

Attachment B
San Diego Gas & Electric Company
Supplemental Budget Narrative

Table of Contents

Table of Contents.....	2
I. Introduction	1
II. Description of In-House organizational Structure and Associated Costs.....	1
A. Narrative Description of In-House Departments/Organizations Supporting the PA's EE Portfolio	1
B. Table Showing PA EE "Full Time Equivalent" Headcount by Department/Organization... 7 SDG&E Response:	8
C. Table Showing Costs by Functional Area of Management Structure.....	8
D. Table Showing Cost Drivers Across the EE Organization	8
SDG&E Response:	9
E. Explanation of Allocation of Labor and O&M Costs Between EE-Functions and GRC-Functions or Other Non-EE Functions.....	9
III. BUDGET TABLES INCLUDING INFORMATION IDENTIFIED IN THE SCOPING MEMO	11
A. Attachment-A, Question C.8.....	11
B. Attachment-A, Question C.9.....	11
C. Attachment-A, Question C.10.....	12
Appendix A—2020 Energy Efficiency Management Organization Chart.....	13

Attachment B
San Diego Gas & Electric Company
Supplemental Budget Narrative

I. INTRODUCTION

This supplement is provided in compliance of D.18-05-041, Ordering Paragraph (OP) 44.

Beginning with the annual budget advice letters due on September 1, 2020, the program administrators must include updated budget estimates in the same format as the supplemental budget information filed in this proceeding on June 12, 2017.

II. DESCRIPTION OF IN-HOUSE ORGANIZATIONAL STRUCTURE AND ASSOCIATED COSTS

A. Narrative Description of In-House Departments/Organizations Supporting the PA's EE Portfolio

1. Functions conducted by each department/organization

SDG&E Response:

Please refer to the definition of functions in the Attachment A Tab: Function Definitions.

- 1) SDG&E's Customer Programs (CP) Department includes EE, Energy Savings Assistance (ESA), Demand Response and other non-EE customer programs, and Business Services. The following are the managerial areas under Customer Programs:
 - a) Customer Programs Energy Efficiency:
 - i) Manages all customer EE programs
 - Core Programs: manages all local programs.
 - Statewide programs: manages all Statewide programs.
 - Technology & Standards manages Emerging Technology for Energy Efficiency and Codes & Standard programs.
 - Public Sector manages local and statewide partnerships in the Public Sector.
 - ii) Manages Non-EE Programs
 - Other Programs: manages local programs for Wildfire Mitigation and Procurement
 - Technology & Standards manages Emerging Technology for Demand Response
 - b) Customer Programs & Engagement manages non-EE residential programs (including ESA, CARE); and EE WE&T program.
 - i) Energy Innovation Center (EIC): manages WE&T programs and education-related Energy Efficiency program initiatives in addition to managing SDG&E's

EIC facility.

- c) Financial Business Analysis: manages finances and expenditures, including financial reporting, for the CP department, which includes Energy Efficiency, Demand Response and Low-Income proceedings.
 - d) Customer Programs Engineering, Systems & Support: Manages the engineering functions that support both EE (e.g., work papers, customer ex ante review process) and non-EE programs, along with EM&V, Inspections, Reporting, Processing and Systems Support.
 - e) Customer Programs Policy manages EE and non-EE Customer Programs policy and strategy issues, including CPUC, CEC, legislative related issues, and compliance and other and data request processes.
 - f) Product & Transition Management: Manages development and management of potential customer-facing products and services, both EE and non-EE products.
 - i) Solicitations: Manages the solicitation process for all new third party programs.
 - ii) Contract Management Office: supports contract development and renewals,
 - g) Business Services: manages all business customer services, including the promotion and support of EE and non-EE programs and projects.
- 2) Although an organization chart is not included, the following departments support both EE and non-EE programs.
- a) The IT department provides support for EE as required and as it relates to EE systems support.
 - b) Marketing & Communications oversees the company's various marketing initiatives, research and analysis. It supports the EE Marketing Education & Outreach (ME&O) efforts.
 - c) Marketing Analytics may provide support for various customer surveys to support EE programs.
 - d) Additional departments that support EE but do not bill to EE (not exhaustive) are Accounting (including Accounts Payable), Human Resources, Regulatory Case Management, Legal and Supply Management. These activities are covered through SDG&E's General Rates Case.

2. Management structure and org chart:

SDG&E Response:

See Exhibit A for the 2020 EE Management organization charts. This is the SDG&E EE organization as of this filing September 1, 2020.

3. Staffing needs by department/organization, including current and forecast for 2021, as well as a description of what changes are expected in the near term (2020-2021) or why it's impossible to predict beyond 2020, if that's the PA's position.

SDG&E Response:

As reflected in the Portfolio FTE Program Year 2021 forecast, there is natural attrition in FTEs, which continue to occur due to employee movements within the company, retirements and departures. In addition, program administration needs will change as new third party programs begin implementation. Their implementation may include program implementation support, e.g., processing, inspections, account representative services, etc. to which SDG&E will need to adjust its own in-house activities.

It should be noted that 2021 will be the first year of transitioning several programs to third party program implementation. The following are the activities associated with the transition to the new third party programs.

a) Ramp-up Activities for Third Party Program Implementation

The Implementation Plan will be drafted by the third party implementer who is responsible for the design and delivery of the program. SDG&E will work with the implementer to ensure that the final implementation plan and overall program design aligns with the scope of work in the implementer's contract. The final implementation plan will be posted on CEDARS no later than 60 days after Commission approval of the third party contract.¹

Upon third party Advice Letter (AL) approval, SDG&E will issue a Notice-to-Proceed (NTP) and initiate ramp-up activities with the implementer. The ramp-up plan will start with a planning meeting to review and approve all tasks and timelines with the third party. Following the initial ramp-up activities, meetings will be scheduled, as necessary, to review and approve all deliverables starting with the program's documentation. The implementer will be required to submit all documentation necessary for the delivery of services to SDG&E, such as:

- Final Implementation Plan
- Program Policy and Procedure manual
- Customer application
- Invoice template
- Customer satisfaction survey

In parallel, SDG&E will do a final review of the following items to ensure that all measures can be accurately reported and that the program complies with the latest Commission requirements:

- Program measure offerings
- Quality Control procedures
- Measurement and Verification plan

SDG&E will also conduct training on its administrative processes, such as data request and release process, and invoicing and reporting systems. These systems will be used to upload

¹ D.18-05-041, OP 3.

data to support all projects and process invoices.

As part of the onboarding process, the implementer will be required to provide a detailed Requirements and Integration Plan and configure its invoice and reporting tools to support SDG&E's requirements. SDG&E will then verify that all applicable systems are configured, tested, and ready to support third party program operations. Lastly, once system setup activities are complete, SDG&E will coordinate with the implementer to finalize the program's marketing materials for distribution and circulation, before providing approval to launch the program.

b) Ramp-Down activities for SDG&E's Existing Programs

In conjunction with the program ramp-up activities, SDG&E will be conducting ramp-down activities for its existing programs that overlap with the new third party programs.

The ramp-down activities begin with SDG&E's program staff conducting a meeting to discuss program close-out requirements, timeline and support needed from all applicable stakeholders. Following the initial meeting, SDG&E's program staff will work with all internal stakeholders to finalize a Shutdown Plan and Schedule and will also work on finalizing all applicable program closure notifications. Once these tasks have been finalized internally, SDG&E's program staff will communicate out to all internal and external stakeholders and will begin to execute the Shutdown Plans for the programs. During this step all shutdown activities will be completed, and program offerings will be stopped.

Once the Shutdown Plan is finalized, close-out activities, such as final inspections and invoicing will occur. A Final Report, summarizing the program's activities and results, will be developed and approved. Upon the completion, SDG&E's program staff will verify that all shutdown activities are completed, inform Supply Management of their completion and conduct a final de-brief with all stakeholders to discuss and document Lessons Learned and Best Practices to incorporate into the processes going forward.

c) SDG&E Contract Functions

As part of its contract management, SDG&E will continue general administration functions consistent with Commission-approved administration functions.² Administrative costs are necessary to support the third party program. Contract administrative functions consistent with Administrative Overhead costs include, but are not limited to, contract administration labor, accounting support, IT services and support, reporting database, regulatory and filing support, data request responses, quality verification of project installation and other ad-hoc support required to verify contract invoices.

In addition to its administration and oversight functions listed above, SDG&E plans to continue using utility staff personnel to ensure a successful delivery of the third party programs. SDG&E delivery functions and Direct Implementation Costs for the new third party programs include, but are not limited to the following:

i) Engineering

- Workpaper review and updates
- Workpaper development and submittal to ED for approval

² *Energy Efficiency Policy Manual* Version 6, April 2020, Appendix C,

- Measure changes
 - Ex-Ante reviews
 - Data request responses
 - Response to Recommendation activities
 - California Technical Forum (Cal TF) and DEER support
- ii) Evaluation, Measurement and Verification (EM&V)
- Program and project evaluation activities, NMEC evaluations,
 - Ex-post reviews, Impact evaluations
- iii) System Support
- System configuration, testing, and maintenance
- iv) Marketing
- Co-branding activities
 - Marketing and communications support
- v) Multifamily Single Point of Contact

For the Multifamily sector new third party program, SDG&E will continue the Multifamily SPOC (Single Point of Contact) as ordered in D.17-12-009. SDGE's SPOC support for the program delivery functions includes, but are not limited to, the one-stop shop approach for Multifamily property managers, owners and their tenants. SDG&E's current SPOC coordinates all eligible common area and in-unit enrollments across low income and energy efficiency programs creating a seamless and comprehensive whole building approach for the participant. The SPOC holds Multifamily workshops to educate property owners/operators about the availability of program offerings. The SPOC provides technical assistance to property owners from project support through implementation. The SPOC currently works with not only Energy Efficiency (EE) eligible multifamily facilities but, includes Energy Savings Assistance (ESA) and Solar On Multifamily Affordable Housing (SOMAH) eligible facilities as well.

Additionally, the SPOC attends association conferences and events where opportunities exist to network and identify potential property owners/operators for program eligibility. In doing so, SDG&E's Multifamily SPOC approach allows for better visibility and identification of areas for potential refinements within all the different residential Multifamily programs SDG&E offers and thereby works to streamline and align program processes at a holistic level for its Residential Multifamily customers.

SDG&E's SPOC adheres to the following general procedure to identify and work with Multifamily customers:

- (1) The SPOC meets with the property owner or operator and documents general information about the property and the owner in order to perform property evaluation.
- (2) After internal analysis, the SPOC determines potentially eligible programs

and provides recommendations for energy efficiency measures for the property.

- (3) Starting with Master Metered Properties, SDG&E's authorized contractor assists the property owners by enrolling the property in Energy Star Portfolio manager for benchmarking purposes, gathering the utility data, and calculating the Energy Use Intensity (EUI).
- (4) If the property owner is interested in participation, the SPOC will connect the property leads to the appropriate programs and resources based on their unique needs, as well as provide enrollment support; the level of technical assistance depends on the property needs and the complexity of project.

SDG&E's SPOC will coordinate with the Multifamily Sector new third party program. This will allow for low-income customer referrals to the various low-income programs and other relevant programs for the multifamily sector.

Although, SDG&E provided a menu of SDG&E Account Executive services that can be used for this solicitation, the three new third party programs have opted not to utilize SDG&E's Account Executives for program support.

4. Non-program functions currently performed by contractors (e.g. advisory consultants), as well as a description of what changes are expected in the near term (2020-2021) or why it's impossible to predict beyond 2019, if that's the PA's position.

SDG&E Response:

SDG&E continues to contract with various consultants who provide a variety of EE support services, including, but not limited to, engineering, reporting, portfolio analytics and forecasting, IT, rebate processing support, marketing, EM&V (e.g., process evaluations, customer surveys, etc.), and EE employee development.

5. Anticipated drivers of in-house cost changes by department/organization.

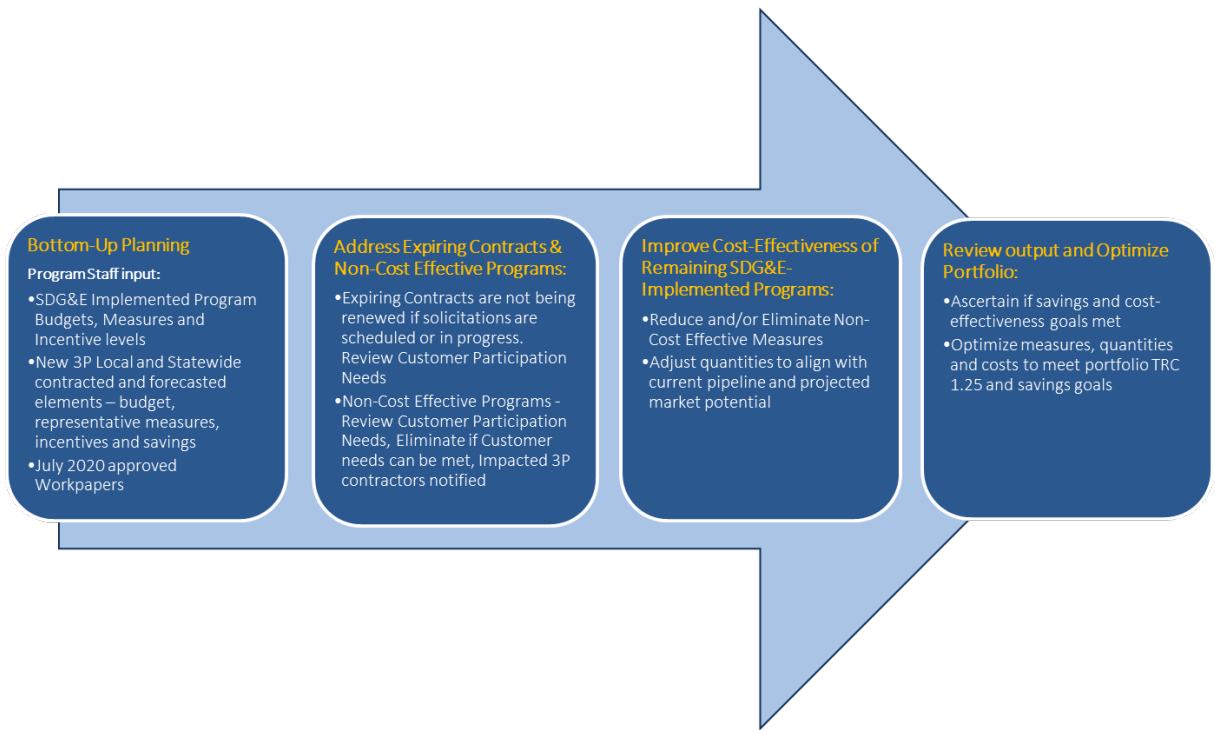
SDG&E Response:

Please refer to response to Question 3 above.

6. Explanation of method for forecasting costs

SDG&E Response:

SDG&E provided the various assumptions it used for its 2021 forecast in the section "2021 PORTFOLIO AND BUSINESS SECTOR CHANGES" in the Advice Letter. The following illustration summarizes the various planning steps SDG&E undertook to develop its proposed 2021 portfolio.



B. Table Showing PA EE "Full Time Equivalent" Headcount by Department/Organization

7. TURN and ORA like this example, taken from testimony PG&E's 2017 GRC addressing its Energy Procurement department. We would be looking for 2016 or 2017 "recorded" positions, depending on what's most appropriate for the PA, or both, if that provides the most clarity. For forecast years, we'd want at least 2018. Note, if PA's FTE needs change, these changes can be made without reporting or seeking CPUC approval.

**TABLE 6-3(a)
EP HEADCOUNT
NUMBER OF PLANNED POSITIONS**

Line No.	Description	2014 Positions	2015 Forecast	2016 Forecast	2017 Forecast
1	EP Administrative Office	4	4	4	4
2	Energy Supply Management (ESM)	126	131	131	134
3	Renewable Energy (RE)	38	40	40	41
4	Energy Policy, Planning and Analysis (EPPA)	46	46	46	46
5	Value Based Reliability (VBR)	10	12	12	12
6	Energy Contract Management and Settlements (ECMS)	79	80	80	80
7	Energy Compliance and Reporting (ECR)	18	18	18	18
8	Total	321	331	331	335

(a) See WP Table 6-7, Exhibit (PG&E-5).

SDG&E Response:

Please refer to Attachment A for the following worksheets: Function Definitions and Table 12 Portfolio FTE. This table provides the full-time equivalents (FTEs) for 2019 and 2021. SDG&E calculated only productive hours, since the Vacation & Sick Leave (V&S) is covered separately but will be represented in the fully loaded value of the various FTEs. SDG&E calculated an FTE as follows:

The productive hours would not include:

- vacation (2.5 weeks = 100 hours);
- holidays/floaters (14 days = 112 hours); and/or
- sick leave (10 days = 80 hours).

Therefore, the annual hours for an FTE would be approximately 1788 (2080 - 292) or 149 hours a month.

C. Table Showing Costs by Functional Area of Management Structure

8. Expenses broken out into labor, non-labor O&M (with contract labor identified).

SDG&E Response:

Please refer to Attachment A worksheet: Table 11 Portfolio Summary.

9. Identify any capital costs.

SDG&E Response:

SDG&E did not identify any capital costs in its forecast.

D. Table Showing Cost Drivers Across the EE Organization

TURN and ORA like this example, taken from testimony PG&E's 2017 GRC addressing its Energy Procurement department. While this example pertains to departmental cost increases, in our case, cost increases or decreases would be attributed to major cost drivers.

TABLE 6-2(a)
EP COST INCREASE
2015-2017 EXPENSE BY COST DRIVER

Line No.	Description	Increase in Thousands of \$	Percent of Total Increase
1	Escalation	3,597	57
2	Portfolio Complexity	1,136	18
3	Regulatory Mandates	1,192	19
4	Process Improvements	400	6
5	Total	6,324	100

(a) See WP Table 6-6, Exhibit (PG&E-5).

SDG&E Response:

SDG&E does not have data comparable to the data illustrated in the sample table above.

E. Explanation of Allocation of Labor and O&M Costs Between EE-Functions and GRC- Functions or Other Non-EE Functions

11. When an employee spends less than 100% of her/his time on EE, how are costs tracked and recovered (e.g., on a pro rata basis between EE rates and GRC rates; when time exceeds a certain threshold, all to EE; etc.).

SDG&E Response:

SDG&E tracks each employee's time through cost centers and internal orders. For its EE programs, SDG&E has an extensive set of internal orders and cost centers to track programs and cost categories (Administration, Marketing, Direct Implementation). Similarly, non-EE GRC work hours are charged to appropriate cost centers and internal orders.

All labor hours, which are tracked in SDG&E's My Time system, are approved on a bi-weekly basis by the employees' respective supervisors. Costs recorded in EE internal orders are tracked in the various EE balancing accounts for appropriate cost recovery.

12. Describe the method used to determine the proportion charged to EE balancing accounts for all employees who also do non-EE work.

SDG&E Response:

Each employee works with their respective supervisor to determine the appropriate hours or percentage of their time to be charged to various activities. Each employee's time allocation is documented in SDG&E's My Time system and reviewed periodically by the supervisor with their respective employees. Reorganizations are triggers for review of time allocations.

All labor hours, which are tracked in the My Time system, are approved on a bi-

weekly basis by the employees' respective supervisors. Costs recorded in EE internal orders are tracked in the various EE balancing accounts for appropriate cost recovery and non-EE costs (e.g., GRC O&M, DRP, ESA, etc.) are recorded in appropriate accounts.

13. Identify the EE functions that are most likely to be performed by employees who also do non-EE work (e.g. Customer Account Representatives?)

SDG&E Response:

The following are CP managerial areas supporting both EE and non-EE programs:

- Customer Programs & Engagement
- Energy Innovation Center
- Financial Business Analysis
- Customer Programs Engineering, Systems & Support
- Customer Programs Policy & Strategy
- Product & Transition Management
- Business Services

The following SDG&E departments support both EE and non-EE programs:

- IT department
- Marketing & Communications
- Marketing Analytics
- Accounting (including Accounts Payable)
- Human Resources
- Regulatory Case Management
- Legal
- Supply Management

For further details, please refer to response to Question 1 above.

14. Are labor costs charged to EE fully loaded?

SDG&E Response:

No, SDG&E only charges vacation and sick leave and payroll taxes loaders to EE for EE FTEs. Pensions & Benefits (P&B) are part of GRC.

15. How are burden benefit-related administrative and general (A&G) expenses for employees who work on EE programs recovered (EE rates or GRC rates)?

SDG&E Response:

Please refer to response to Question 14 above.

16. When EE and non-EE activities are supported by the same non-labor resources, how are the costs of those resources or systems allocated to EE and non-EE activities?

SDG&E Response:

SDG&E charges and recovers non-labor costs similarly as described in response to Question 11 above.

17. Identify the EE O&M costs that are most likely to be spread to non-EE functions as well as EE, if any.

SDG&E Response:

Not applicable.

III. BUDGET TABLES INCLUDING INFORMATION IDENTIFIED IN THE SCOPING MEMO

A. Attachment-A, Question C.8

"Present a single table summarizing energy savings targets, and expenditures by sector (for the six specified sectors). This table should enable / facilitate assessment of relative contributions of the sectors to savings targets, and relative cost-effectiveness."

18. TURN and ORA invite the PAs to propose a common table format for this information. We don't have anything specific in mind. Additionally, include a brief description of the method used by the PA to estimate the costs presented in the C.8 Table.

SDG&E Response:

Please refer to Attachment A: Table 11 Portfolio Summary worksheet.

B. Attachment-A, Question C.9

"Using a common budget template developed in consultation with interested stakeholders (hopefully agreed upon at a "meet and confer" session), display how much of each year's budget each PA anticipates spending "in-house" (e.g., for administration, non-outsourced direct implementation, other non-incentive costs, marketing), by sector and by cross-cutting program."

19. TURN and ORA invite the PAs to propose a common table format for this information. We don't have anything specific in mind.

SDG&E Response:

Please refer to Attachment A: Table 13 Residential, Table 14 Commercial, Table 15 Industrial, Table 16 Agricultural, Table 17 Public Sector, Table 18 Cross Cutting worksheets.

20. Additionally, include a brief description of the method used by the PA to estimate the costs presented in the C.9 Table.

SDG&E Response:

Labor costs by function use the standard SDG&E labor cost assumptions. Program Advisors, who plan the program budgets, determine the various functions required to support their programs. Non-labor costs are based on experience from previous program years and any updated activities. Managers review and approve the forecast.

C. Attachment-A, Question C.10

"Present a table akin to PG&E's Figure 1.9 (Portfolio Overview, p 37) or SDG&E's Figure 1.10 (p. 23) that not only shows anticipated solicitation schedule of "statewide programs" by calendar year and quarter, but also expected solicitation schedule of local Third Party solicitations, by sector, and program area (latter to extent known, and/or by intervention strategy if that is more applicable). For both tables, and for each program entry on the calendar, give an approximate size of budget likely to be available for each solicitation (can be a range)."

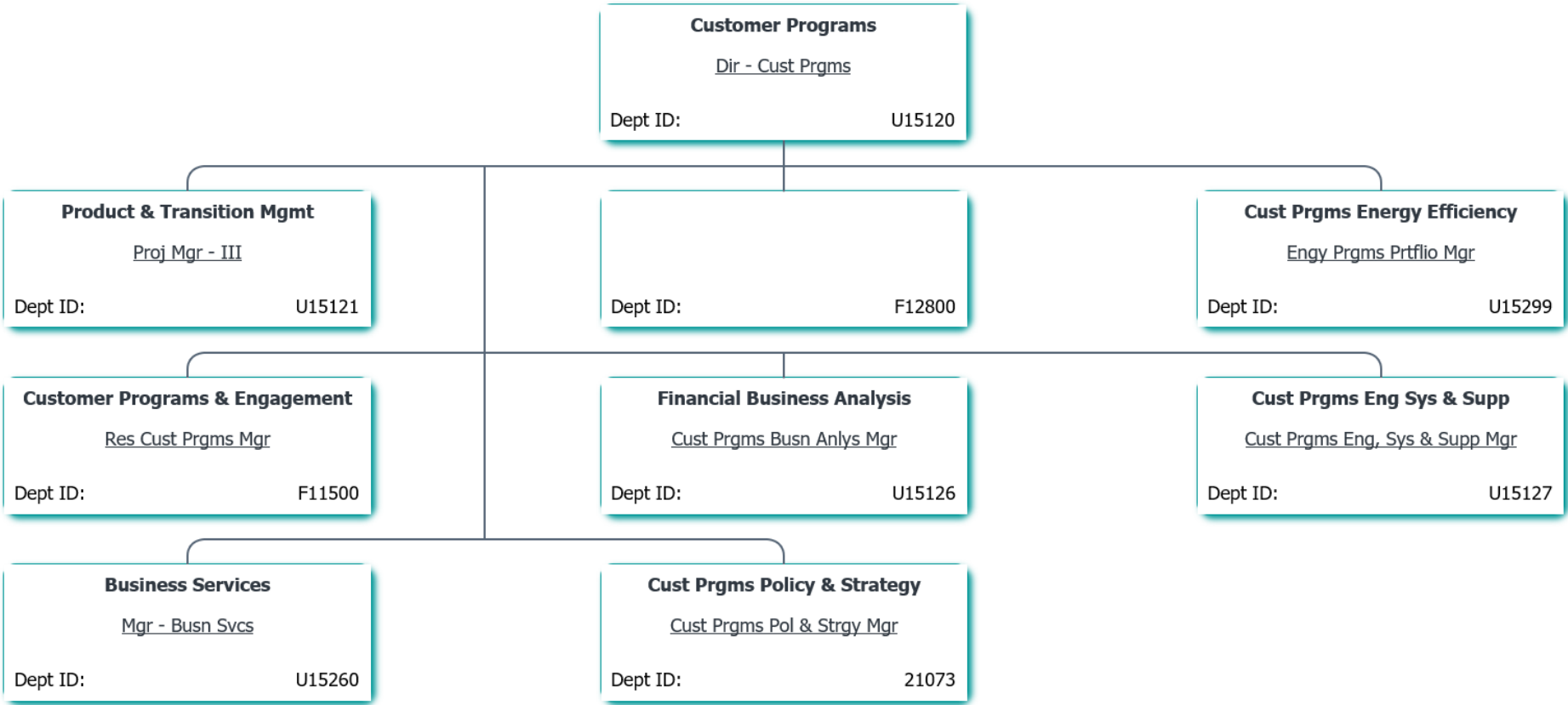
21. TURN and ORA invite the PAs to propose a common table format for this information. We don't have anything specific in mind. Additionally, include a brief description of the method used by the PA to estimate the costs presented in the C.10 Table.

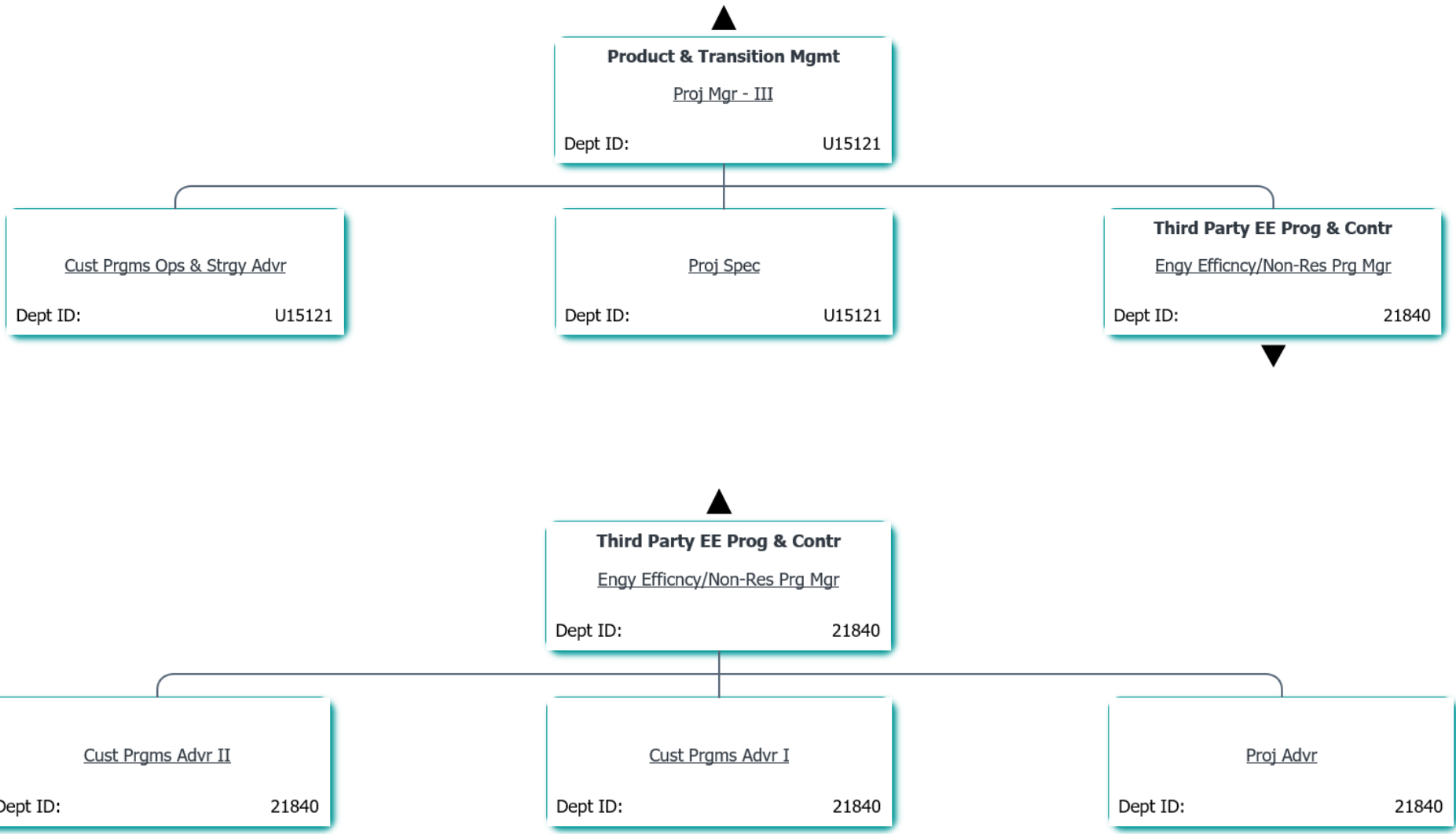
SDG&E Response:

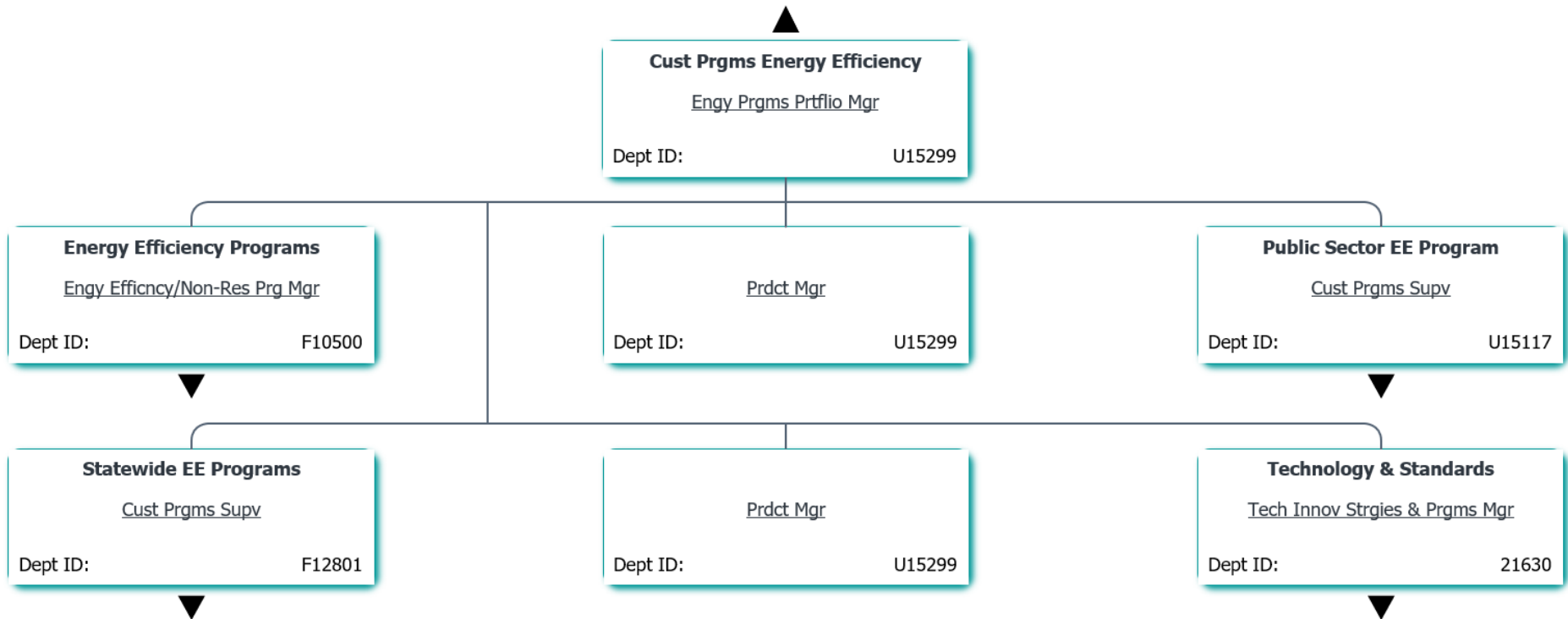
The current Statewide Solicitation schedule is available at SDG&E's Energy Efficiency Third Party Solicitation webpage <https://www.sdge.com/more-information/doing-business-with-us/energy-efficiency-third-party-solicitations>.

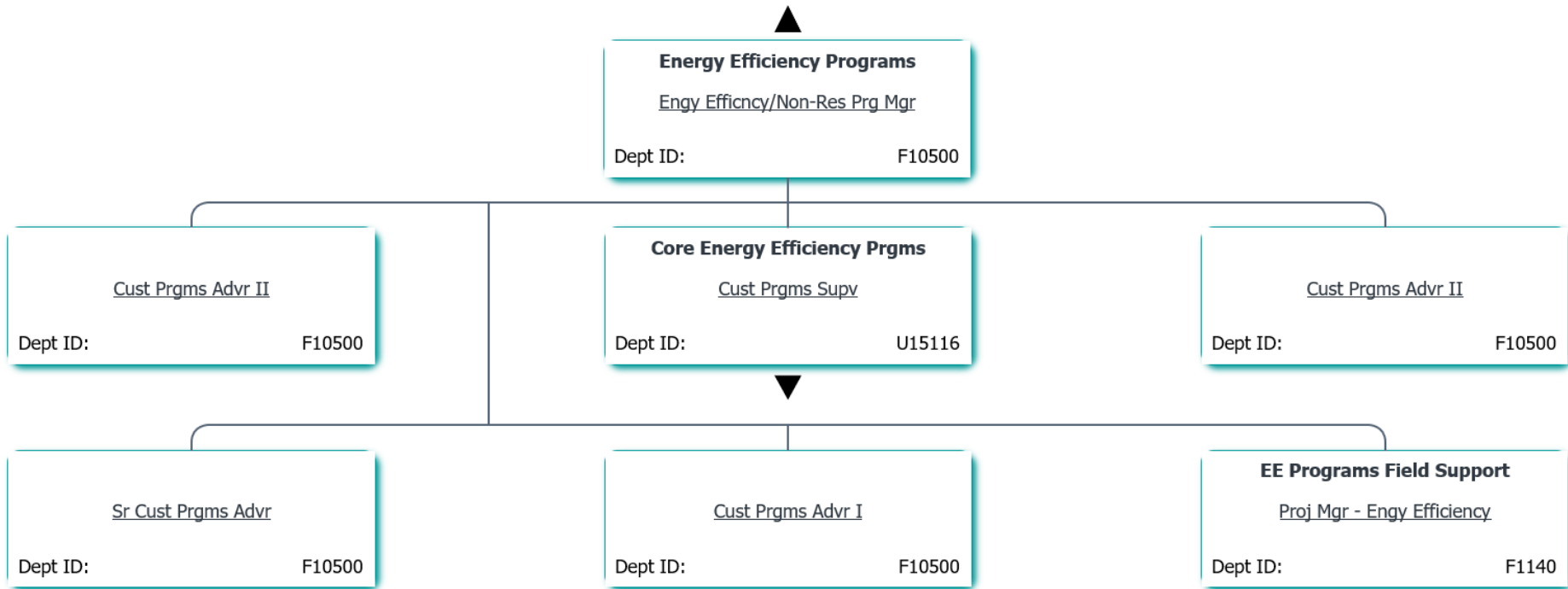
**APPENDIX A—2020 ENERGY EFFICIENCY MANAGEMENT ORGANIZATION
CHART**

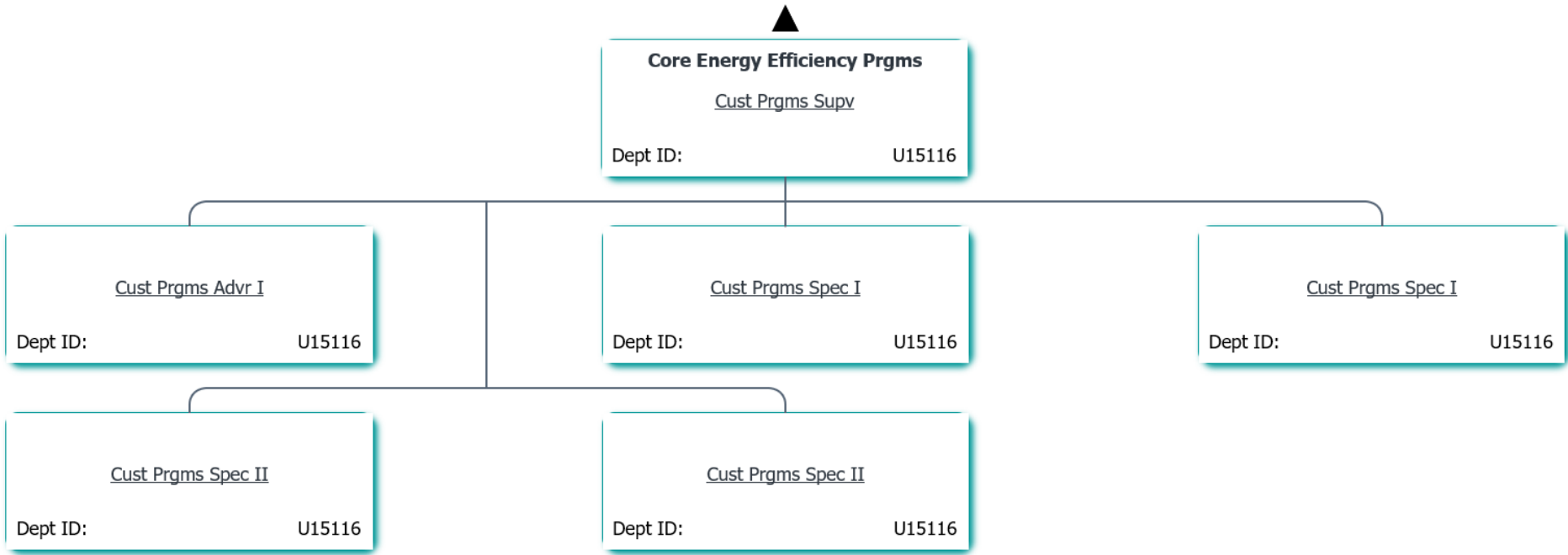
Customer Programs Department
(as of September 1, 2020)

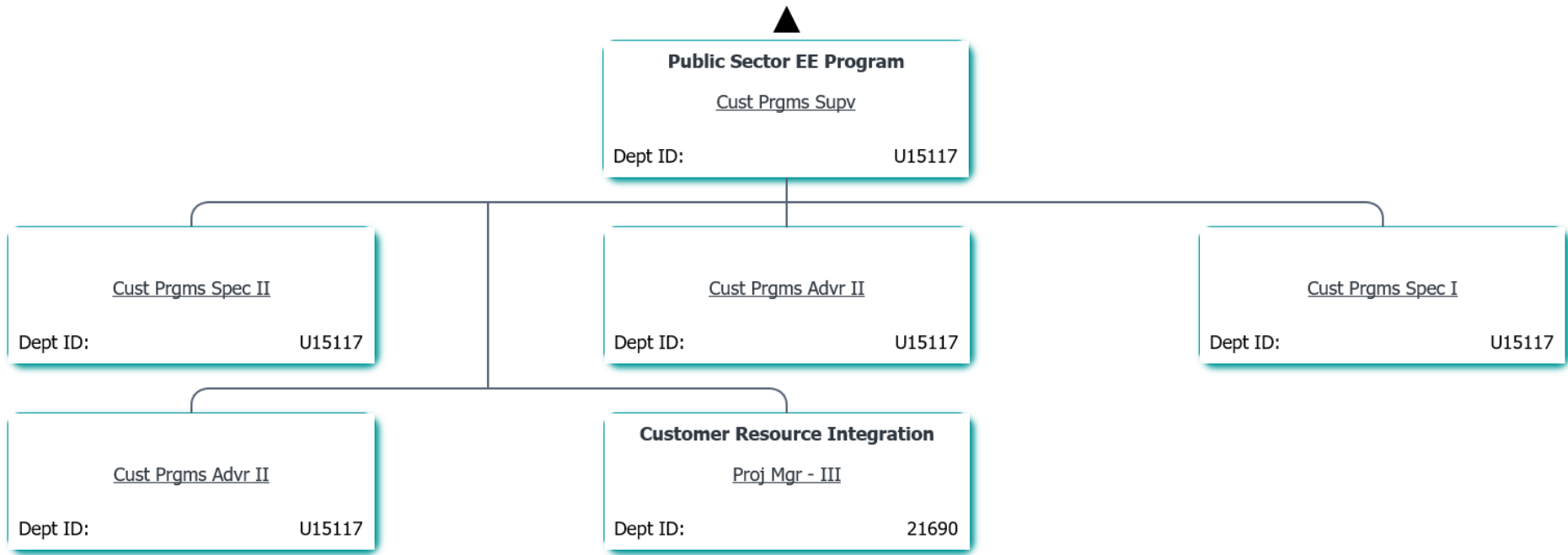


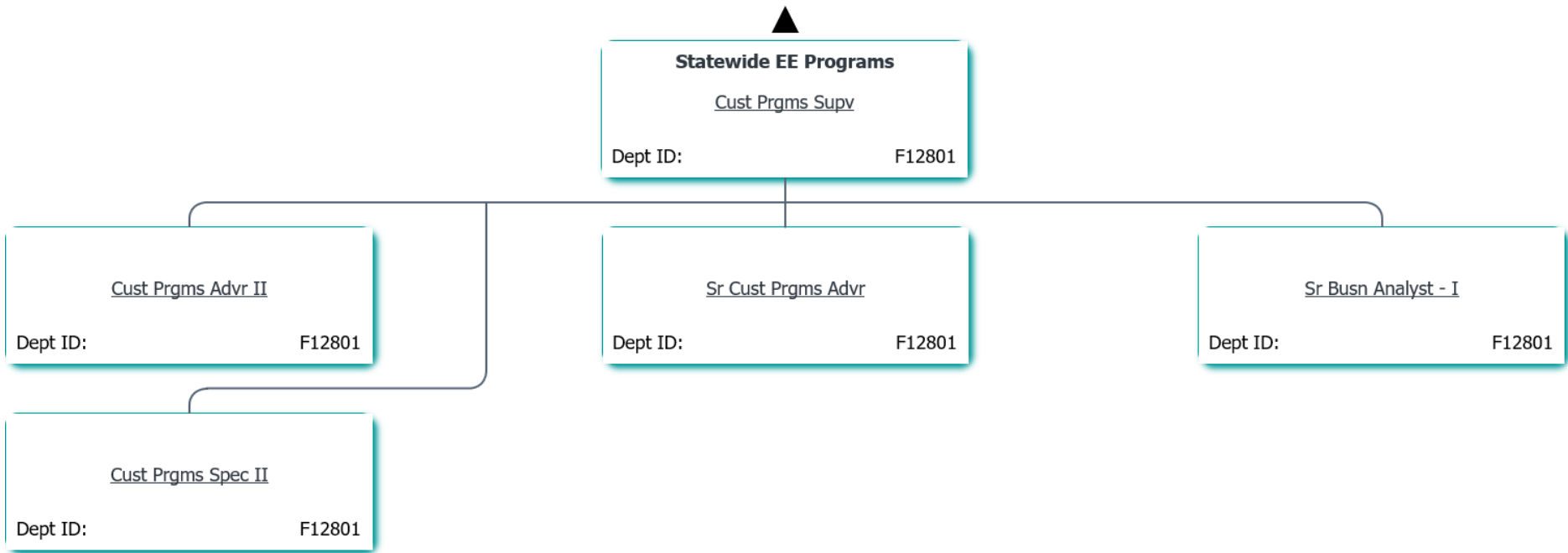


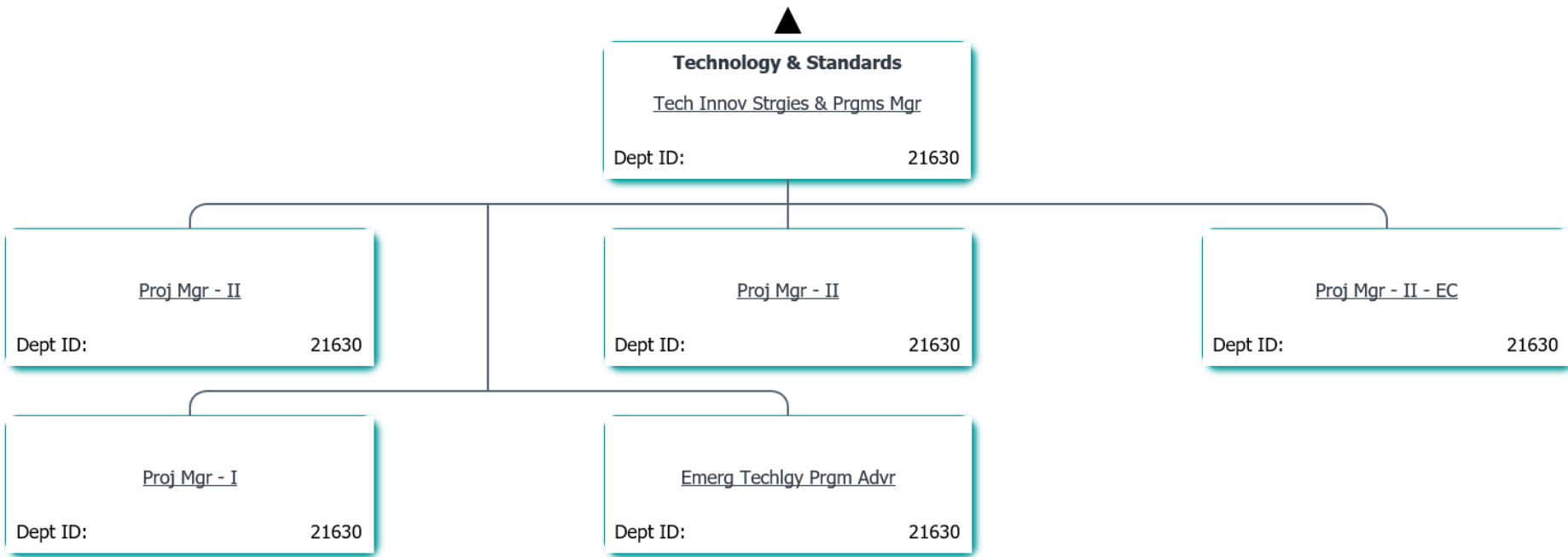


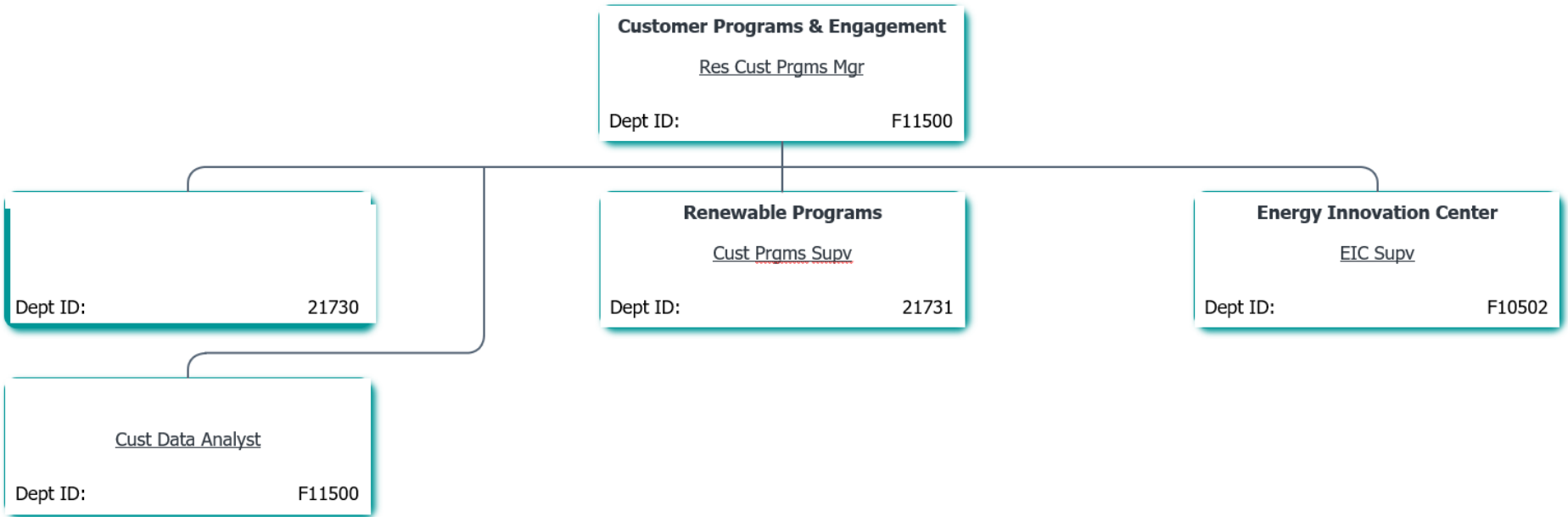


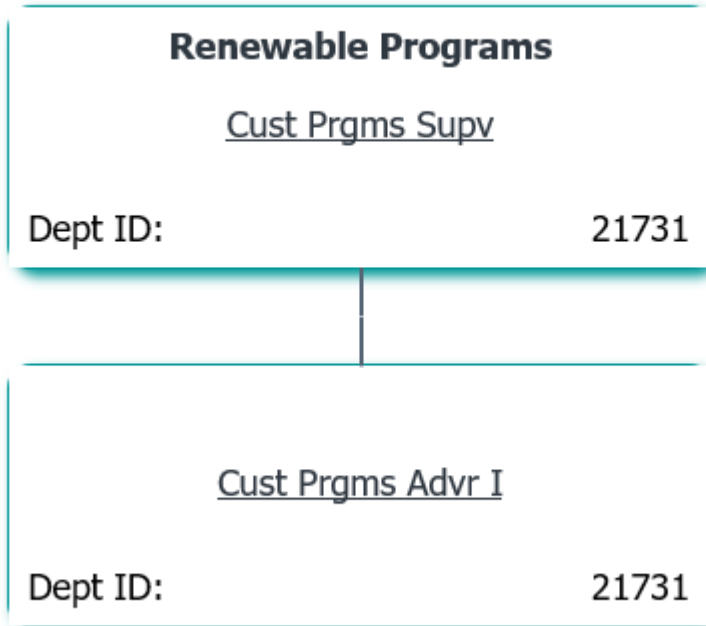


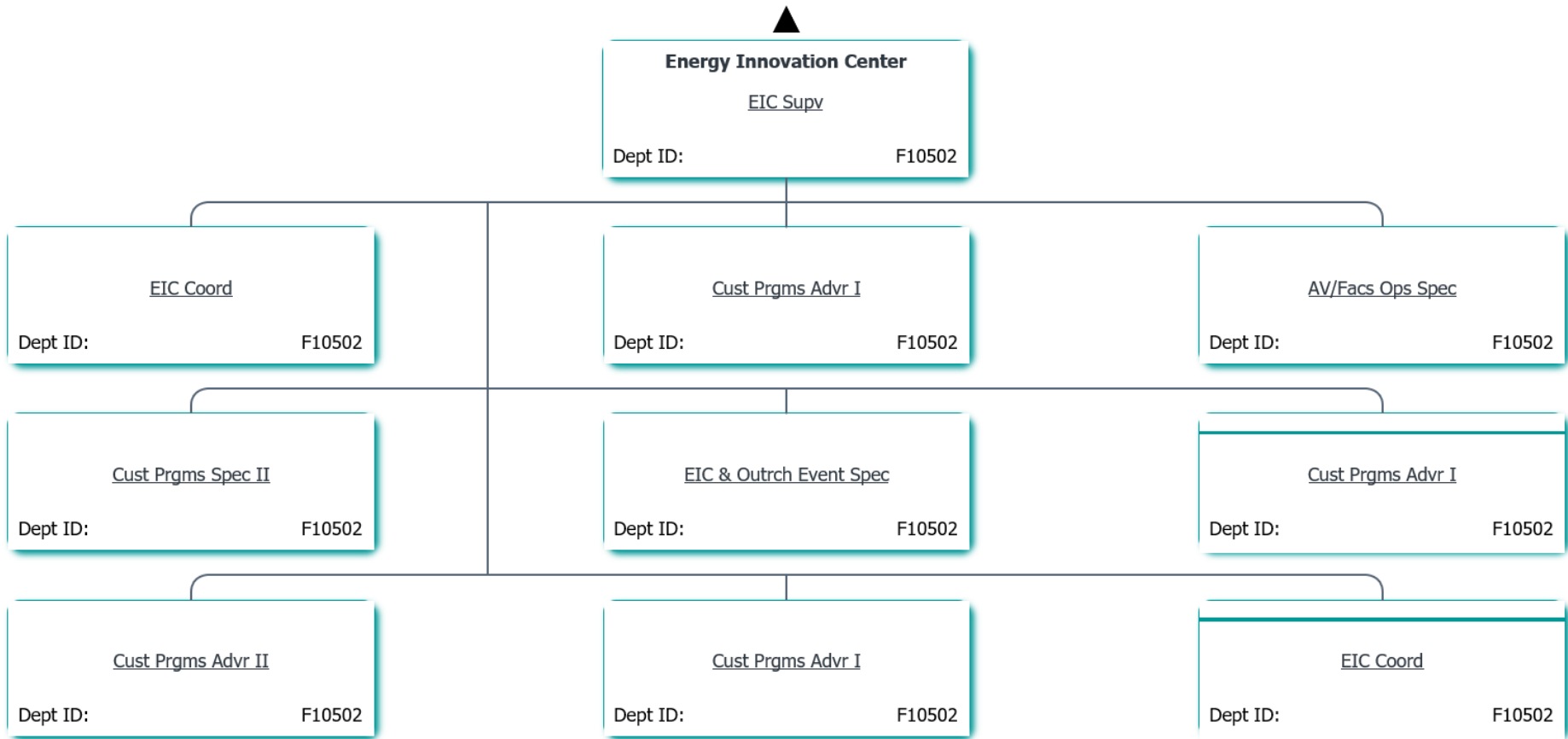


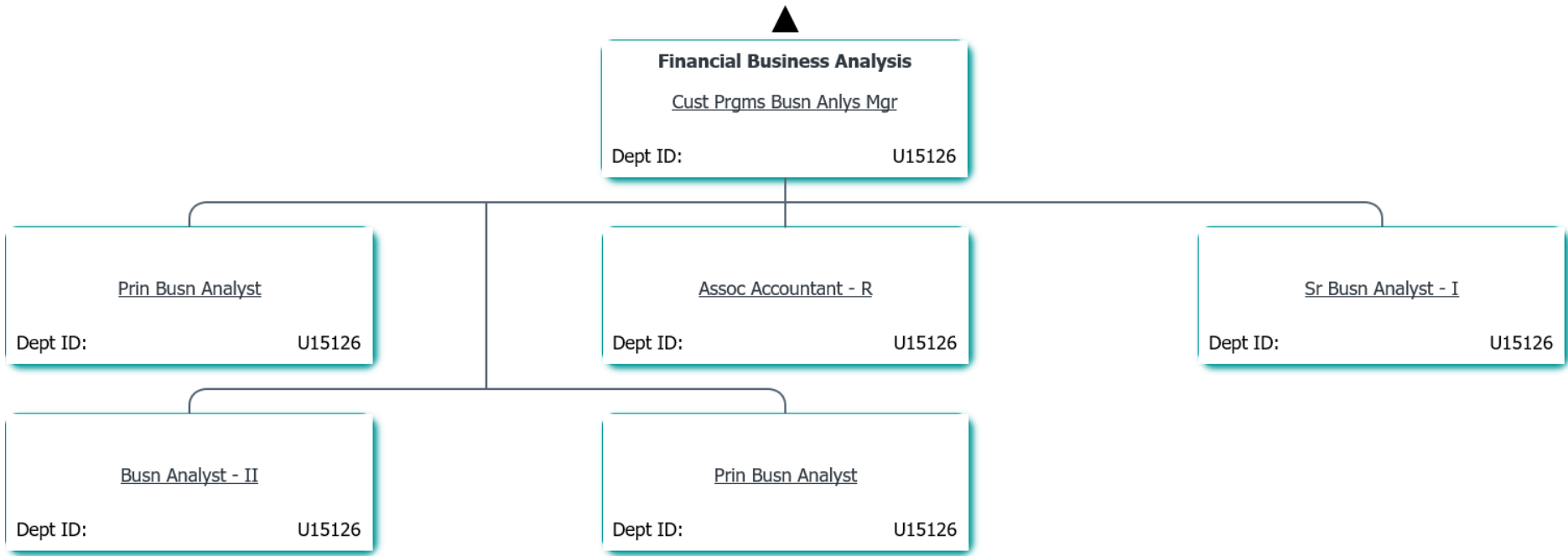


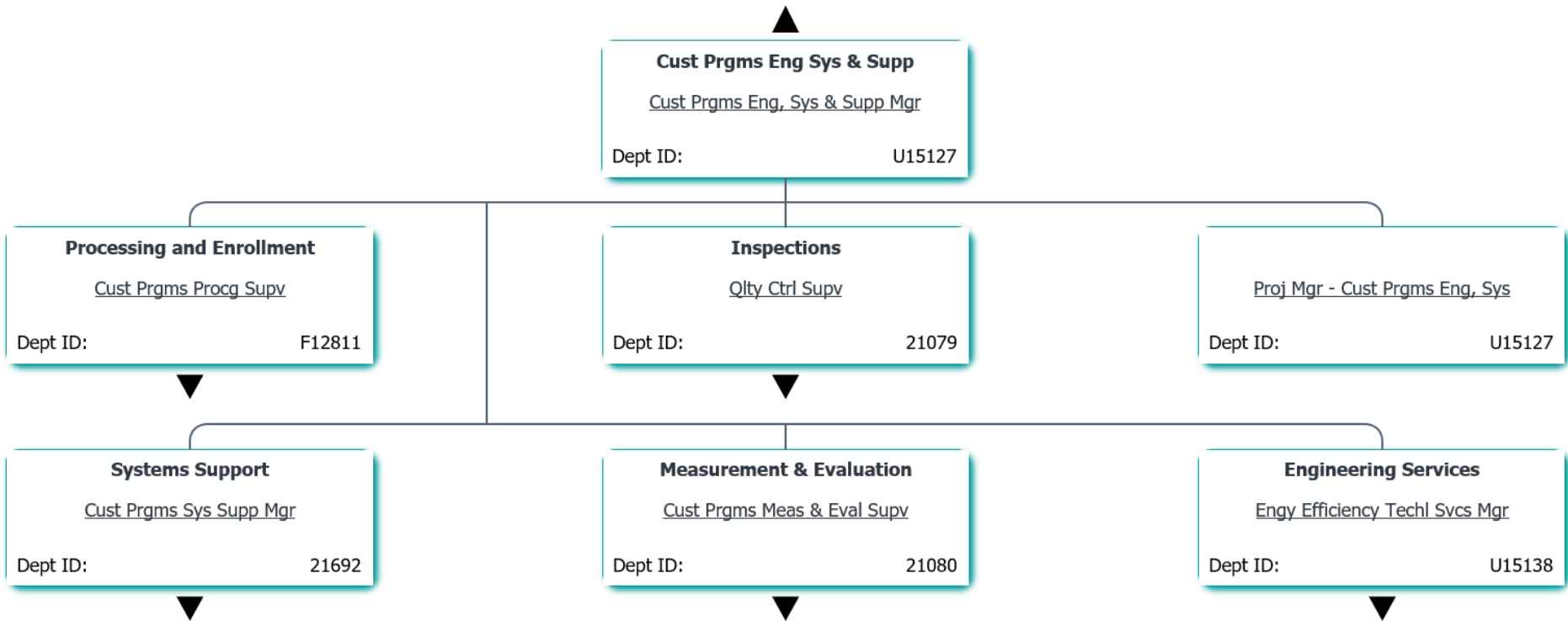


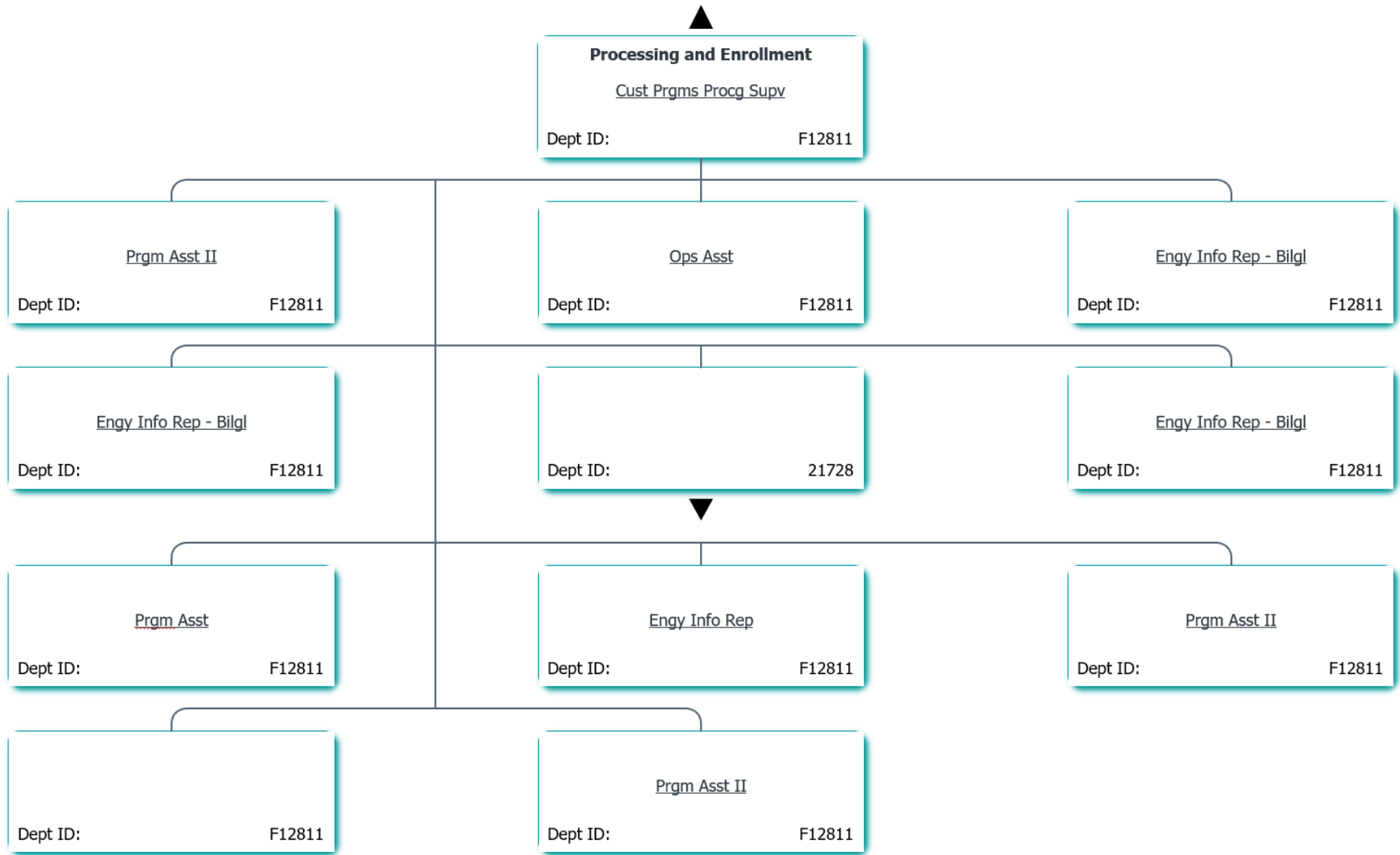


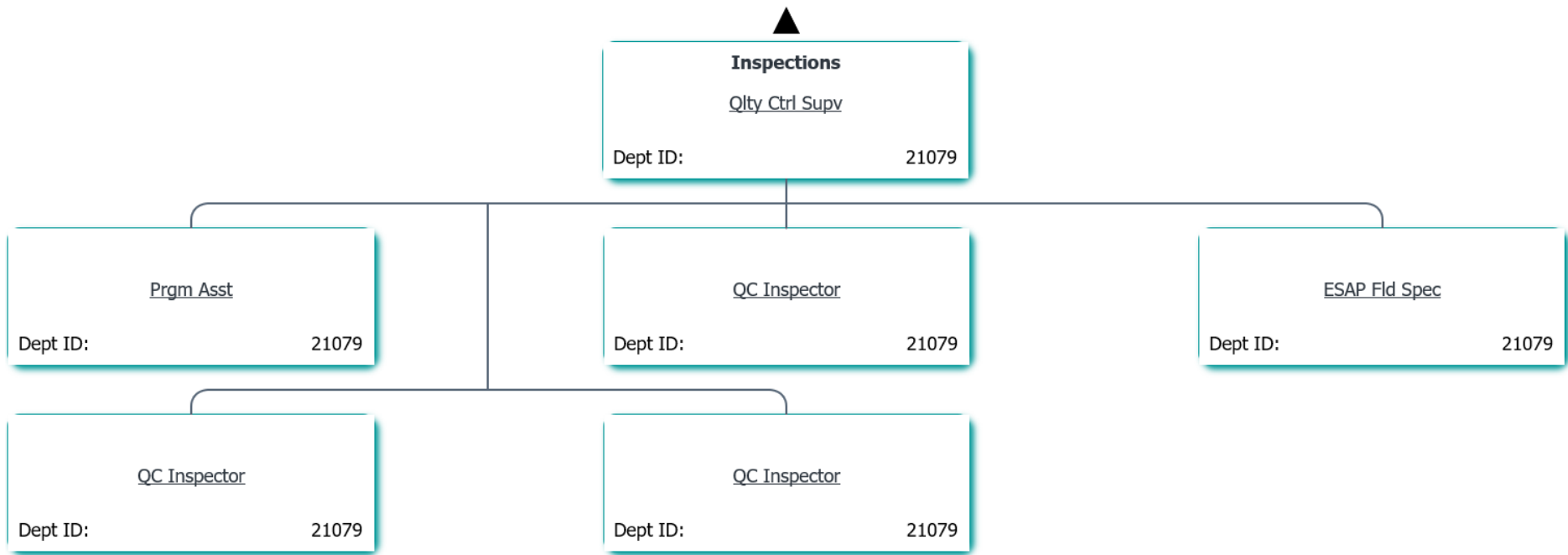


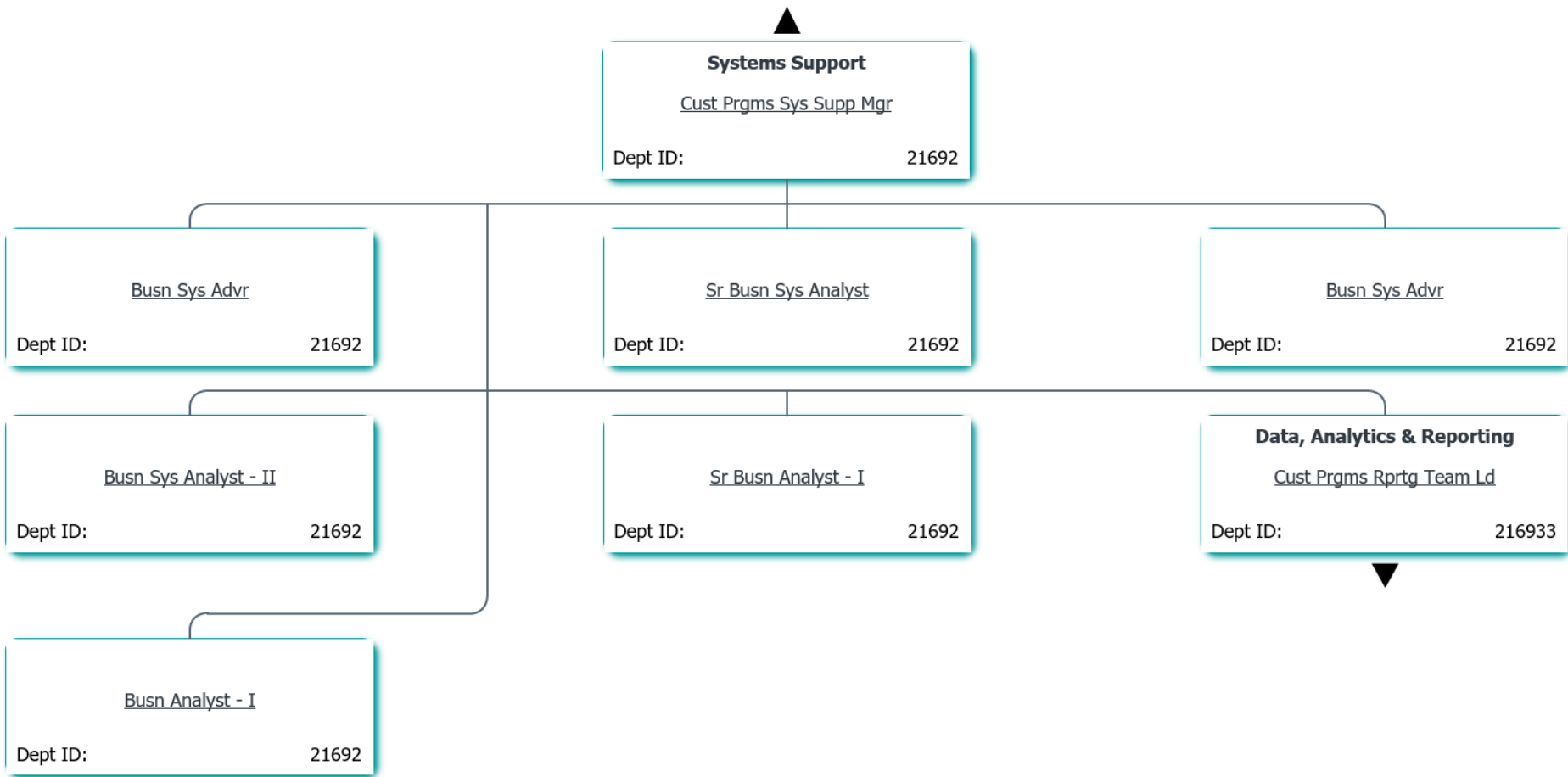














Data, Analytics & Reporting

Cust Prgms Rprtng Team Ld

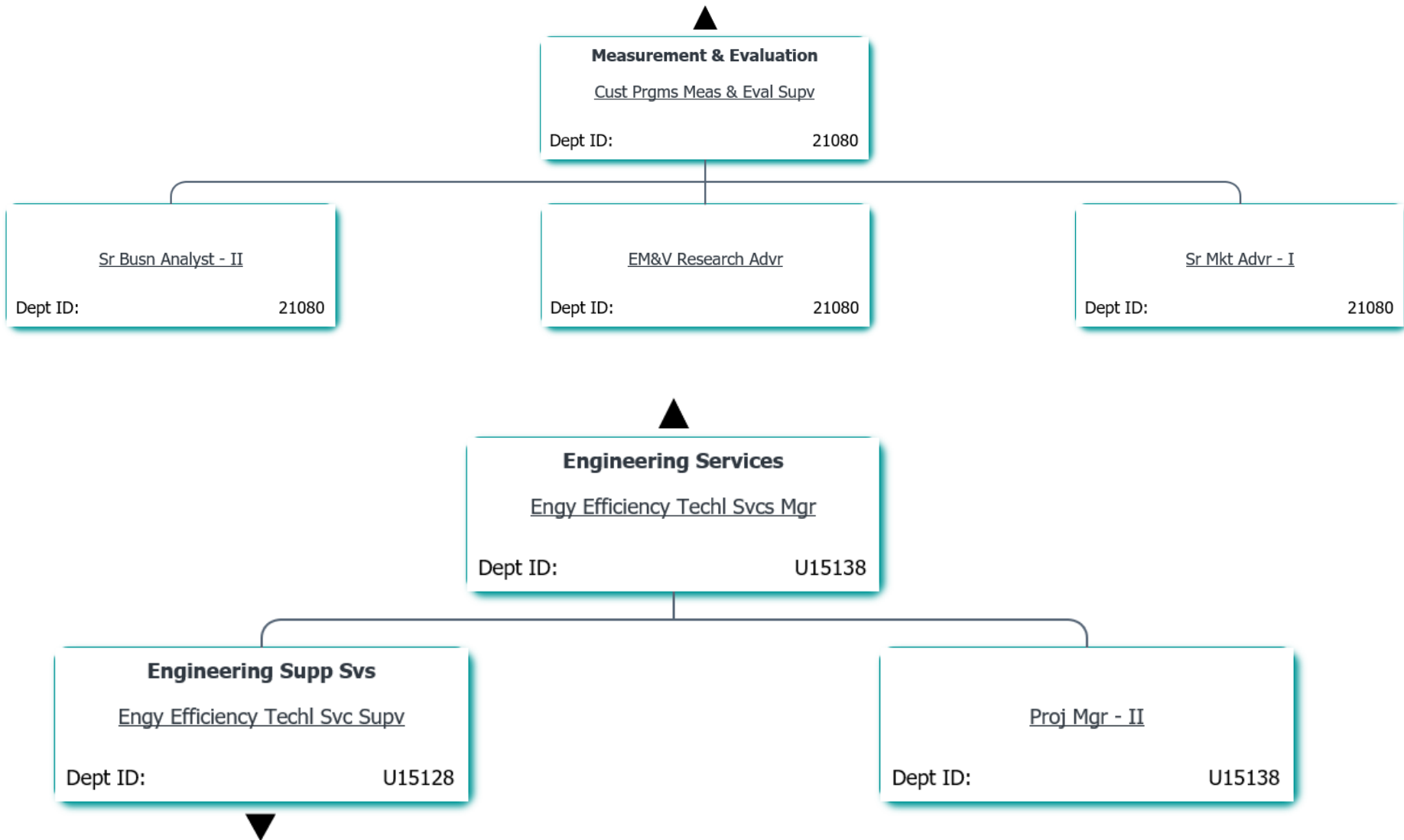
Dept ID: 216933

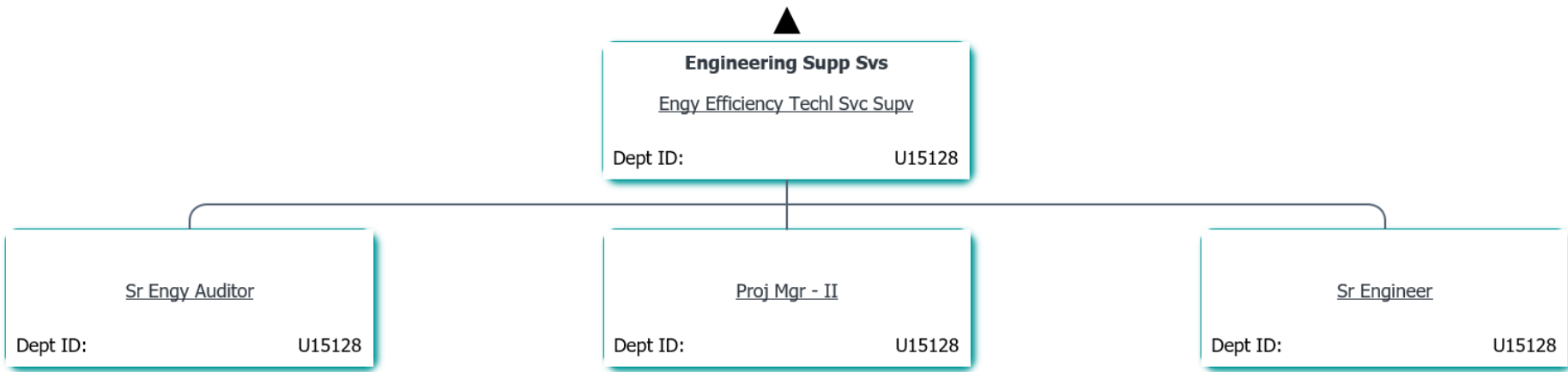
Busn Sys Advr

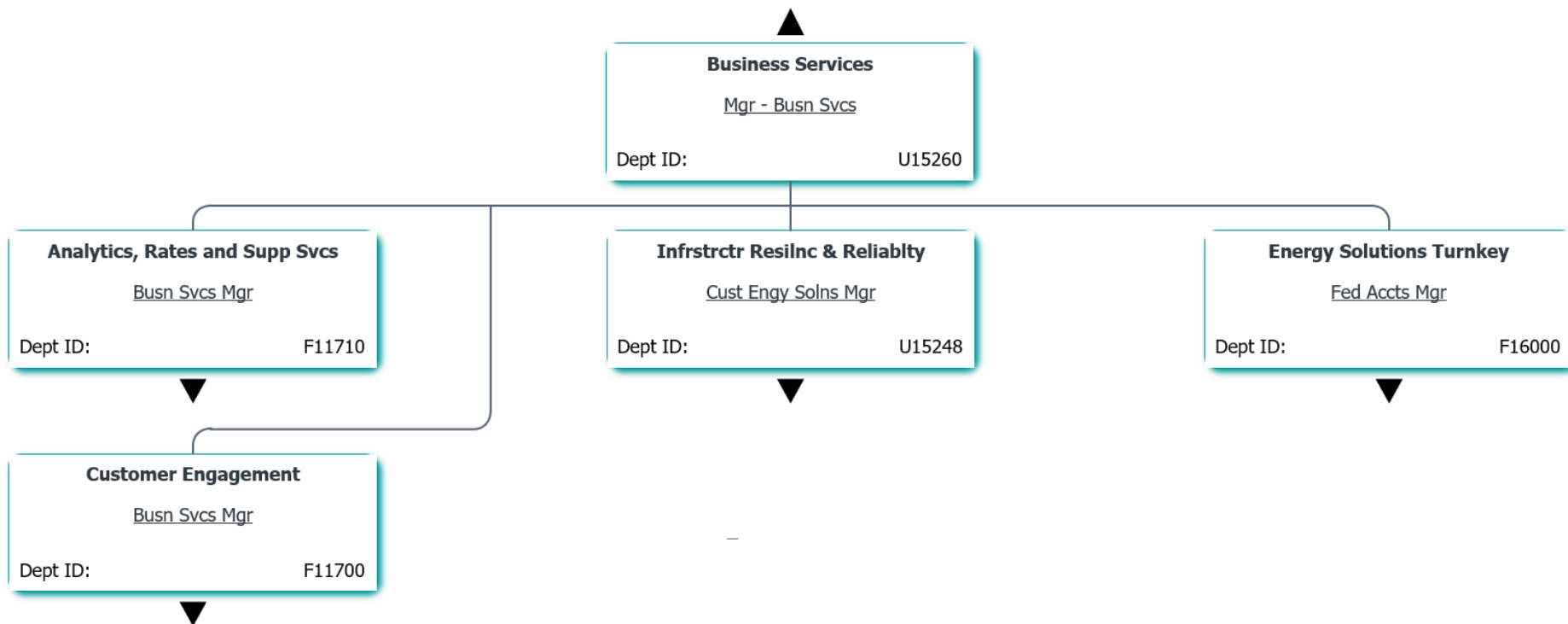
Dept ID: 216933

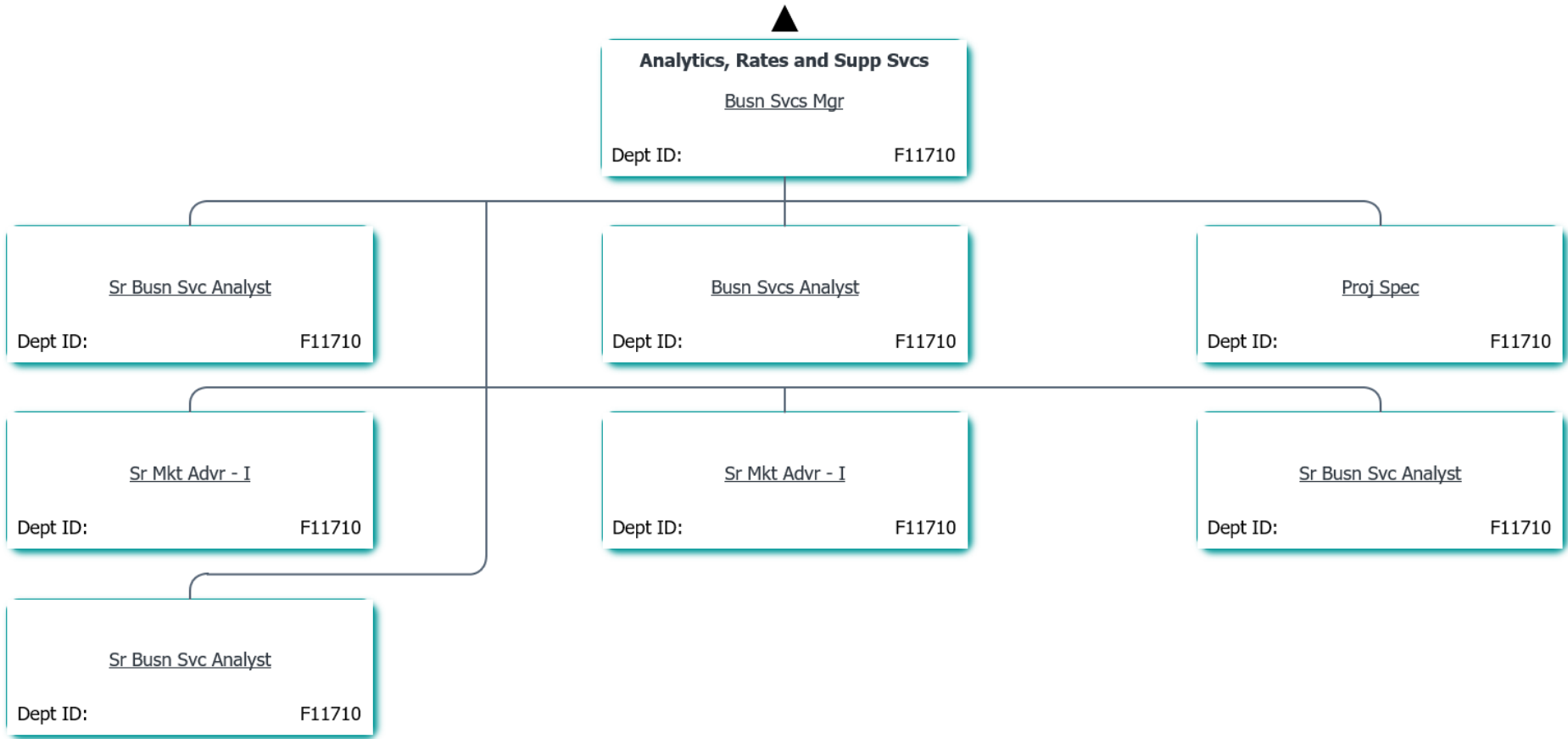
Sr Busn Analyst - II

Dept ID: 216933

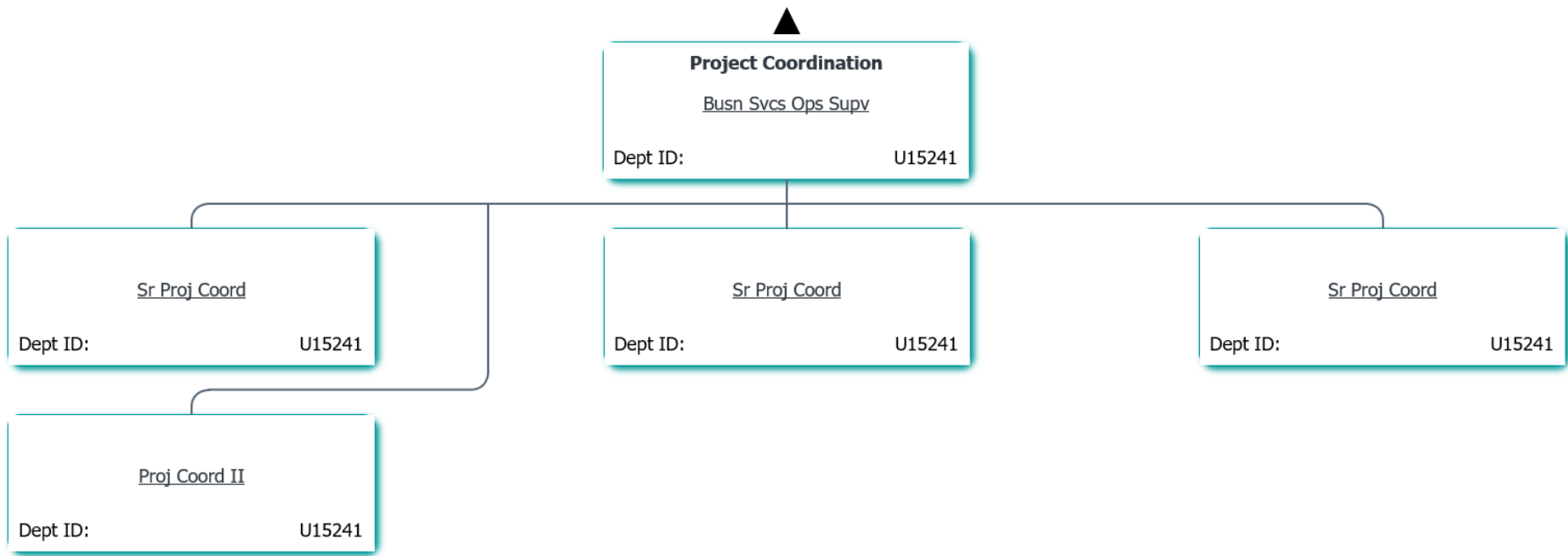


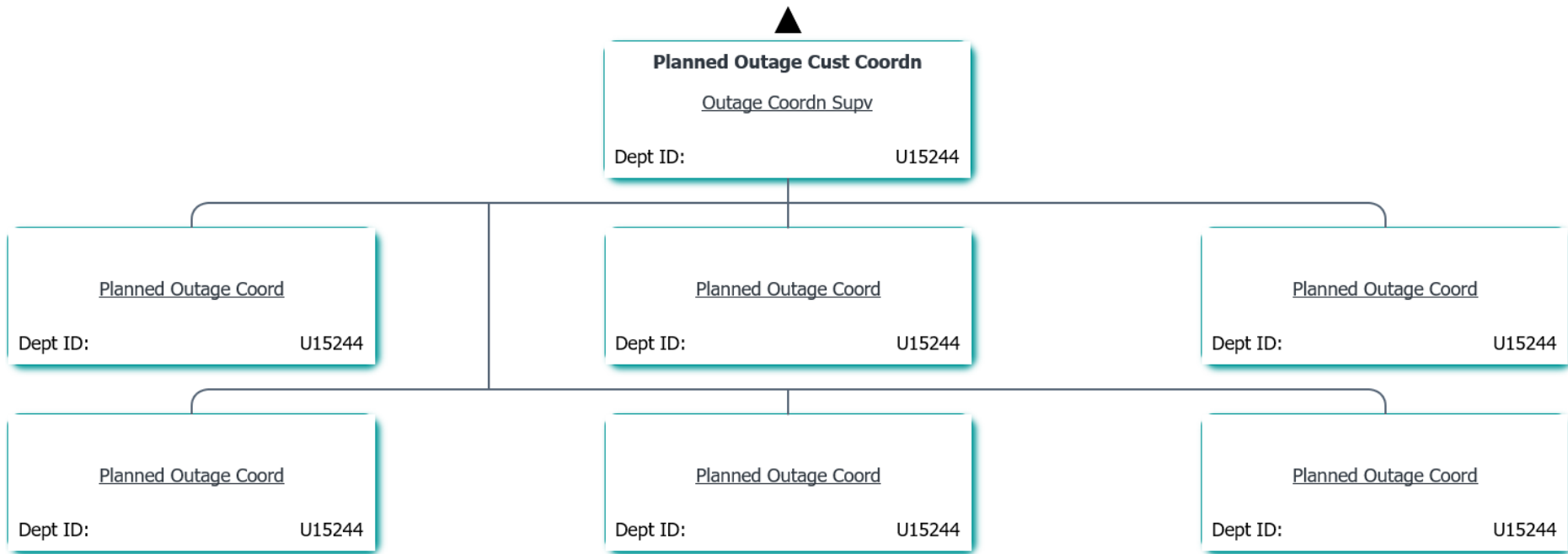


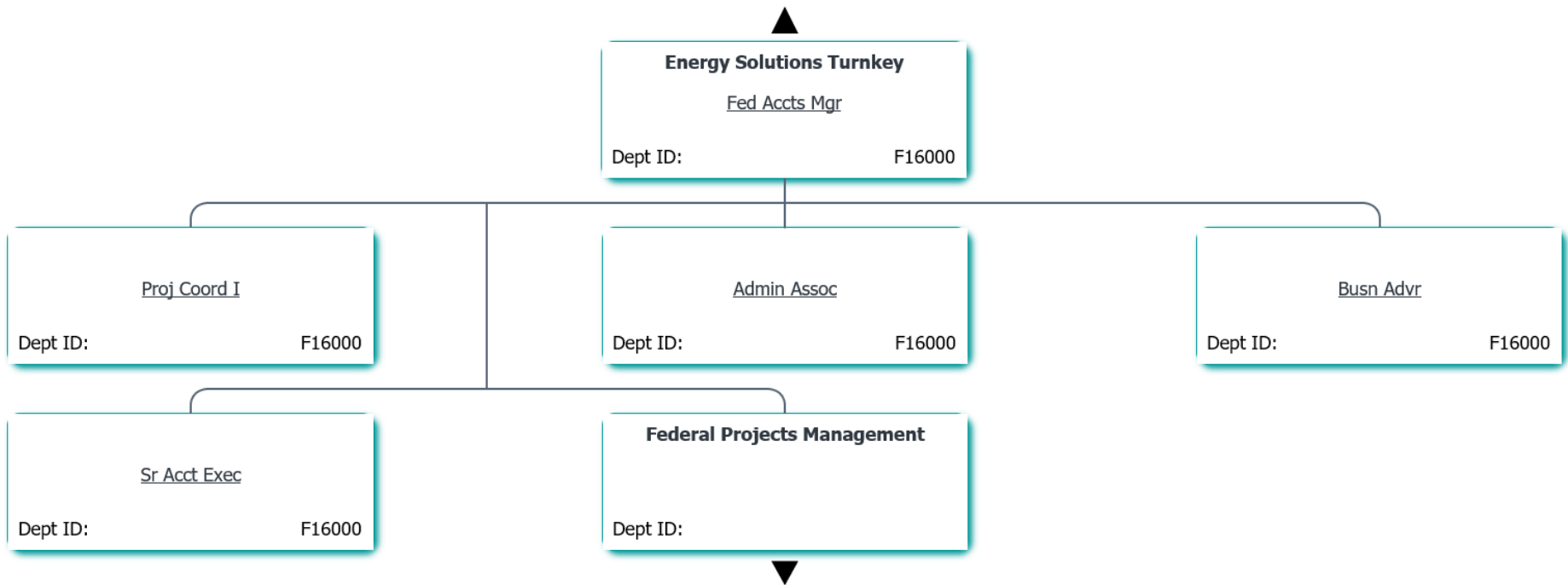


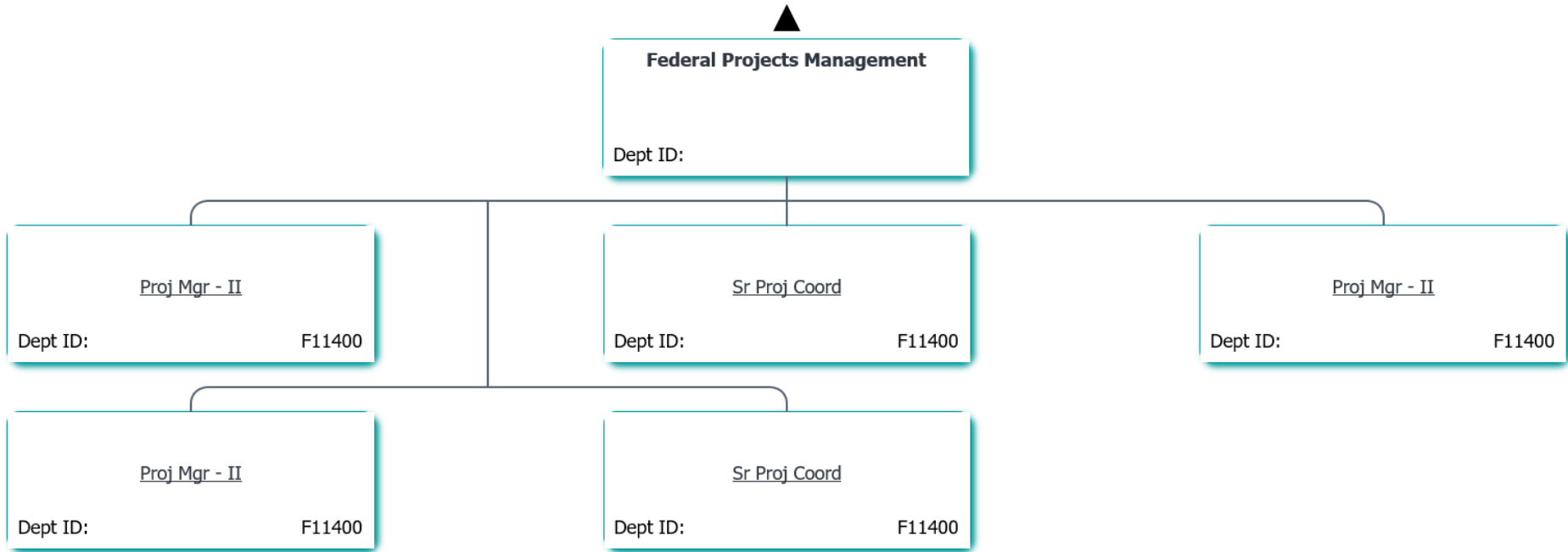


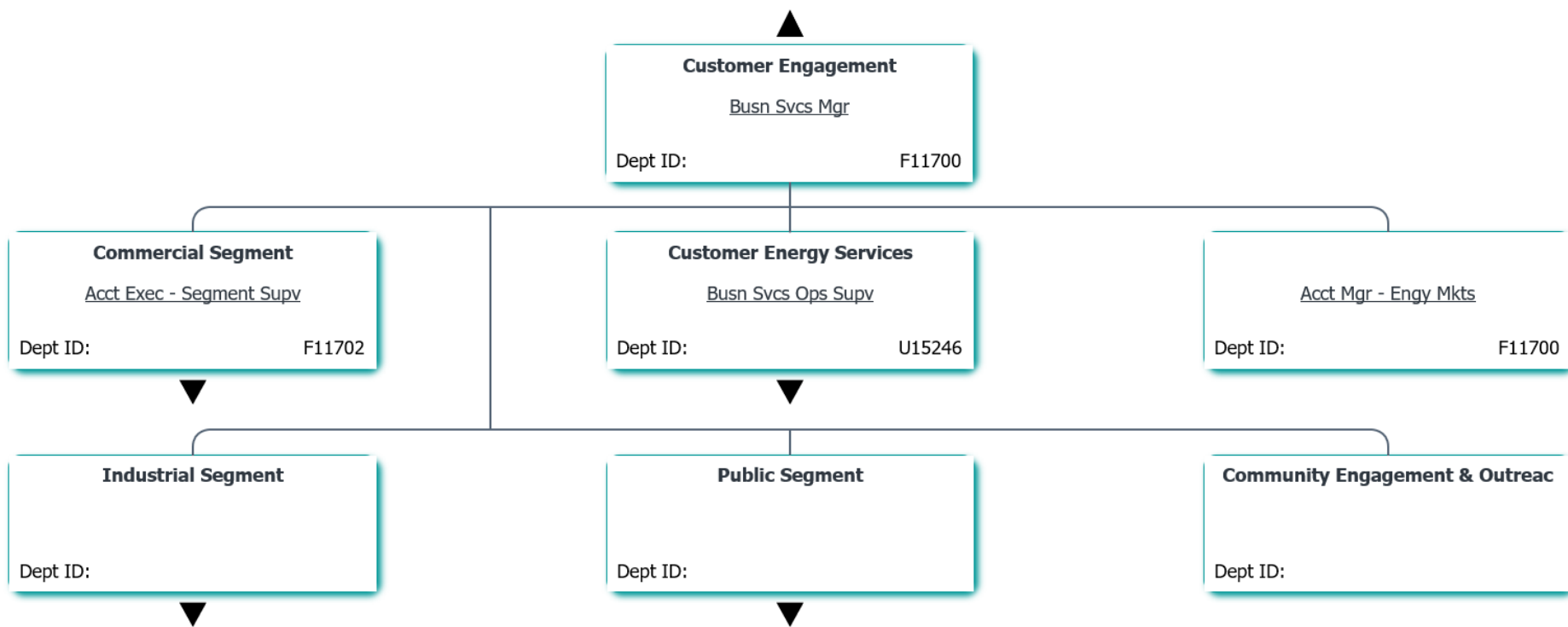


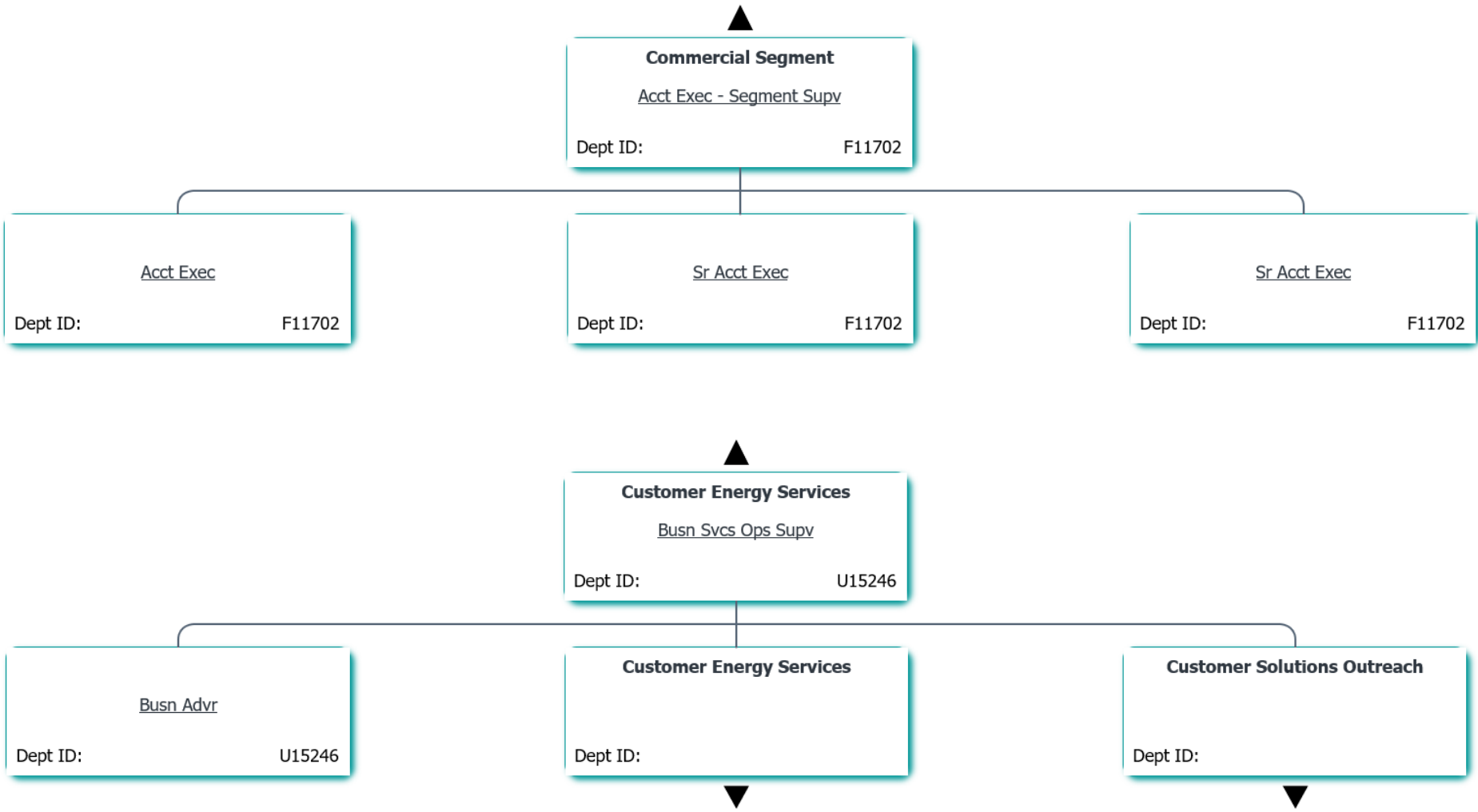


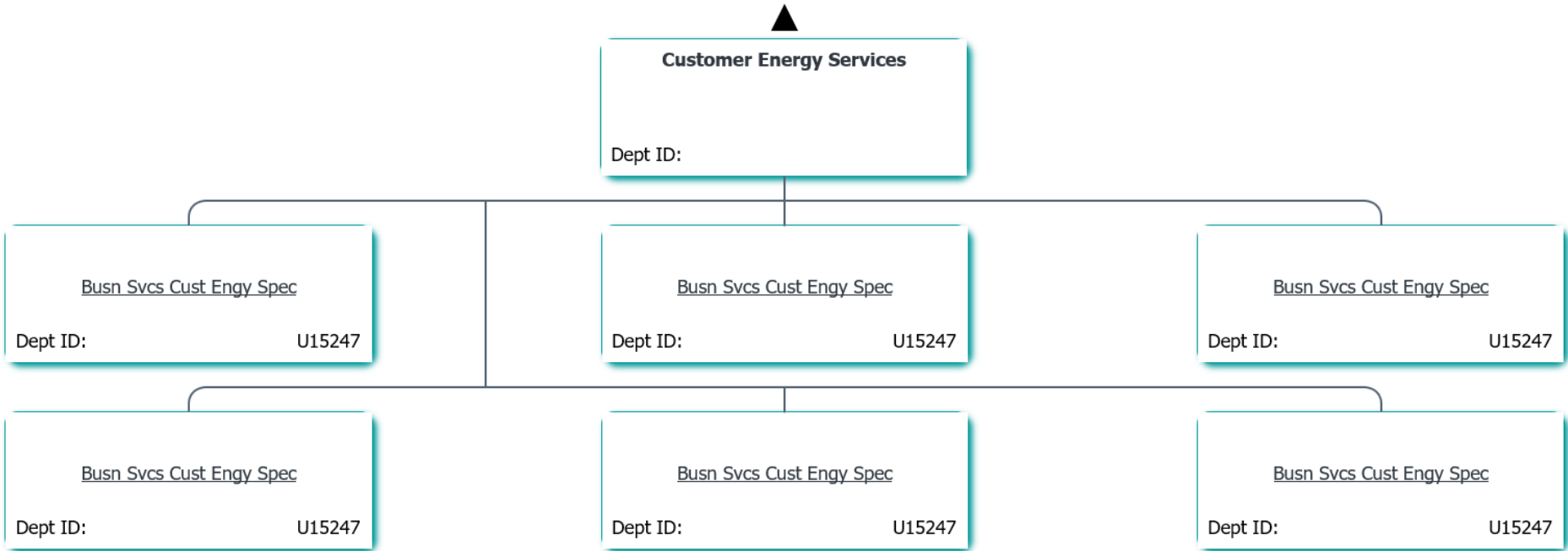


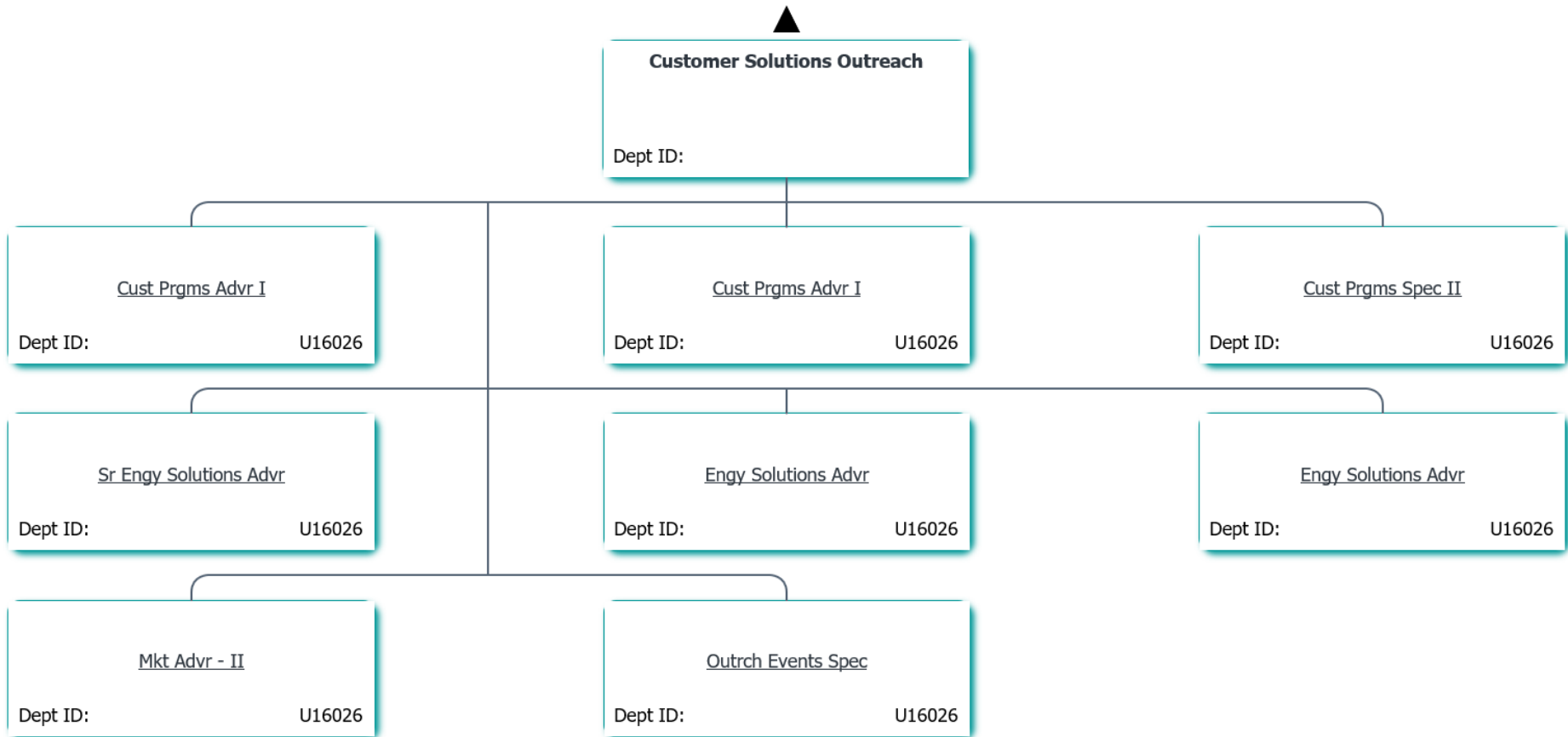














Industrial Segment

Dept ID:

Sr Acct Exec

Dept ID:

F11703

Sr Acct Exec

Dept ID:

F11703

