginning with the Local Government and Residential solicitations.

Table D.1, on the following page, reflects a detailed summary of IE recommendations and outcomes.

Table D.1: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
<b>Overall</b>			
Reduce Solicitation Timelines	SDG&E should revisit its solicitation schedule and reduce the timelines associated with various schedule milestones.	SDG&E should strive to reduce the solicitation timeline. The PRG should also provide timely review and input that supports more aggressive timelines.	Although SDG&E has worked to reduce timelines overall, there have been other factors in some solicitations that have resulted in delays.
[Redacted Content]			

Table D.1: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
[Redacted]			
RFA Stage	[Redacted]		

Table D.1: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Shift Bidder Form from Excel to Word	SDG&E has been using an Excel format for the solicitation responses instead of a Word format, which is much more user-friendly for bidders and Scorers alike.	The IEs and the PRG recommend the IOUs use Word instead of Excel for qualitative responses.  This should be extended to both the RFA and RFP stage.	SDG&E has maintained use of the Excel format in all solicitations, but recently adopted the IEs' recommendation for the RFA stage in the Local Government and Residential solicitations.  Though the IOU has not adopted the new format for the RFP stages of these solicitations.
<b>Contracting Stage</b>			
Contract Negotiations	There is a need for improved communications during the negotiations stage.	IEs proposed standing weekly calls with the bidder, SDG&E, and IE.	SDG&E established standing weekly negotiation calls for the solicitation.

## E. Effective Solicitation Practices

As the EE Solicitations developed, the IEs observed effective practices that helped make the process more fair, efficient, and transparent. In some cases, these practices are applicable across all solicitations, and generally these were incorporated into the PRG guidelines to drive standard practice across all IOUs. In most cases though, practices listed were effective in context: given the specific circumstances and approach taken by the IOU, what was done worked especially well. It is important to reinforce that many of these items are not generally standardizable across other contexts, and that IEs have not performed the external research and deeper analysis necessary to deem these solicitation “best practices”.

The IEs recommend that these effective practices be reinforced and maintained by the IOU. Their relevance to other IOUs/solicitations should be considered by all of the IOUs for EE solicitations.

Table E.1: Effective Solicitation Practices

Effective Practice	IE Analysis
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 has maintained use of the Excel format until the recent Local Government and Residential RFA stages. This format should be extended to the RFP stage for all solicitations.
Reduce Number of RFA Questions	

Table E.1: Effective Solicitation Practices

Effective Practice	IE Analysis
Real-Time Answers at Bidders' Conference	The Bidders' Conference was conducted on Sli.do, with key subject matter experts (SMEs) available on another call simultaneously and behind the scenes to field questions and provide answers in real time for bidders. All responses are also provided in writing and questions that are not answerable in real time are deferred until after the Conference.
Contract Management Office (CMO) Weekly Check-Ins	The SDG&E CMO lead has weekly check-ins 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. This also reduces the potential for groupthink among scorers prior to calibration.
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, which allows bidders to provide follow-up questions and afforded bidders more opportunity to ask questions.
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.

## F. PRG Feedback on Solicitations

PRG feedback on solicitations was generally accepted during this reporting period. Individual reports reflect specific PRG feedback and SDG&E actions.

## G. Stakeholder Feedback from CPUC Workshops

### January Stakeholder Meeting

The CPUC, pursuant to Decision 18-01-004, held a public stakeholder workshop on January 29, 2021. The session focused on recapping activities of all of the EE third-party solicitations from both the IOUs' and the IEs' perspectives and providing an opportunity for stakeholders to ask questions and receive updates on the EE Third-Party solicitations. Participants included PRG members, IEs, CPUC Energy Division staff, IOUs, stakeholders, and bidders. Presentations and agendas from the workshop are available on the California for Energy Efficiency Coordinating Committee's (CAEECC) website.<sup>10</sup>

The IOUs reported on the status of their solicitations and the IEs presented observations from the last semi-annual report.

### Open Forum

The main topics that were raised and discussed by stakeholders included the following<sup>11</sup>:

- **IOU Receptivity to IE Advice.** California Efficiency + Demand Management Council (CEDMC) noted that stakeholders appreciate the IE role. The IE expertise in the EE industry is critical for providing technical support to the IOUs. The concern is that the IOUs are not listening to the IEs and there is not enough transparency to the stakeholders on what is adopted and what is not. The IOUs responded that, while there are some issues that cannot be made public, it should be noted that the IOUs are adopting the large majority of IE suggestions during the process. The IE reports support this statement.
- **Solicitation Timing.** CEDMC shared that, across-the-board, the timing on the process is better, with better visibility, but there are still concerns about the length of time (much driven by the need for stakeholder involvement) for solicitations. The time third-party solicitations have taken to date is an outlier within the EE industry. PG&E responded that they are implementing improvements to shorten timelines. SCE remarked that the schedules started at a slower pace but were improved with each solicitation. Some delays have been the result of PRG meeting timing.
- **Small Business/Disadvantaged Enterprises.** CEDMC observed that there is little room for small businesses to participate in these solicitations. Onerous terms and conditions pose significant challenges for small or disadvantaged businesses. The IOUs

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<sup>10</sup> <https://www.caeccc.org/third-party-solicitation-process>.

<sup>11</sup> This information reflects comments made by stakeholders in the meeting and is not necessarily aligned with IE observations/opinions

agreed that this issue is a high priority. SDG&E is working on better outreach to vendor communities and noted that the IEs are helping to provide help with improvements. PG&E is focused on enabling small businesses to engage in many ways, including in teams as primes or sub-contractors. SCE is looking into more small businesses and disadvantaged business enterprise opportunities. The IEs are tracking the percentage of contracts awarded to small and minority businesses as either the prime or subcontractor. Small Business Utility Advocates (SBUA) noted they are aware of the tradeoff between the focus on program cost-effectiveness and encouraging innovation and recommended greater outreach to various organizations, such as Supplier Clearinghouse, National Minority Council, Women-Owned Businesses, and Disabled Veterans to potentially partner to increase opportunities for small businesses to participate in solicitations.

- **Feedback to Bidders.** Although there have been improvements to the feedback process, concerns remain that there is a lack of progress on providing meaningful feedback to unsuccessful bidders. The IOUs maintain that, because of confidentiality and legal issues, feedback to bidders must be kept at a high level. The IOUs are working to improve their feedback and are considering potential ways to share aggregated lessons learned and to make conversations with bidders more “two-way”. The IOUs noted that feedback is currently provided upon request.

### Electronic Technical Reference Manual (eTRM) Improvements

The Energy Division presented technological improvements they are incorporating into the eTRM. This publicly-available and easily accessed tool serves as the statewide repository for California's deemed energy efficiency measures, along with supporting documentation. The new tool can be found here: <https://www.caetrm.com/login/>.

Stakeholders recommended the following related to eTRM/Cost-Effectiveness Tool (CET):

- Adding a Deemed Pick List (as PG&E provided) would assist in inputting deemed measures into the CET
- Accommodating Mac users
- Including the ability to address multiple climate zones/multiple IOUs
- Including a consideration of societal costs from the IDER Decision

### Next Steps/Meetings

The Energy Division intends to have a follow-up meeting to address issues raised in this forum and to follow up on conversations. It is important that stakeholders provide feedback on topical areas to help focus these follow-up meetings.



## **II. Attachments: Individual IE Semi-Annual Solicitation Reports**

Energy Efficiency Independent Evaluator's Semi-Annual Report on the  
**Local Small Commercial Solicitation**

Reporting Period: October 2020 through March 2021

*Prepared by:*  
The Mendota Group, LLC



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

# Local Small Commercial

## 1. Solicitation Overview

### 1.1 Overview

SDG&E's Small Commercial solicitation was completed in 2020. The Energy Division approved the contract with Willdan Energy Solutions for its Small Commercial Program (SCP) on September 11, 2020. During the period covered by the current Report, SDG&E and Willdan developed the program's implementation plan (IP) and held the stakeholder meeting during which they presented the draft IP. Detailed information about the solicitation was included in the April 2020 – September 2020 Semi-Annual Report

## 7. Implementation Plan Assessment

During the time period reflected in this Semi-Annual Report, SDG&E worked with Willdan Energy Solutions to develop the program's IP, hold the required stakeholder workshop to present the draft IP and receive feedback, and finalize the plan for posting to California Energy Data and Reporting System (CEDARS).<sup>12</sup> SDG&E held the workshop on October 30, 2020. The workshop was well attended. Participants asked several clarifying questions about the program.

The Mendota Group reviewed the draft IP for the program and provided feedback to SDG&E about any missing items and the IP's consistency with the contract. Generally, we found the IP to be correctly formatted, that it included the required information from the IP template, and was consistent with the program contract. SDG&E posted to CEDARS the final IP for the SCP program on November 10, 2020.

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<sup>12</sup> "Decision Addressing Energy Efficiency Business Plans," Decision 18-05-041, California Public Utilities Commission, Conclusions of Law 1, p. 169.

Energy Efficiency Independent Evaluator's Semi-Annual Report on the  
**Local Large Commercial Solicitation**

Reporting Period: October 2020 through March 2021

*Prepared by:*  
The Mendota Group, LLC



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

# Local Large Commercial

## 1. Solicitation Overview

### 1.1 Overview

SDG&E's Large Commercial solicitation was completed in 2020. The Energy Division approved the contract with TRC Solutions, Inc. (TRC Solutions) for its Comprehensive Energy Management Solutions (CEMS) program on September 11, 2020. During the period covered by the current Report, SDG&E and TRC Solutions developed the program's IP and held the stakeholder meeting during which they presented the draft IP. Detailed information about the solicitation was included in the April 2020 – September 2020 Semi-Annual Report

## 7. Implementation Plan Assessment

During the time period reflected in this Semi-Annual Report, SDG&E worked with TRC Solutions to develop the program's IP, hold the required stakeholder workshop to present the draft IP and receive feedback, and finalize the IP for posting to CEDARS.<sup>13</sup> SDG&E held the workshop on October 30, 2020. The workshop was well attended. Participants did not ask any questions.

The Mendota Group reviewed the draft IP for the program and provided feedback to SDG&E about any missing items and the IP's consistency with the contract. Generally, we found the IP to be correctly formatted, that it included the required information from the IP template, and was consistent with the program contract. SDG&E posted to CEDARS the final IP for the CEMS program on November 10, 2020.

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<sup>13</sup> "Decision Addressing Energy Efficiency Business Plans," Decision 18-05-041, California Public Utilities Commission, Conclusions of Law 1, p. 169.

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

## **Local Multi Family Residential Solicitation**

Reporting Period: October 2020 through March 2021

*Prepared by:*  
MCR Corporate Services



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

# Local Multi-Family Residential

## 7. Implementation Plan Assessment<sup>14</sup>

On October 21, 2020, the IE reviewed the Residential Zero Net Energy Transformation (RZNET) Program IP and its constituent manuals and supporting documents, and provided comments to SDG&E. The comments were limited to clarifications (definition of terminology, language(s) used in marketing materials, and responsibility for the performance of post-installation inspections). The IE found that the IP followed the required template (Ver 2.0, January 2020, Appendix A) and that the IP included all the required program information (Program Overview, Budget and Savings, Narrative, and Supporting Documents and Program Manuals).

### Stakeholder Workshop

As required by Section 6.5.5 of the PRG Solicitation Guidelines (Ver 1, August 2020), SDG&E presented the draft RZNET IP on October 30, 2020 via Microsoft Teams (Teams). Other than an unknown number of SDG&E personnel, there were seven attendees. (Not all attendees could be identified by their login. Of those that could be identified, two attendees were from Synergy, implementer of the RZNET Program, and two from other IOUs. The affiliation of the remaining three could not be determined by the IE.)

[REDACTED]

[REDACTED]

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<sup>14</sup> Sections 1-6 addressing the entire solicitation and selection process were included in previous Semi-Annual Reports.

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

## **Local Residential Single-Family Solicitation**

Reporting Period: October 2020 through March 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

The Local Residential Single-Family program (Residential Single-Family) solicitation is seeking comprehensive and innovative EE programs targeted at SDG&E's Residential Single-Family customers. The SDG&E residential single-family market segment is defined as residential 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 and may be divided 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. The solicitation schedule was later revised, and the RFA was released in October 2019. At the conclusion of the Residential Single-Family, 1.0, SDG&E could not come to terms with the selected bidder and notified the bidder that it was withdrawing from contract negotiations. This concluded the unsuccessful solicitation.

This Residential Single-Family 1.0 solicitation activity was most recently reported 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. Over the last several months, the IOU has been developing the RFA and conducting more aggressive outreach to encourage greater participation from the bidder community.

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

Table 1.1: Key Milestones	
Milestones	Completion Date
<b>RFA Stage</b>	
1. RFA Released	March 22, 2021
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	April 21, 2021 – June 14, 2021
7. Bidders Notified - Advancement to RFP Stage	June 15, 2021
<b>RFP Stage</b>	
1. RFP Released	August 18, 2021
2. Optional Bidder Conference (Skype)	September 3, 2021
3. Bidder Questions Due Round 1	September 8, 2021
4. Responses to Bidder Questions	September 13, 2021
5. Bidder Questions Due Round 2	September 16, 2021
6. Responses to Bidder Questions	September 21, 2021
7. Bidder's Proposal Due	September 30, 2021
8. Proposal Review, Bid Clarification Discussions	October 1, 2021 – November 16, 2021
9. Selected Bidder Interviews	November 18, 2021 – November 22, 2021
10. Proposal Review Period Ends, Bidders Notified	December 14, 2021
<b>Contracting Stage</b>	
1. Notification Selection (Subject to Negotiations)	December 14, 2021
2. Contract Development and Negotiation	Q1 2021
3. Program Ramp-Up Begins	Q3 2021
4. Full Program Roll Out	Q3 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 Residential Single-Family solicitation.

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

## 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 Plan<sup>15</sup> and reflected in the solicitation materials,<sup>16</sup> 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, representing 76 percent of residential electric consumption and 77 percent of residential gas consumption. Within the single-family sector, approximately 20 percent are rental properties. Based on these percentages, along with associated data showing that the single-family owners participate at a higher rate in programs, it is critical to continue to engage this segment with highly targeted offerings; specifically, when considering being ZNE-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, and regulatory policies and compliance requirements.<sup>17</sup>

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

<sup>15</sup> SDG&E’s Energy Efficiency Business Plan (2018-2025), January 2017, pp. 41-42.

<sup>16</sup> Residential Single Family – RFA, issued October 18, 2019, Section 2, Introduction, pp. 4-5.

<sup>17</sup> Id, Appendices – Resources & References.

SDG&E’s upcoming EE program solicitations. SDG&E also posted information onto its [Energy Efficiency Third Party Solicitations site](#) and the [CAEECC site](#).

The following is SDG&E’s expected response to the program solicitation:

Table 2.1: Solicitation Response	
	No.
Abstracts Expected	
Abstracts Received	
Abstracts Disqualified	
Abstract Shortlist	

### 2.3 RFA Bidders’ Conference

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

### 2.4 RFA Bidders’ Response

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

## 3. RFP Solicitation Outreach and Bidder Response

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

## 4. Contracting Process

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

## 5. Assessment of Final Contract

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

## 6. Overall Assessment of Solicitation

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

## **7. Implementation Plan Assessment**

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

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

## **Statewide Plug Load and Appliance Solicitation**

Reporting Period: October 2020 through March 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

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 an important element of all programs in the California IOUs' EE program portfolios. It is the expectation of the IOU that the proposed program would 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.

The targeted annual budget is up to \$30,000,000, which may be divided among multiple winning implementers. However, the solicitation does not award overlapping program designs delivered in the same geographical area. Bidders were allowed to submit multiple bids to this solicitation; however, each bid had to be unique.

### 1.2 Timing

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

Due to significant changes by the CPUC to the avoided costs and to deemed measure assumptions for future years, the review and selection period was extended to allow bidders to incorporate these changes into their cost-effectiveness showings. As a result, the IOU has not completed their selection as of the end of this reporting period. Below is a list of key solicitation milestones. All revised milestone dates as of this reporting period were met or on schedule.

Table 1.1: Key Milestones	
Milestones	Completion Date
<b>RFA Stage</b>	
1. RFA Released by Company	May 10, 2019
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	June 24 - September 20, 2019
7. Calibration Meeting Held	July 20 - July 21, 2019
8. Shortlist Meeting Held	August 22, 2019
9. Shortlist Presented to PRG	September 9, 2019
7. Selected Bidders are notified of advancement to RFP, Stage 2	September 9, 2019
<b>RFP Stage</b>	
1. RFP Released	January 27, 2020
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
4. Bidder Questions Due Round 2	February 21, 2020
5. Responses to Bidder Questions Provided by Company Round 2	February 28, 2020
6. Bidder's Proposal Due in PowerAdvocate	March 9, 2020
7. Proposal Review and Bid Clarification Discussions	March 3, 2020–June 12, 2020
8. Selected Bidder Interviews	September 21-23, 2020
9. Proposal Review Period Ends *	October 2020
<b>Contracting Stage (Tentative)</b>	
1. Notification of Proposal Selection (Subject to Negotiations) **	January 11, 2021
2. Contract Development, Contract Negotiation	Q 1-2 2021
4. Company's Advice Letter Filing to CPUC	Q 2 2021
5. Contract Issued (Subject to CPUC Approval, if Applicable)	Q 3 2021
6. Implementation Plan Development	Q 3 2021
7. Program Launch	Q 4 2021

\*Original estimate – July 24, 2020

\*\*Original estimate – August 2020



### 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 occurring in the second quarter of 2021. The program is now expected to launch in the fourth quarter of 2021. An extended evaluation period and contract negotiations 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 is currently reviewing solicitation schedules to identify improvements to the overall timing and completion of the solicitations.

Table 1.2: Key Issues and Observations			
Topic	Observations	IE Recommendations	Outcomes (IOU Action/Response)
			New recommendation. Under consideration.

**2. RFA Solicitation Outreach and Bidder Response**

This solicitation activity was reported in the April 2020 through September 2020 Semi-Annual Report.

**3. RFP Solicitation Outreach and Bidder Response**

This solicitation activity was reported in the April 2020 through September 2020 Semi-Annual Report.

**3.1 RFP Bidders’ Conference**

This solicitation activity was reported in the April 2020 through September 2020 Semi-Annual Report.

**3.2 RFP Bidders Response**

This solicitation activity was reported in the April 2020 through September 2020 Semi-Annual Report.

**3.3 Proposal Selection Process**

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

This solicitation activity was reported in the April 2020 through September 2020 Semi-Annual Report.

**b. Scoring Rubric Design**

This solicitation activity was reported in the April 2020 through September 2020 Semi-Annual Report.

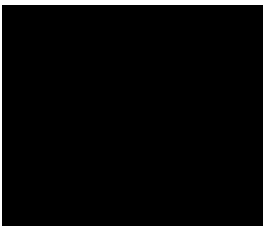
**c. Evaluation Team Profile**

This solicitation activity was reported in the April 2020 through September 2020 Semi-Annual Report.

**d. Evaluation Processes and Scoring Calibration**

As part of SDG&E RFP stage, the IOU conducted bidder interviews to confirm the final RFP ranking. To this end, from October 21-24, 2020, [REDACTED]

[REDACTED]



The bidder interviews were highly structured. SDG&E’s evaluation team attended all meetings. Each bidder was provided a list of standard questions prior to the interview. The bidders had an opportunity to respond to the questions and provide an overview of their proposed program design. At the conclusion of each presentation, SDG&E provided follow-up questions both from a programmatic and technical perspective. Each of the evaluation team members provided an assessment of the bidders’ response including their opinion on whether the IOU could work well with the bidder and whether the proposed program would be successful.

On October 2, 2020, SDG&E conducted a post-interview meeting with the evaluation team to review individual assessments and to select the winning bid. The team discussed each of the proposal’s strengths and weaknesses, the RFP evaluations, and the final interviews. [REDACTED]

[REDACTED]

On October 6, 2020, the team met again to make their recommendation for final selection. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**e. Shortlist and Final Selections**

On October 8, 2020, the evaluation team presented its recommendation to its senior leadership. The discussion focused on the strengths of the highest ranked proposal, [REDACTED]

[REDACTED]

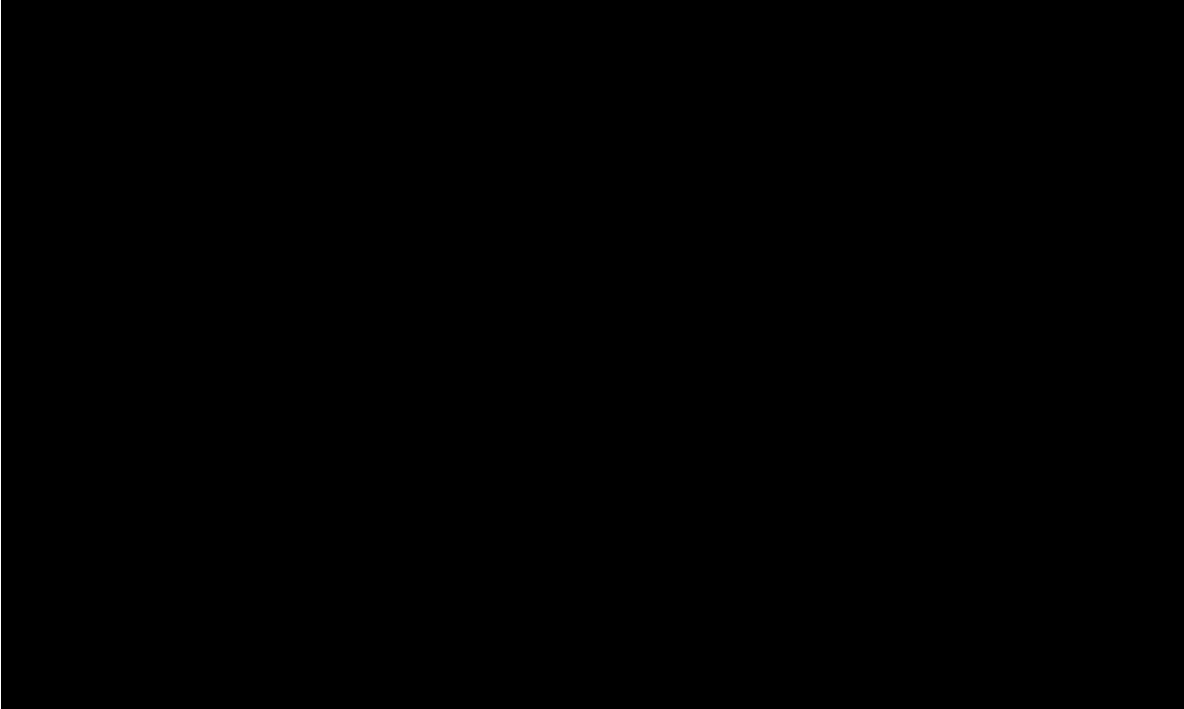
[REDACTED]

[REDACTED]

[REDACTED]

To avoid delays to the selection process, the IE recommends for future solicitations that the IOU include a financial assessment as part of the RFP proposal stage. The assessment should be incorporated into the selection process without impacting the overall timing of the solicitation. The IOU should also confer with its collective IE pool and PRG in the development of such a process.

[REDACTED]



The Statewide PLA program was created as a platform for mass market promotion of EE products that could quickly adapt to the dynamic consumer products landscape. Currently, there are few viable measures for the new Statewide PLA program. As of now, it is evolving into a residential water heating program. As the CPUC approves new measure assumptions for the residential sector, the Statewide PLA program should have established retailer and distributor relationships in the marketplace.

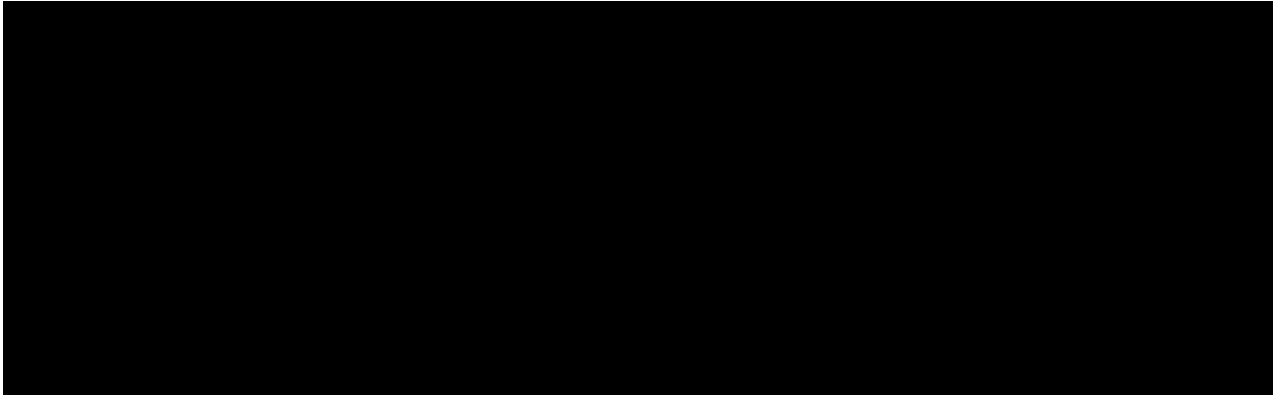


The vast geography and the large population of the California market is like no other.

The IOU should actively monitor the



The IOU should actively monitor the implementer's progress in establishing these networks throughout California.



#### **4. Contracting Process**

This solicitation activity has not yet completed due to the size and complexity of the Statewide offering. Future Semi-Annual reports will address this topic.

#### **5. Assessment of Final Contract**

This solicitation activity has not yet completed due to the size and complexity of the Statewide offering. Future Semi-Annual reports will address this topic.

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

This solicitation activity has not yet completed due to the size and complexity of the Statewide offering. Future Semi-Annual reports will address this topic.

#### **7. Implementation Plan Assessment**

This solicitation activity has not yet completed due to the size and complexity of the Statewide offering. Future Semi-Annual reports will address this topic.

Energy Efficiency Independent Evaluator's Semi-Annual Report on the  
**Statewide Upstream and Midstream Heating, Ventilation,  
and Air Conditioning (HVAC) Solicitation**

Reporting Period: October 2020 through March 2021

*Prepared by:*  
The Mendota Group, LLC



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



# Statewide Upstream and Midstream HVAC

## 1. Solicitation Overview

### 1.1 Overview

During the time period covered by this Semi-Annual Report, SDG&E completed the last portions of its Statewide Upstream and Midstream HVAC, including submitting and receiving approval for CLEAResult Consulting, Inc.'s Comfortably California Program Advice Letter, as well as drafting and uploading the IP. As the bulk of the solicitation information was provided in the April 2020 – September 2020 Semi-Annual Report, the current report primarily reflects information specific to the contracting process and IP assessment.

## 4. Contracting Process

### 4.1 Contract Negotiations

#### a. *Collaboration on Final Program Design and Scope*

The bidder's proposed program design did not change substantially from proposal to contract. The bidder reduced its budget from the amount originally proposed. [REDACTED]

[REDACTED] SDG&E had incorporated into the solicitation process a review of bidder CETs following interviews at which point bidders were offered the opportunity to correct their CETs. [REDACTED]

We believe the [REDACTED] Decision 16-08-19's definition of a third-party program in that the program was proposed and designed, and will ultimately be implemented and delivered, by non-utility personnel. Conclusions of Law 57 from the same Order clarifies that "utilities may consult and collaborate, using their expertise, on the ultimate program design implemented by the third party." The collaboration and [REDACTED] SDG&E did not result in a violation of the requirement that the program be designed by the third party.

Specifically, SDG&E [REDACTED] on the final program design in terms of more clearly defining the data that the program would collect from distributors and a sampling of end-use customers, revising the measurement and verification (M&V) Plan and KPIs, and updating measure assumptions.

**b. Fairness of Negotiations**

We believe the contract negotiations were fair and did not require the bidder to incur any uncompensated costs. The contract negotiation process for this program took approximately three months. There was no evidence of positive or negative bias [REDACTED] negotiations. As discussed in the compensation section, we believe the compensation fairly balances risk between the implementer and the IOU.

**c. Changes to Contract Terms & Conditions**

There were no changes to the CPUC’s Standard Contract Terms and Conditions (Ts&Cs) and only minor updates to the CPUC’s Modifiable Contract Ts&Cs. Changes to SDG&E’s corporate Ts&Cs included updating language to reflect that the program will have limited dealings with end-use customers and trade allies (more common for downstream programs).

It is important to note that SDG&E had already updated its corporate Ts&Cs to specify that government quarantine actions as a result of a pandemic would not trigger a default under the contract. [REDACTED]

[REDACTED] We considered these reasonable changes to the contract Ts&Cs.

**d. Conformance with CPUC Policies and Objectives**

The following table is a list of items we developed to summarize how the program aligns with CPUC Policies and Objectives. Some information may duplicate other parts of this report.

Table 4.1: CLEAResult Contract Alignment with CPUC Policies and Objectives	
Item	Program
Noted No Changes to CPUC Standard Contract Ts&Cs.	Yes
Changes to CPUC Modifiable Contract Ts&Cs – Changes Were Reasonable	Yes
Changes to CPUC Modifiable Contract Ts&Cs – Changes Were Reasonable	No changes to Modifiable Contract Ts&Cs other than SDG&E’s revisions to adapt the document for contracting purposes.
Changes to IOU Ts&Cs – Changes Were Reasonable	As discussed in the previous section, changes to SDG&E Ts&Cs were reasonable.
Contract is Consistent with CPUC Incentive Guidelines	Yes. The contract adheres to the following incentive guidelines: <ul style="list-style-type: none"> <li>• Incentives should generally be tiered to promote increasing degrees of efficiency above code, particularly when an existing conditions baseline is used and when the direct install delivery channel is used (program focuses efficiency levels based on</li> </ul>

**Table 4.1: CLEAResult Contract Alignment with CPUC Policies and Objectives**

Item	Program
	<p>EER – the performance metric best suited to California’s climate), and</p> <ul style="list-style-type: none"> <li>• Incentives should generally be strategically targeted at commercially available products that offer higher and highest degrees of efficiency and quality, not at all above-code high efficiency products.</li> </ul>
KPIs are Well-Developed and Include Appropriate Performance Issue Remedies	The KPIs are consistent with the program's priorities and should help SDG&E and the implementer manage a successful implementation.
Role Subcontractors Will Play is Clear	Yes. The contract includes a Schedule F, which functions as the list of Approved Subcontractors. The Schedule clearly describes the role subcontractors will play.
Compensation Structure Incorporates Performance-Based Features	
Innovative Aspects of Program Are Retained	
If Applicable, Integrated Demand Side Management (IDSMS) Components Incorporated, If Relevant, IDSMS Budget is Clearly Assigned.	Implementer will target marketing to encourage customers to install demand response (DR)-enabling thermostats and market Title 24-compliant control devices, including smart thermostats, alongside energy efficient HVAC systems to provide a natural complement to statewide IDSMS efforts. In addition, the implementer will educate contractors on the benefits that energy management can have on assisting customers with minimizing their peak demand load as an added value when installed with a premium HVAC system. The





Final Statewide HVAC Solicitation bidder selection and contract amounts are shown in the table below.


### 4.3 Contract Execution

**Table 4.2: Bids Selected for Contract Execution**

Bidder	Years	Program

## 5. Assessment of Final Contract

### 5.1 Bid Selections Respond to Portfolio Needs

 consistent with SDG&E’s portfolio needs as identified in its Business Plan, its Solicitation Plan, and its annual budget advice letter (ABAL) filings. The Comfortably California program will play an important role in serving SDG&E’s Residential and Commercial customers. Of note, SDG&E did not select any other bidders to serve this segment and does not have any current third-party programs that will continue to serve this segment.

### 5.2 Bid Selections Provide the Best Overall Value to Ratepayers

#### a. Introduction

Assessing best overall value to ratepayers is challenging for IEs because our primary roles, as defined by the CPUC, are to “monitor the entire process from RFA design to contract execution”, “serve as a consultant to the PRGs”, “provide assessments of the overall third party solicitation process and progress”, and “lend arms-length expertise evaluating the fairness of the conduct and results of the solicitation process by the IOUs.”<sup>18</sup> During the solicitation process, the IEs’ roles expanded to

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<sup>18</sup> Decision 18-01-004, pages 37-38.

include providing IOUs and the PRG advice and feedback on ways to improve the efficiency and effectiveness of the solicitation process.

As such, beyond reporting about the details of selected bids and the process that produced the final contracts, from our perspective, an IE would not evaluate whether the selections were the “best” options available to the IOU. Rather, as indicated by the CPUC, IEs monitor the entire process from RFA design to contract execution, provide assessments of the overall third party solicitation process, and lend arms-length expertise evaluating the fairness of the conduct and results of the solicitation process by the IOUs.

[REDACTED]

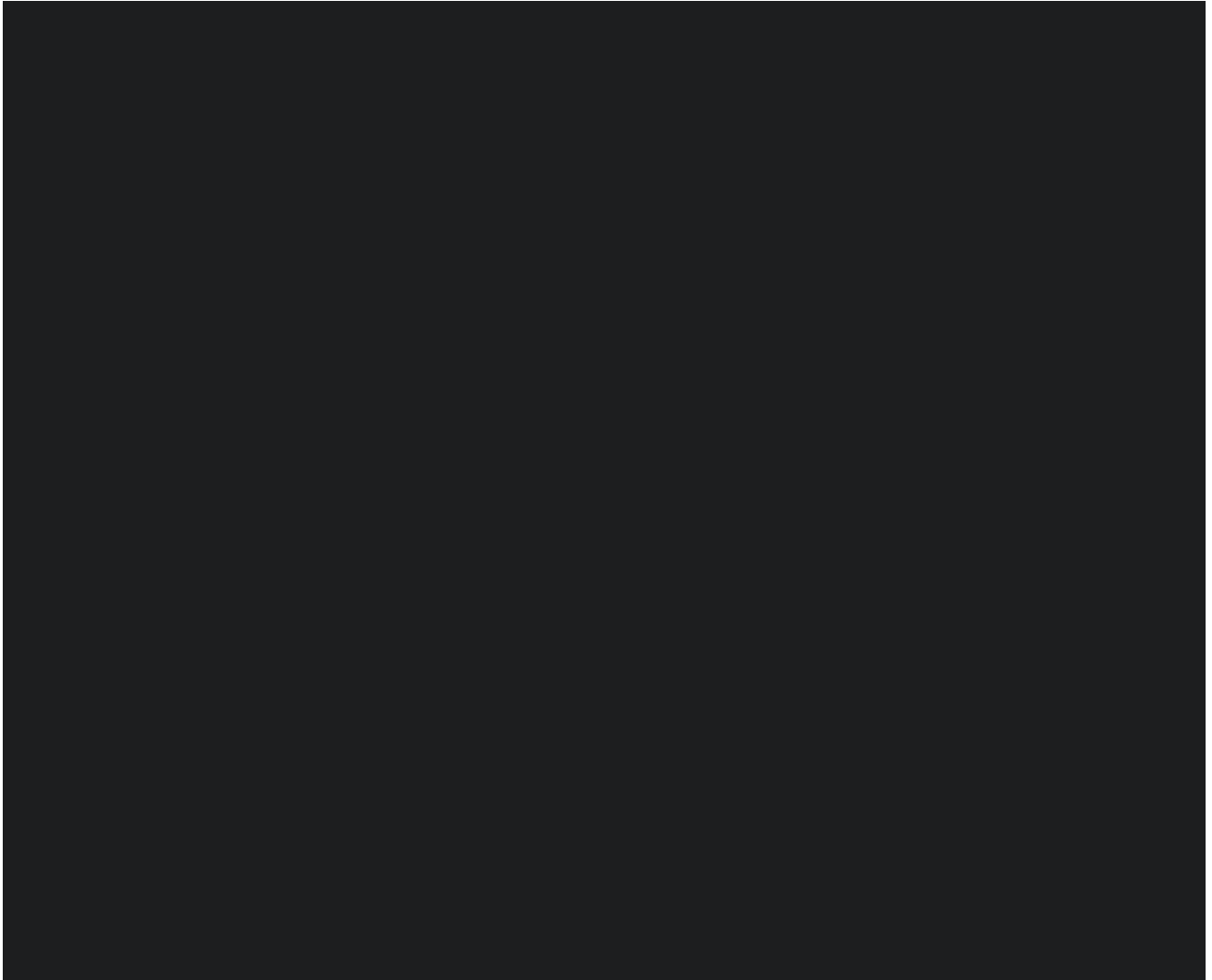
The analysis that follows does not attempt to directly compare the selected contract with other proposals in the bid pool. In our view, if the solicitation process was conducted fairly and consistent with the scorecard and other selection criteria, the resulting programs represent the best from the pool. By extension, it also provides the best overall value to ratepayers.

[REDACTED]

**b. Brief Program Description**

[REDACTED]

**c. Quantitative Program Information**



<sup>21</sup> Net supply and other costs avoided minus participant and program costs.

<sup>22</sup> PAC levelized cost is calculated using total Program Administrator Costs from the CET, weighting the portion of net benefits attributable to the fuel (gas or electric), and then dividing by the program's total lifecycle net therms or net kWh.

<sup>23</sup> Simple acquisition cost is calculated using net kWh (or net therms) savings divided by annual budget/spend.



**d. Alignment with EE Planning Principles**

The Comfortably California program aligns with California energy policies in helping achieve energy savings and other benefits for HVAC measures. Specifically, the program aligns with Senate Bill 350’s pursuit of doubling statewide energy efficiency savings by 2030.<sup>25</sup> The program incorporates a multi-faceted approach to engaging distributors and manufacturers to deliver savings while working to enhance HVAC technologies.

As shown in Table 5.1, the selected program is considerably more cost effective than the IOUs’ HVAC-focused programs from 2018 and 2019. Therefore, if the Comfortably California program is successful at achieving its goals, it would help increase TRC and savings achievements for the HVAC-focused elements of all IOU portfolios.

According to the proposal, innovative features of the program include:



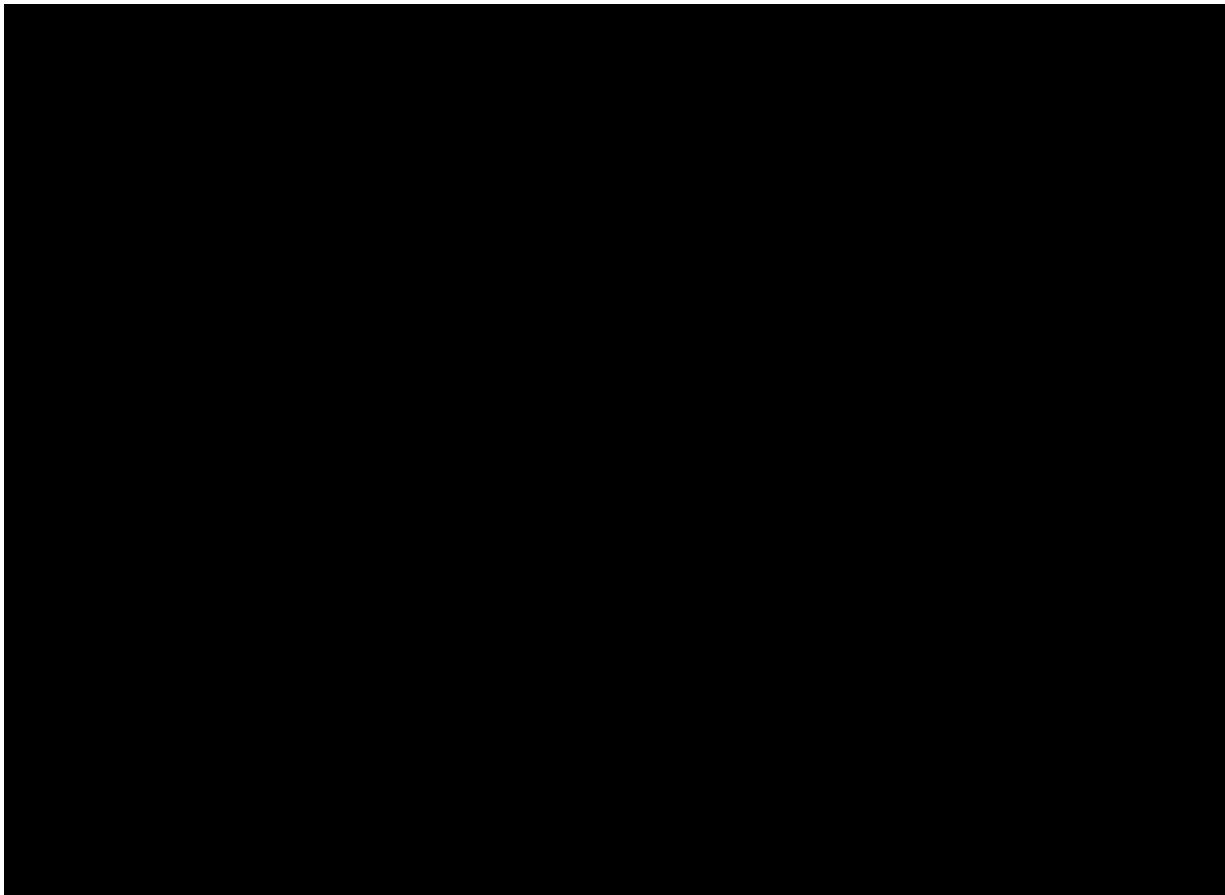
<sup>25</sup> SB 350 is the Clean Energy and Pollution Reduction Act of 2015.





The program's goals are ambitious and would make substantial contributions to the state's energy savings achievements associated with HVAC technologies. The total energy savings goals for Comfortably California are 60.2 net GWh, and 1.7 million net therms, averaging approximately 20.1 GWh and 576,000 therms of savings annually. Using average 2018-2019 results from the IOUs' HVAC-focused programs as a guide, the program would nearly replace the historical programs' achievements (goals are a bit lower than previous achievements as presented in Table 5.1).

Further, based on the 2019 Navigant Market Potential Study,<sup>26</sup> the Statewide Market Potential for rebate-program HVAC measures (2021-2023) is approximately 138 GWh and 2.51 million therms. Comfortably California's 2021-2023 goals equal about 44 percent of the corresponding HVAC electric market potential and 23 percent of the gas market potential for this period. This indicates that there may be opportunity for the program to achieve higher savings than currently projected. The market potential information is depicted in the following chart.



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<sup>26</sup> The study documents are available at: <https://www.cpuc.ca.gov/General.aspx?id=6442461220>. Navigant (now called Guidehouse) is currently updating the Market Potential Study to inform the goal setting process for 2021 and beyond.



**e. Measurement and Verification**

The program consists entirely of deemed measures. The contract includes an extensive Quality Assurance (QA) Plan (Attachment 6) and a M&V Plan (Attachment 13). The QA Plan describes the processes the program will utilize to track incentives, conduct engineering reviews, inspect projects, and resolve customer issues. The M&V Plan is fairly brief and discusses ways that information will be collected from participating distributors, provides inspection information, and describes ways that the program will adopt recommendations from the “Impact Evaluation Report HVAC Sector – Program Year 2018”.<sup>27</sup> Both the QA Plan and the M&V Plan were thoroughly reviewed by SDG&E’s engineering and EM&V staff. CLEAResult incorporated changes to the plans based on this collaboration such as ensuring that the field inspection data collected was consistent with the recommendations in the 2018 Impact Evaluation Report.



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<sup>27</sup> “Impact Evaluation Report HVAC Sector – Program Year 2018,” California Public Utilities Commission, CALMAC Study ID: CPU0209.01, April 20, 2020.



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] For the Statewide HVAC program, it was especially important that SDG&E align contractor interests with the IOUs' needs to meet CPUC savings and cost-effectiveness goals since the technology is a significant contributor to utility portfolio achievements.

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<sup>29</sup> Decision 18-01-004, p. 42. See also COL 22 of the same Decision and Decision 16-08-019 COL 59.

Although different from how the bidder proposed to be compensated, we considered this acceptable given that the CPUC’s Modifiable Contract Terms and Conditions (Attachment B of Decision 18-10-008) include payment terms that contemplate use of a “Performance Security” component.<sup>30</sup>

[REDACTED]

[REDACTED]

[REDACTED]

We believe this approach strikes a reasonable balance between the utility and the third-party’s interests in that ratepayers will not pay if the program does not achieve savings and other contract objectives. Although the contractor does bear a fair amount of risk for non-performance, relative to other metrics,

[REDACTED]

As discussed earlier, although we consider the approach permissible per Decision 18-10-008, it remains unclear how it will work in practice. If contractors

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<sup>30</sup> Decision 18-10-008, Attachment B, page B-9.

[REDACTED]

are unable to meet their goals for whatever reason, they will likely seek redress from SDG&E. The contract does contemplate this possibility by allowing either party to request to revisit terms if the CPUC changes SDG&E's cost-effectiveness requirements.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

As mentioned, payments to the contractor are associated with

[REDACTED]

[REDACTED] It remains to be seen how this approach to compensation will work but we are hopeful that it will encourage even greater collaboration between the Company and its implementers.

SDG&E made clear to the contractors that, although the compensation for metrics is determined

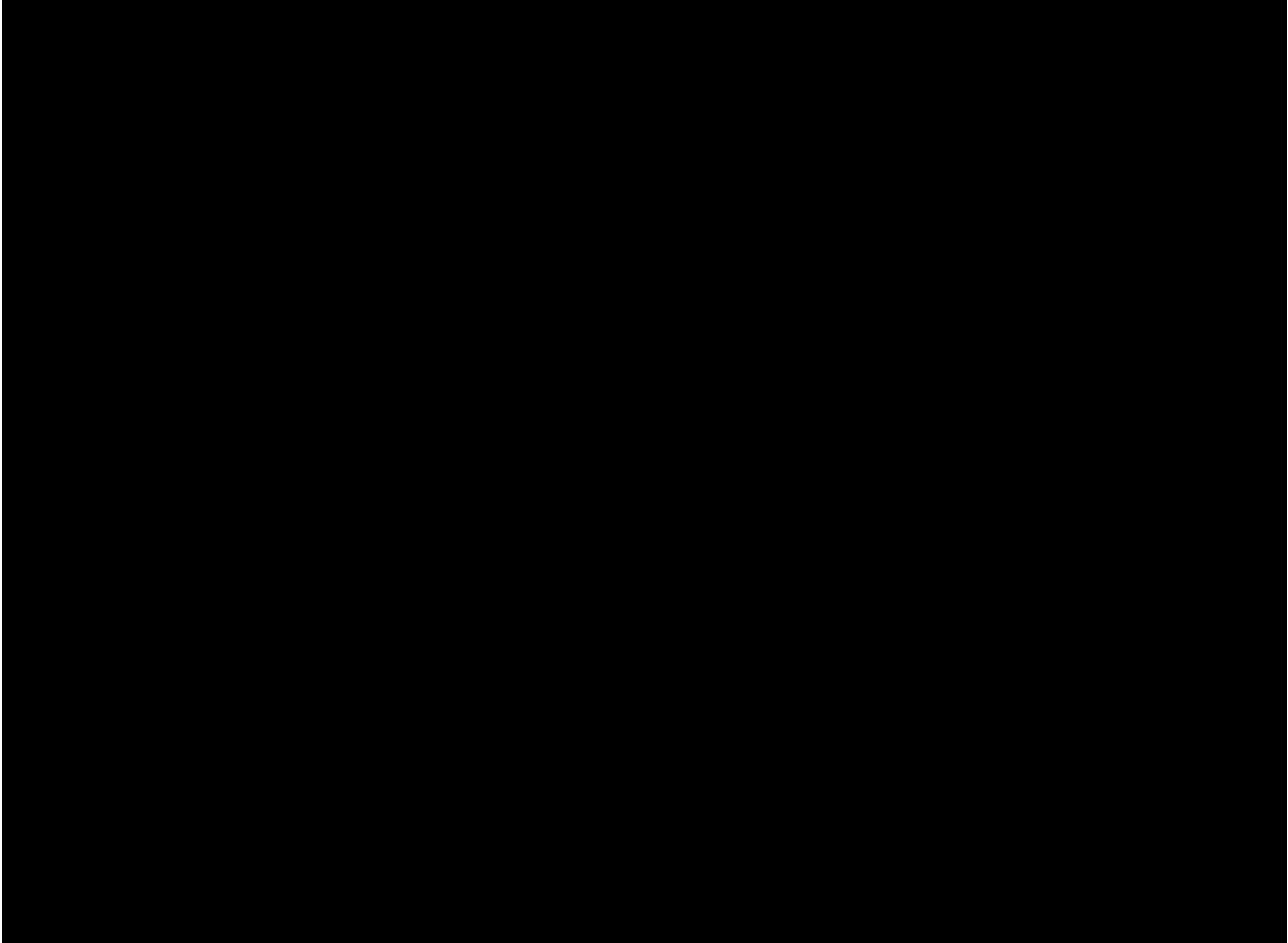
[REDACTED]

**a. Supports portfolio and applicable sector metrics achievements**

The program’s KPIs generally align well with SDG&E’s portfolio and sector metrics. Given that this is a statewide program, SDG&E’s portfolio and sector (we included SDG&E’s Residential and Commercial sector metrics) are not as relevant as all IOU portfolio and sector metrics. The hope is that, by aligning the program with SDG&E’s portfolio and sector metrics, the program will also

align with other IOUs' metrics.

Although, in some cases, the KPIs are not an exact match with portfolio or segment metrics, all support the metrics in some way (e.g. kWh Goal & Expenditure Alignment supports savings targets, Marketing Campaign Efficacy support savings targets and HTR/DAC metrics, etc.).



The KPIs are appropriate to the program and help ensure that the program's goals align with the Company's and IOUs' overall energy efficiency objectives.

## 6. Overall Assessment of Solicitation

SDG&E's Statewide Midstream and Upstream HVAC Program Solicitation was successful at selecting a program and contractor that should serve the state's electric and gas utility customers well. Overall, we believe SDG&E conducted this solicitation fairly, transparently, and without bias.

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<sup>32</sup> SDG&E's Commercial Sector metrics include an HTR target but not a DAC target.

HVAC measures are very important for IOU EE portfolios and successful execution of this contract will play a significant role in the state’s ability to meet its EE objectives. The process that produced this program and the contract that will guide its implementation were well developed. The program should help the IOUs to effectively deliver energy efficiency and other Distributed Energy Resource services to their customers and help meet Business Plan goals, the State’s SB 350 goals, the California Energy Efficiency Strategic Plan’s vision, and ultimately California’s efforts to reduce carbon dioxide emissions.

## 7. Implementation Plan Assessment

During the time period reflected in this Semi-Annual Report, SDG&E [REDACTED] Consulting to develop the program’s IP, hold the required stakeholder workshop to present the draft IP, and receive feedback and finalize the Plan for posting to CEDARS.<sup>33</sup> SDG&E held the stakeholder workshop on January 20, 2021. The workshop was very well attended, with nearly 50 participants. Participants did not submit any questions.

The Mendota Group reviewed the program’s draft IP and provided feedback to SDG&E about any missing items and the IP’s consistency with the contract. We raised concerns that the draft IP was missing key elements and required reorganization. We also recommended that SDG&E and the contractor incorporate additional detail about the program from the contract (such as M&V Plan information and missing parts of the Program Manual) and clarify how the program will coordinate with other energy efficiency programs. SDG&E was very receptive to these suggestions and worked with the contractor to incorporate them into the final IP. SDG&E posted to CEDARS the final IP for the Comfortably California program on February 9, 2021.

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<sup>33</sup> “Decision Addressing Energy Efficiency Business Plans,” Decision 18-05-041, California Public Utilities Commission, Conclusions of Law 1, p. 169.



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

Reporting Period: October 2020 through March 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 customers.

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.<sup>34</sup>

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.

Status: This solicitation is nearing the end of the Contracting Stage.

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<sup>34</sup> SDG&E Request for Abstracts, at p. 5

## 1.2 Timing

Table 1.1 below lists key milestones for this solicitation.

Table 1.1: Key Milestones	
Milestones	Completion Date
<b>RFA Stage</b>	
Solicitation Launch	October 16, 2019
Bidders' Conference	October 29, 2019
Offer Submittal Deadline	November 27, 2019
RFA Shortlist to PRG	March 10, 2020
Shortlisting Notifications to Bidders	March 24, 2020
<b>RFP Stage</b>	
Solicitation Launch	May 22, 2020
Bidders' Conference	June 1, 2020
Bidder Questions Due – Round 1	June 4, 2020
Responses to Bidder Questions	June 9, 2020
Bidder Questions Due – Round 2	June 12, 2020
Responses to Bidder Questions	June 17, 2020
Offer Submittal Deadline	July 16, 2020
Bidder Interviews	October 21 & October 22, 2020
RFP Shortlist to PRG	November 10, 2020
Shortlisting Notification	February 5 & 12, 2021 <sup>35</sup>
<b>Contracting Stage</b>	
Contracting and Negotiations Period	April 2021
Contracts Presented to PRG	May 2021
Contract Execution	June 2021

<sup>35</sup> Federal Bidder Notifications were put on hold by SDG&E while the IOU's credit team conducted internal risk analysis. SDG&E notified bidders via PowerAdvocate of process delays. SDG&E developed new steps for assessing credit and risk that will be integrated into future solicitations. The objective of the process is to determine whether or not collateral will be required from specific bidders based on their financials and specific costs.

### 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 Public Sector Federal Solicitation.

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Bidder Notifications	Notifications to non-selected bidders historically have not provided details regarding rationale.	All IEs have encouraged IOUs to provide more detail to bidders so they can improve futures submittals.	SDG&E provided reasons as part of their notifications with this solicitation. Reasons included low evaluation scores, low TRC scores, challenges with measure mix/budget and savings.

## 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 is addressed in the April 2020 through September 2020 Semi Annual Report.

#### **3.2 RFP Bidders' Conference**

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

#### **3.3 RFP Bidders' Response**

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

##### ***b. Scoring Rubric Design***

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


##### ***c. Evaluation Team Profile***

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

##### ***d. Evaluation Processes and Scoring Calibration***

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

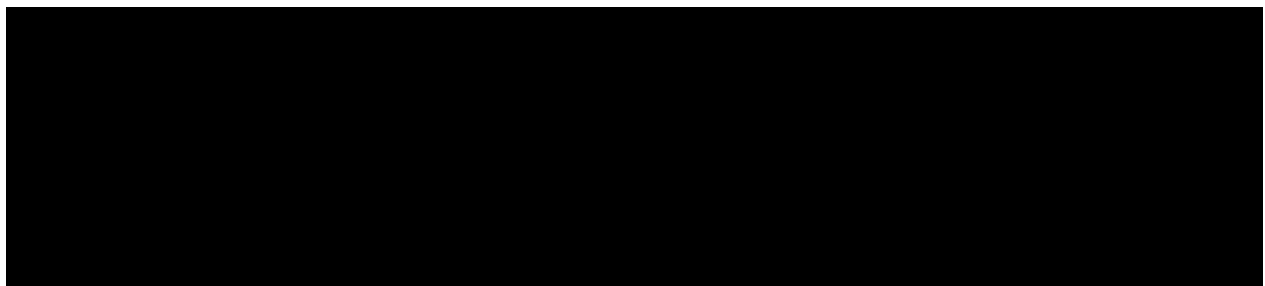
##### ***e. Shortlist and Final Selections***

 Interviews were conducted on October 21 and October 22, 2020. SDG&E CMO staff provided informal training for all evaluators prior to the interviews and developed questions for Phase 1 (provided to bidder ahead

of the interview) and Phase 2 (not shared with bidder in advance) of the interviews with each bidder. Questions included topics such as how bidders would address COVID-19 in their M&V plans and how they would adjust their portfolios if the CPUC disallowed lighting measures. Another question was specific to the collaboration with statewide program offerings and savings. At the close of each interview, bidders were reminded to rerun their CETs with the 2021 avoided costs and post their results to PowerAdvocate. SDG&E's interview process conformed to Section 3.4 (Bidder Interview Review Process) of the Contracting Guidelines.<sup>36</sup>

Evaluators [REDACTED] met the following week to discuss the results of the interviews, their impressions of each presentation, and to determine which bidder should be recommended to management for contracting. The discussions were very detailed and included examining the [REDACTED]

To conclude the discussion, each SDG&E evaluator was asked to rank his or her first, second and third place choice based on the final discussion. Points were allocated depending on the score and totals derived. The ranking was very consistent with the IE's initial scoring.



### **3.5 PRG and IE Feedback to Proposal Process and Selections**

#### **a. Adherence to PRG Guidance and Feedback**

SDG&E followed the PRG Guidance, as stated above, [REDACTED]  
[REDACTED] The PRG has not expressed any concerns with this process.

#### **b. Response to IE Feedback**

SDG&E has been responsive to feedback from the IE throughout this solicitation. The team is thoughtful in their approach to requesting feedback from the IE and requests our input at each stage of the process. As illustrated in Table 1.2 above, all of our key recommendations during this reporting period were adopted by SDG&E.

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<sup>36</sup> Energy Efficiency Procurement Review Group, *Contracting Guidelines*, Version 2.0 (Draft), December 2019.

## 4. Contracting Process

### 4.1 Contract Negotiations

#### *a. Collaboration on Final Program Design and Scope*

Contract negotiations are not completed [REDACTED]

[REDACTED]  
contracting terms enabled this solicitation to move more quickly than the K-12 solicitation.

[REDACTED] both solicitations appear to be wrapping up at the same time.

The expectation is that contract negotiations will be completed in April and presented to the PRG in May.

#### *b. Fairness of Negotiations*

The IE has observed nothing during the negotiation process so far to indicate that the negotiations are anything other than fair and transparent. Both parties are working cooperatively and diligently to settle the few differences that remain in true partnership fashion.

#### *c. Changes to Contract Terms and Conditions*

Parties are still negotiating Ts&Cs for this solicitation.

#### *d. Conformance with CPUC Policies and Objectives*

This section will be completed once there is an executed contract.

#### *e. Uniformity of Contract Changes*

[REDACTED]

### 4.2 Final Selection

Not applicable for this reporting period.

### 4.3 Contract Execution

Not applicable for this reporting period.

#### **4.4 PRG and IE Feedback to Contracting**

SDG&E has been very open to feedback by the IE on all contracting issues. To date, the PRG has not provided specific feedback [REDACTED]

[REDACTED] SDG&E is following the PRG Guidelines in all aspects of its solicitation, including contract negotiation.

### **5. Assessment of Final Contract**

#### **5.1 Bid Selections Respond to Portfolio Needs**

Not Applicable for this reporting period.

#### **5.2 Bid Selections Provide the Best Overall Value to Ratepayers**

Not Applicable for this reporting period.

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

Not Applicable for this reporting period.

### **7. Implementation Plan Assessment**

Not Applicable for this reporting period.



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

Reporting Period: October 2020 through March 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 Public–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.

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.<sup>37</sup> 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.<sup>38</sup>

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.<sup>39</sup> 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:<sup>40</sup>

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<sup>37</sup> SDG&E Public Sector – K-12 Request for Abstract, October 16, 2019, at p. 4.

<sup>38</sup> Id., at p. 5.

<sup>39</sup> Id., at p. 6.

<sup>40</sup> Id., at p. 5.

- Benchmarking
- 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). Annual budget range proposed should be between \$2.2 million and \$3.2 million, which may be divided among multiple winning Implementers.<sup>41</sup>

Status: This solicitation is nearing the end of the Contracting Stage.

**1.2 Timing**

Table 1.1: Key Milestones	
Milestones	Completion Date
<b>RFA Stage</b>	
Solicitation Launch	October 16, 2019
Bidders' Conference	October 29, 2019
Offer Submittal Deadline	November 27, 2019
RFA Shortlist to PRG	March 10, 2020
Shortlisting Notifications to Bidders	March 24, 2020
<b>RFP Stage</b>	
Solicitation Launch	May 22, 2020
Bidders' Conference	June 1, 2020
Bidder Questions Due – Round 1	June 4, 2020
Responses to Bidder Questions	June 9, 2020
Bidder Questions Due – Round 2	June 12, 2020
Responses to Bidder Questions	June 17, 2020

<sup>41</sup> Id., at p. 6.

Table 1.1: Key Milestones	
Milestones	Completion Date
Offer Submittal Deadline	July 16, 2020
Bidder Interviews	October 23, 2020 – October 29, 2020
RFP Shortlist to PRG	November 10, 2020
Shortlisting Notification	November 18 & 23, 2020
Contracting Stage	
Contracting and Negotiations Period	April 2021
Contracts Presented to PRG	May 2021
Contract Execution	June 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 Public Sector K-12 Solicitation.

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Bidder Notifications	Notifications to non-selected bidders historically have not provided details regarding rationale.	All IEs have encouraged IOUs to provide more detail to bidders so they can improve futures submittals.	SDG&E provided reasons as part of their notifications with this solicitation. Reasons included low evaluation scores, low TRC scores, challenges with measure mix/budget and savings.
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 with no co-pays required.

Table 1.2: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Contract Negotiations	Preference for email negotiations with only limited bidder contact 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 is addressed in the April 2020 through September 2020 Semi Annual Report.

### 3.2 RFP Bidders' Conference

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

### 3.2 RFP Bidders' Response

SDG&E K-12 RFP Bidders' Response is presented in the April 2020 through September 2020 Semi Annual Report

### 3.3 Proposal Selection Process

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

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

#### b. Scoring Rubric Design

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

#### c. 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. 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 conducted online interviews via a Teams platform with [REDACTED] [REDACTED] SDG&E CMO staff provided informal training for all evaluators prior to the interviews and developed questions for Phase 1 (provided to bidder ahead of the interview) and Phase 2 (not shared with bidder in advance) of the interviews with each bidder. Questions included topics such as how bidders would address COVID-19 in their M&V plans and how they would adjust their portfolios if the CPUC disallowed lighting measures. Another question was specific to the collaboration with statewide program offerings and savings. At the close of each interview, bidders were reminded to rerun their CETs with the 2021 avoided costs and post their results to PowerAdvocate. SDG&E's interview process conformed to Section 3.4 (Bidder Interview Review Process) of the Contracting Guidelines.<sup>42</sup>

Evaluators who participated [REDACTED] [REDACTED] The discussions were very detailed and included examining the [REDACTED]

<sup>42</sup> Energy Efficiency Procurement Review Group, *Contracting Guidelines*, Version 2.0 (Draft), December 2019.



Population NMEC reporting and discuss options for an accurate process that would accommodate SDG&E's milestone payments and allow for a true-up payment at the end of the year.

[REDACTED]

The expectation is that contract negotiations will be completed in April and presented to the PRG in May 2021.

**b. Fairness of Negotiations**

The IE has observed nothing during the negotiation process so far to indicate that the negotiations are anything other than fair and transparent. [REDACTED] cooperatively and diligently to settle the few differences that remain in true partnership fashion.

**c. Changes to Contract Terms & Conditions**

Parties are still negotiating Terms & Conditions for this solicitation.

**d. Conformance with CPUC Policies and Objectives**

This section will be completed once there is an executed contract.

**e. Uniformity of Contract Changes**

[REDACTED]

**4.2 Final Selection**

Not applicable for this reporting period.

**4.3 Contract Execution**

Not applicable for this reporting period.

**4.4 PRG and IE Feedback to Contracting**

SDG&E has been very open to feedback by the IE on all contracting issues. To date, the PRG has not provided feedback on the [REDACTED]

[REDACTED] SDG&E is following the PRG Guidelines in all aspects of its solicitation, including contract negotiation.



## **5. Assessment of Final Contract**

Not Applicable for this reporting period.

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

Not Applicable for this reporting period.

## **7. Implementation Plan Assessment**

Not Applicable for this reporting period.

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

## **Local Government Solicitation**

Reporting Period: October 2020 through March 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 October 2020 through March 2021. As a result, much of the Report addresses the RFA stage of the 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 selected program(s) may be extended an additional two years based upon 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 cities<sup>43</sup>
- 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 Facilities<sup>44</sup>

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

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<sup>43</sup> See Appendix B for a listing of cities.

<sup>44</sup> 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 an important element of all 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 Local Government program solicitation was slightly delayed to refining of the RFA requirements, but overall its 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
<b>RFA Stage</b>	
1. RFA Released	January 27, 2021
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	February 24, 2021 – April 20, 2021
7. Bidders Notified - Advancement to RFP Stage	April 21, 2021
<b>RFP Stage</b>	
1. RFP Released	June 1, 2021
2. Optional Bidder Conference (Skype)	June 9, 2021
3. Bidder Questions Due Round 1	June 14, 2021
4. Responses to Bidder Questions	June 17, 2021
5. Bidder Questions Due Round 2	June 22, 2021
6. Responses to Bidder Questions	June 25, 2021
7. Bidder's Proposal Due	July 07, 2021
8. Proposal Review, Bid Clarification Discussions	July 8, 2021 – August 12, 2021
9. Selected Bidder Interviews	August 23, 2021 – August 25, 2021

Table 1.1: Key Milestones	
Milestones	Completion Date
10. Proposal Review Period Ends, Bidders Notified	September 1, 2021
<b>Contracting Stage</b>	
1. Notification Selection (Subject to Negotiations) *	September 20, 2021
2. Contract Development and Negotiation *	September 24, 2021 – November 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
* - 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)
[Redacted Content]			

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Reduce RFA Requirements	The IOU made tremendous strides in reducing the bidder requirements over previous solicitations. The reductions did not reduce the bid quality or impair the IOU's ability to evaluate abstracts.	The IOU should continue to collaborate with its PRG and collective IEs to identify further ways to reduce bidder requirements and improve the overall timing of the solicitation.	The IOU continues to identify areas of improvement for the RFA stage.

## 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 local government customer segment within SDG&E's service territory. As presented in SDG&E's Energy Efficiency Business Plan<sup>45</sup> and reflected in the solicitation materials.<sup>46</sup>

<sup>45</sup> SDG&E's Energy Efficiency Business Plan (2018-2025), January 2017, pp. 41-42.

<sup>46</sup> Residential Single Family – RFA, issued October 18, 2019, Section 2, Introduction, pp. 4-5.

The IOU has made great advancements in refining and reducing its RFA requirements. The RFA requirements were reduced to ten bidder questions that address each of the PRG suggested categories. Previous solicitations assigned more than 20 questions to bidders at the RFA stage placing significant demands on the bidder and SDG&E’s evaluation team. Also, the bidder is now required to provide their responses in the PRG-preferred word format rather than the previous excel format.

## 2.2 RFA Outreach

The solicitation outreach relied on a general awareness of SDG&E’s program solicitations to the bidder community through several announcements and IOU-specific workshops regarding upcoming energy efficiency program solicitations. The IOU released an email blast to local governments and supporting vendors as well as to DBE firms to greater awareness of the solicitation. SDG&E also posted general information on the CAEECC website.

## 2.3 RFA Bidders’ Conference

The Bidders’ Conference was held on February 2, 2021. Potential bidders had ample time during the conference to ask questions. Bidders were also provided an opportunity after the Bidders’ Conference to provide written questions. SDG&E received 11 questions related to various topics such as: customer eligibility, budget, project leads, solicitation energy savings goals, incentive design, and customer profiles and preferences. SDG&E provided responses to all bidder questions in a timely manner.

## 2.4 RFA Bidders’ Response

Overall, the solicitation outreach was adequate, as it [REDACTED]. The table below summarizes SDG&E’s actual response to the local program solicitation.

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

It is unknown why SDG&E experienced lower than anticipated participation levels. The IE believes it was likely due, in part, to the small annual solicitation budget.

## 2.5 Abstract Selection Process

The abstract selection process includes the development of a qualified evaluation team, [REDACTED]  
[REDACTED] The following discusses each of these aspects of the solicitation at the RFA stage.

[REDACTED]

SDG&E scoring rubric weighting scheme generally followed the PRG guidance. [REDACTED]  
[REDACTED]

## 2.6 Evaluation Team Profile

The evaluation team consisted of six members from various program-related disciplines. Each evaluator reviewed and scored all abstract categories presented in Table 2.3. There were no identified conflicts of interest among the team members and the participating bidders.



SDG&E completed its evaluation of the bids on March 26, 2021. During the evaluation period, the IOU held several check-in meetings with evaluators to field any questions [REDACTED]

SDG&E held three calibration sessions over three days. For greater efficiency, the allotted time for each calibration session could be increased which can reduce the need for multiple meetings. [REDACTED]

The IE notes that reducing the bidder RFA requirements to ten questions did not impact the overall assessment of the abstracts. Word counts could slightly increase for certain questions in future solicitations.

SDG&E should revise its approach to the Cost and Performance category. [REDACTED]

## **2.7 PRG and IE Feedback to Abstract Process and Selections**

SDG&E provided the opportunity for both the PRG and the IE to review and comment on the RFA materials. The IOU's response to the PRG and the IE feedback is discussed below.

### **a. Adherence to PRG Guidance**

The RFA conformed to each of the PRG Guidance items with one exception. [REDACTED]

[REDACTED] The bidder's description of its program design, program strategies, perceived market barriers, targeted market actors, and expected program outputs/outcomes is sufficient detail to evaluate the bidder's abstract. The IOU should reconsider this requirement in future solicitations.

### **b. Response to IE Feedback**

The IE provided 40 comments on the draft RFA and scoring materials. After multiple rounds of review and discussion with the IOU, SDG&E accepted all but [REDACTED]

The IOU has made great advancements in refining and reducing its RFA requirements. The draft RFA now includes only ten bidder questions that address each of the PRG suggested 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. The initial solicitation release was delayed a few weeks, in part, so the IOU could reduce its bidder requirements for this RFA.

## **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.