

Semi-Annual Report

SAN DIEGO GAS & ELECTRIC COMPANY

Third-Party Energy Efficiency Program Solicitations

Reporting Period: October 2021 through March 2022

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June 2022

Disclaimer: This report includes sensitive and confidential information.

INDEPENDENT EVALUATORS' SEMI-ANNUAL REPORT

SAN DIEGO GAS & ELECTRIC COMPANY

TABLE OF CONTENTS

I. Overview.....	1
A. Purpose.....	1
B. Background.....	1
C. Overview of Solicitations.....	3
D. IE Assessment of Solicitations.....	5
E. Effective Solicitation Practices.....	7
F. PRG Feedback on Solicitations.....	8
G. Stakeholder Feedback from CPUC Workshops.....	9
II. Attachments: Individual IE Semi-Annual Solicitation Reports.....	12
Local Residential Single-Family.....	14
Statewide Plug and Load Appliance.....	22
Local Public Sector Federal.....	42
Local Public Sector K-12.....	47
Local Government.....	53
Local Agriculture.....	60
Statewide Residential HVAC Quality Installation and Quality Maintenance.....	74
Local Industrial Sector.....	101
Local Industrial–Port Tenants.....	114

I. Overview

A. Purpose

The Independent Evaluators' (IE) Semi-Annual Report (Semi-Annual Report or Report) provides an assessment of San Diego Gas & Electric's (SDG&E or the Company), third-party energy efficiency (EE) program solicitation process, and progress by SDG&E's assigned IEs.

Each investor-owned utility (IOU) is required to select and utilize a pool of IEs with EE expertise to serve as consultants to the Procurement Review Group (PRG).¹ For the entire solicitation process, the IE serves as a consultant to the PRGs, participates in PRG meetings, and provides assessments of the overall third-party solicitation process and progress.² The IEs are privy to viewing all submissions, are invited to participate in SDG&E's solicitation-related discussions, and are bound by confidentiality obligations.

In Decision 18-01-004, the California Public Utilities Commission (CPUC) directs that a semi-annual report on the overall process and conduct of the third-party solicitations be filed in the relevant EE rulemaking proceeding.³ This Report is provided in response to this requirement and represents an assessment of the program solicitation activities conducted from October 1, 2021, through March 31, 2021. This Report provides feedback to SDG&E, the PRG, and other stakeholders on the progress of SDG&E's EE program solicitations in compliance with this CPUC direction.

This Report identifies areas for improvement and highlights effective practices as noted by the IEs based on SDG&E's current program solicitations. The Report does not replace the required Final IE Solicitation Reports, which each respective assigned IE will provide to SDG&E and its PRG after each solicitation. These reports will be filed periodically throughout SDG&E's entire third-party solicitation process.

B. Background

In August 2016, the CPUC adopted Decision 16-08-019, which defined a "third-party program" as a program proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator (PA). In January 2018, the CPUC adopted Decision 18-01-004 directing the four California IOUs—SDG&E, Pacific Gas and Electric (PG&E), Southern California Edison (SCE), and Southern California Gas Company (SoCalGas)—to ensure that their

¹ Decision 18-01-004, Ordering Paragraph 2.

² Id, p. 38.

³ Id, Ordering Paragraph 5.c.

EE portfolios contain a minimum percentage of third-party designed and implemented programs by predetermined dates over the next three years.⁴ Further directions were included in Decision 18-05-041, which states:

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

Two-Stage Solicitation Approach

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

The CPUC also requires each IOU to assemble an EE PRG. SDG&E's PRG, a CPUC-endorsed entity, is composed of non-financially interested parties such as advocacy groups, utility-related labor unions, and other non-commercial, energy-related special interest groups. The PRG oversees SDG&E's EE solicitation process (both local and statewide), reviewing procedural fairness and transparency. This oversight includes examining overall procurement prudence and providing feedback during all solicitation stages. Each IOU briefs its PRG periodically throughout the process on topics including RFA and RFP language development, abstract and proposal evaluation, contract negotiations, and development of the program's Implementation Plan.

Extension Request

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

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

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

⁵ Ordering paragraph 5.C.

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

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

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

Guidance Letter from Energy Division

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

Solicitation Schedules

- Allocate up to 12 weeks from RFA release to notification of bidders of invitation to respond to RFP.
- Allocate up to 15 weeks from RFP release to notification to bidders' invitation to contract negotiation.
- Execute contract 12 weeks after an invitation to contract negotiation unless the IOU is conducting multiple negotiations within the same solicitation, the program is complex, or the agreement addresses challenging contract elements.
- Update the solicitation schedules in the next quarterly update.

RFA Guidance

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

IOU Communication to Bidders

- Notify bidders of the status of the solicitation throughout the entire process.
- Provide better feedback to bidders by delivering on commitments made in response to stakeholder requests.
- Provide non-advancing bidders notification if their abstracts/proposals didn't advance due to incomplete or non-conforming, a violation, or an unmitigated conflict of interest.
- After the June 30 and September 30, 2020 deadlines are met, Energy Division encourages the IOUs to make feedback available to bidders notified prior to the date of this letter that they did not advance to the next stage of solicitations.

C. Overview of Solicitations

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

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

Table C.1: Solicitations Overview			
	Solicitations	Assigned IEs	Solicitation Status
1	Local Small Commercial	The Mendota Group	Complete
2	Local Large Commercial	The Mendota Group	Complete
3	Local Multifamily Residential	MCR Corporate Services	Complete
4	Local Residential Single-Family 1.0	Don Arambula Consulting	Canceled
5	Local Residential Single-Family 2.0	Don Arambula Consulting	RFP
6	Statewide Plug Load and Appliance (PLA)	Don Arambula Consulting	Contract Executed
7	Statewide Upstream/Midstream Heating, Ventilation, and Air-Conditioning (HVAC)	The Mendota Group	Complete
8	Local Public Sector Federal	MCR Corporate Services	Contract Executed
9	Local Public Sector K-12	MCR Corporate Services	Contract Executed
10	Local Government	Don Arambula Consulting	Contracting
11	Local Agriculture	Barakat Consulting, Inc.	Contracting
12	Statewide Residential HVAC Quality Installation and Quality Maintenance	Don Arambula Consulting	RFA
13	Local Behavioral	MCR Corporate Services	RFP
14	Local Industrial Sector	The Mendota Group	Contracting
15	Local Industrial Sector – Port Tenants	The Mendota Group	Contracting
<p>Legend</p> <p>Pre-RFA: Activities conducted before RFA release.</p> <p>RFA: Includes bid preparation and evaluation period.</p> <p>Pre-RFP: Activities conducted before RFP release.</p> <p>RFP: Includes bid preparation and evaluation period.</p> <p>Contracting: Contract negotiations are being held.</p> <p>Contract Executed: Both parties signed the Contract.</p> <p>Complete: All solicitation activities have concluded and reported in prior Semi-annual reports.</p> <p>Suspended: Solicitation held until a later date.</p> <p>Canceled: Solicitation is withdrawn; scope may be included as part of a future solicitation.</p>			

During the entire current solicitation process, the following contracts have been executed and applied to SDG&E’s minimum third-party program threshold requirement as directed by the CPUC in Ordering Paragraph 4 of Decision 18-05-041.

Table C.2: Summary of Executed Contracts

Solicitation	Implementer	Program Name	Contract Execution Date	Contract Value ⁸	Diverse Business Enterprise (DBE)% ⁹
Local Small Commercial	Willdan Energy Solutions	Small Commercial Program	June 30, 2020	\$46,200,000	40.0%
Local Large Commercial	TRC Solutions, Inc.	Comprehensive Energy Management Solutions	June 30, 2020	\$45,681,894	7.2%
Local Multifamily Residential	Synergy Companies	Residential Zero Net Energy Transformation Program	June 30, 2020	\$14,570,000	40.0%
Statewide Upstream/Midstream HVAC	CLEAResult Consulting, Inc.	Comfortably California Program	September 30, 2020	\$36,974,313	3.0%
Public Sector: Federal	TRC Solutions, Inc.	Federal Energy Program	July 1, 2021	\$18,360,000	6.3%
Public Sector: K-12	California Retrofit, LLC	K-12 Schools Energy Efficiency Program	July 1, 2021	\$10,501,926	100.0%
Total				\$172,288,133	23.4%

D. IE Assessment of Solicitations

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

⁸ All contract values as of March 31, 2022; final values will be reflected in Advice Letter filings and IE Final Reports.

⁹ The DBE spend is an estimate from the contracts to show the percentage of the budget that is expected to be subcontracted with DBE firms. Actual DBE spending will be reported by the IOU per General Order 156.

Table D.1: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Bidder Interview Process	SDG&E holds bidder interviews seeking clarifications on specific aspects of a proposal before final selection. SDG&E uses a scorecard to record scores that are considered along with the RFP scores in the final selection of a proposal.	The IEs recommend that SDG&E work with its collective IEs and PRG to make key adjustments to the bidder interview process, including interviews prior to calibration.	SDG&E has collaborated with its PRG and collective IEs to improve the bidder interview process.
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 future submittals.	SDG&E has improved its bidder feedback process by providing more details in written notifications and offering bidders debrief sessions. Debrief sessions include an opportunity for bidders to also give feedback to SDG&E.
Company's Proposed Additional Ts&Cs	SDG&E does not provide its proposed additional Ts&Cs to potential bidders at the RFA stage.	SDG&E should provide its Company's proposed Additional Ts&Cs to bidders during the RFA stage. This informs potential bidders about SDG&E's proposed Ts&Cs, which they may not find acceptable, and, as a result, a bidder may decline to participate in the solicitation.	SDG&E does not provide Ts&Cs at the RFA stage as a general practice. SDG&E's proposed Ts&Cs will be provided to bidders at the RFP stage. However, SDG&E's Ts&Cs can be accessed on demand at its public Third-Party EE Solicitations website.

Table D.1: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Reduce Solicitation Timelines	SDG&E should revisit its solicitation schedule and reduce the timelines associated with various schedule milestones. Extended evaluation and contract negotiation phases have contributed to delays.	SDG&E should strive to reduce the solicitation timeline.	SDG&E has successfully reduced timelines and continues to refine its solicitation process to further respond to concerns.
Continuous Improvement	Surveying SDG&E evaluators at each stage of the solicitation will allow the SDG&E to identify opportunities for improvement and apply them to future solicitations.	Seek feedback after each stage of the solicitation from the evaluation team. Track the recommendations and changes in approaches based on recommendations.	SDG&E has not adopted this recommendation for the majority of the solicitations, nor have they adopted this as an effective practice across all solicitations.

E. Effective Solicitation Practices

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

Table E.1: Effective Solicitation Practices

Effective Practice	IE Analysis	First Reported in Semi-Annual Report
Bidder debriefs: Providing more detail to bidders so they can improve future submittals.	SDG&E has improved its bidder feedback process by providing more details in written notifications and offering bidders debrief sessions. Reasons may include low evaluation scores, low TRC scores, challenges with measure mix/budget, and savings. Debrief sessions include an opportunity for bidders to also give feedback to SDG&E.	June 2021

Table E.1: Effective Solicitation Practices		
Effective Practice	IE Analysis	First Reported in Semi-Annual Report
Engage the Training Team During Evaluation Training	SDG&E has adopted a Mock abstract or other interactive approaches during the evaluation training process for the RFA phase and an interactive training approach in the RFP stage. These approaches help to engage the evaluation team and provide an opportunity to modify criteria before scoring. *	December 2021
Incorporating a continuous improvement process during the solicitation	Requesting feedback from the evaluation team after each stage of the solicitation will allow the team to identify opportunities for improvement and apply them in future stages and solicitations. SDG&E adopted this approach with the Ag and Industrial solicitations. *	December 2021
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. SDG&E formally communicates its response to each item directly to the PRG and its collective IEs.	June 2021
Moving from Excel to Word in Solicitation Response Forms	The IEs and the PRG recommend that SDG&E use Word instead of Excel for qualitative responses. SDG&E initially adopted this for the RFA stage and later the RFP stage.	June 2021
Reduce the Number of RFA/RFP Questions	The IEs recommended that SDG&E reduce the number of questions in the RFA and RFP stage to make the process more straightforward for bidders and scorers alike. SDG&E reduced the number and complexity of questions in both the RFA and RFP stages.	June 2021
Real-Time Answers at Bidders' Conference	SDG&E uses Sli.do to conduct their bidders' conferences. SDG&E includes subject matter experts (SMEs) available on another call simultaneously and behind the scenes to field questions and provide answers in real-time for bidders. SDG&E responds to all bidder questions in writing regardless of whether SDG&E answered the question during the conference.	December 2020
		December 2020
Multiple Rounds of Questions and Answers (Q&A)	For both the RFA and RFP stages, SDG&E provides more than a single round of Q&A following bidders' conferences, allowing bidders to provide follow-up questions, and affording bidders more opportunities to ask questions.	December 2020

**no longer consistently applied across solicitations*

F. PRG Feedback on Solicitations

SDG&E generally accepted PRG feedback except for those mentioned in table C.2 above and the feedback contained in the individual reports. For a greater discussion of the PRG and IE recommendations, refer to the individual IE solicitation reports presented in Attachment II.

G. Stakeholder Feedback from CPUC Workshops

January 2022 Stakeholder Meeting

The CPUC, in Decision 18-01-004, requires that its Energy Division host semi-annual workshops through the end of 2022 to “allow for information discussion and problem-solving among stakeholders about the progress of the third-party solicitations and for consideration of the semi-annual IE reports.”¹⁰ The Energy Division held the last Stakeholder workshop on January 31, 2022, and 133 people attended via Webex. The session focused on recapping all EE third-party solicitations from both SDG&E’s and the IEs’ perspectives. It provided an opportunity for stakeholders to ask questions, provide comments, and receive updates on the solicitations. Participants included PRG members, IEs, CPUC Energy Division staff, IOUs, program implementers, prospective bidders in solicitations, and other stakeholders. The meeting presentations and agenda are available on the California for Energy Efficiency Coordinating Committee’s (CAEECC) website.¹¹

The topics presented to stakeholders included the following:

IOU Portfolio Updates and Upcoming Solicitations: Each of the four IOUs provided updates on the following:

- Executed contracts and how they fit into their portfolios
- Status of contracts meeting the 2022 threshold requirement
- Progress on EE Business Plan Applications
- Innovative program strategies
- Approaches to contract renewals
- One-stage summer reliability solicitations process

Stakeholders expressed general concern on several issues related to the process, including:

- Extending, re-soliciting, or terminating contracts and implementing improvements to solicitations before the next tranche of contracts are executed;

¹⁰ Decision 18-01-004, Ordering Paragraph 26

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

- Reducing solicitation timelines or removing the RFA stage from the process, especially in meeting the urgent need being addressed in summer reliability solicitations and expanding on that single stage solicitation process;
- Diversity of suppliers (SBE and DBE) in the overall portfolios, in current contracts¹², and in future solicitations;
- Restrictive contract terms, including requirements for 100 percent pay-for-performance, requiring implementers to carry the costs of services and incentives sometimes for several years, requirements for performance assurance payments to the utilities upfront, very high liability limits, and other insurance requirements that are barriers to smaller and diverse businesses entering into contracts.

The IOUs commented that multiple factors would be considered to decide on extension, re-solicitation, or termination of contracts that include program performance, portfolio metrics, customer impact, changing portfolio needs, and diverse and small business enterprise markets. Issues related to specific contract terms were not addressed given the confidential nature of IOU/Implementer contracts.

IE Presentation: The IEs presented observations and effective practices noted from the most recent Semi-Annual Reports (April 1, 2021 through September 30, 2021) on how the IOUs were conducting solicitations. Major topics included promotion of supplier diversity, risk sharing, and efforts to focus on continuous improvement at each stage of the solicitations¹³.

Opinion Dynamics Evaluation Report on Third-Party Solicitations: The evaluation report¹⁴ on third-party solicitations delivered an analysis of some of the specific issues raised by the IOUs and IEs. There were questions and discussions from stakeholders on these topics, with a specific focus on lengthy 2-stage solicitation timelines and imbalanced allocation of risk to Implementers, including the difficulty faced by bidders in contract negotiations.

Cost-Effectiveness Tool (CET): Energy Division presented the history of CET, regulatory function and uses, and CET outputs. Energy Division reviewed all the updates and processes from CET changes implemented in 2021. ED staff presented which versions to use and where to find them. Energy Division also provided links to resources for those seeking to use the CET and agreed to request follow-up training sessions.

Cultivating Small and Diverse Businesses as Third-Party EE Implementers: The PRG's SBE and DBE Improvements working group reported on improvements made since the July 2021 Stakeholder Forum. The working group had developed recommendations that reflected and

¹² The Energy Division and Stakeholders noted that two large firms make up a large percentage of contracts

¹³ More IE observations can be found in past Reports and in this Report in the Observations and Effective Practices sections.

¹⁴ [Opinion Dynamics Report on CPUC Public Document Area \(energydataweb.com\)](#)

addressed prior stakeholder feedback on this topic. In collaboration with the IOUs, IEs, and PRG members, the group implemented operational improvements that could be completed quickly (within 2-4 months). These included clarifying eligibility for DBE and SBE certification in solicitation documents, increasing ways to foster connections between SBE/DBEs and with Primes through networking events and solicitation contact lists sharing, greater transparency in bid scoring for supplier diversity, ongoing efforts to reduce the complexity of solicitation processes and requirements, and IE monitoring for contract terms that could adversely impact SBE/DBE.

Bidder Feedback: The IOUs reported on their recent experience with bidder debriefs following solicitations and how the information they provide to bidders has evolved in response to stakeholder concerns and requests. Each IOU presented its specific improved methods and processes related to individual bidder feedback. All of the IOUs except for SCG provide options for one-on-one feedback with unsuccessful bidders. It was specifically noted by a stakeholder that PG&E's recently enhanced feedback process was more useful with the addition of relative scoring feedback because it provided a lot more clarity and additional subcategories.

II. Attachments: Individual IE Semi-Annual Solicitation Reports

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Local Residential Single-Family Solicitation

Reporting Period: October 2021 through March 2022

Prepared by:
Don Arambula Consulting



Disclaimer: This report includes sensitive and confidential information.

Local Residential Single-Family

1. Solicitation Overview

1.1 Overview

b. Scope

This Report on the Local Residential Single-Family solicitation covers the period between October 2021 through March 2022.

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

c. 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 energy savings for electric and/or natural gas. The contract will be a three-year agreement with the opportunity for two one-year extensions, not to exceed a five-year agreement. The annual budget has a not-to-exceed amount of \$1.9 million per year. SDG&E may elect to divide the budget among multiple program implementers. The solicitation did not include a cost-effectiveness ratio target but did include energy savings goals.

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 SDG&E's solicitation schedule presented to the bidder community on the CAEECC site in December 2018. SDG&E later revised the solicitation schedule with an RFA released in October 2019. SDG&E could not come to terms with the selected bidder and notified the bidder that it was withdrawing from contract negotiations concluding the unsuccessful solicitation.

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

Residential Single-Family 2.0

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

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

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFA Stage		
1. RFA Released	March 22, 2021	12 weeks
2. Optional Bidders' Conference	March 30, 2021	
3. Bidder Questions Due	April 6, 2021	
4. Responses to Bidder Questions Due	April 13, 2021	
5. Bidder Abstract Submission Due	April 20, 2021	
6. Submittal Review	June 14, 2021	
7. Bidders Notified-Advancement to RFP Stage	June 15, 2021	
RFP Stage		
1. RFP Released	August 18, 2021	16 weeks
2. Optional Bidders' Conference *	September 1, 2021	
3. Bidder Questions Due Round 1 *	September 3, 2021	
4. Responses to Bidder Questions *	September 8, 2021	
5. Bidder Questions Due Round 2 *	September 13, 2021	
6. Responses to Bidder Questions *	September 16, 2021	
7. Bidder's Proposal Due	September 27, 2021	
8. Proposal Review, Bid Clarification Discussions	November 11, 2021	
9. Selected Bidder Interviews	November 18, 2021	
10. Proposal Review Period Ends, Bidders Notified	December 12, 2021	
Selections & Contracting Stage		
1. Notification Selection	December 14, 2021	~25 weeks
2. Contract Negotiations	January 6, 2022–May 2022	
3. Company Advice Letter Filing	June 2022	

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
Approval and Implementation Stage		
1. CPUC Contract Approval	Q3 2022	
2. Contract Issued	Q2 2022 *	
3. Implementation Plan Uploaded to (California Energy Data and Reporting System (CEDARS)	Q2 2022 *	
4. Full Program Roll Out	Q3 2022 *	

**Date Changed.*

1.3 Key Observations

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

Table 1.2: Key Issues and Observations			
Topic	Observations	IE Recommendations	Outcomes (IOU Action/Response)
Bidder Interview Process	SDG&E held Bidder Interviews seeking clarifications on specific aspects of a proposal before final selection. SDG&E uses a scorecard to record scores that are considered along with the RFP scores in the final selection.	The IE recommends that SDG&E work with its collective IEs and PRG to make key adjustments to the bidder interview process. For example, SDG&E should opt for bidder interviews only if the evaluators believe clarifications are required.	SDG&E has collaborated with its PRG and collective IEs to enhance the Bidder interview process.

2. RFA Solicitation Outreach and Bidder Response

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

3. RFP Solicitation Outreach and Bidder Response

3.1 RFP Development

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

3.2 RFP Bidders' Conference

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

3.3 RFP Bidder Response

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

3.4 Proposal Selection Process

a. Bid Screening Process and Management of Deficient Bids

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

b. Scoring Rubric Design

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

c. Evaluation Team

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

d. Evaluation Processes

SDG&E applied [REDACTED]

[REDACTED] The evaluation team completed its review and scoring on October 29, 2021. SDG&E identified issues with all the bidders' CET submissions. The CPUC had updated its avoided cost assumptions supporting the CET during this period. As a result, SDG&E instructed the bidders to revise their CET forecasts using the CPUC's updated CET and address issues identified by SDG&E.

The evaluation team held a calibration meeting on November 29, 2021.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

e. Shortlist and Final Selections

Consistent with SDG&E's approved Solicitation Plan,¹⁵ SDG&E made its final selection based on the outcome of its evaluation and ranking of all the proposals, which included a bidder interview process. SDG&E conducts bidder interviews after SDG&E calibrates scores among the individual

¹⁵ San Diego Gas & Electric Company's Rolling Portfolio Solicitation Proposal, Section V.B, Program Solicitation Timeframe.

evaluators. The interviews serve to aid SDG&E in better understanding the bidder's proposals by asking specific questions regarding the Bidder's bids and informing the team's final selection.

[REDACTED]

SDG&E held interviews with the [REDACTED] on November 18, 2021, where SDG&E asked bidders a set of standard questions. These questions were reviewed by both the IE and the PRG, as recommended by the PRG Guidelines. The interview format allowed SDG&E and Bidder to both ask follow-up questions. Bidder interviews were scored independently by the team members using a simplified interview scorecard. Evaluators individually score the bidder interviews on a 4-point scale. The IE monitored all bidder interviews. As with the other aspects of SDG&E evaluation, the IE found the interviews neutral and conducted them fairly and transparently.

[REDACTED]

[REDACTED]

3.5 PRG and IE Feedback to Proposal Process and Selections

a. Adherence to PRG Guidance and Feedback

The PRG provided SDG&E with the PRG Guidance document that includes more than 100 discrete PRG recommendations regarding the RFP stage. As confirmed by the IE, SDG&E incorporated all but three PRG recommendations into the RFP materials and scoring rubric. SDG&E considered but did not accept the following PRG recommendations:

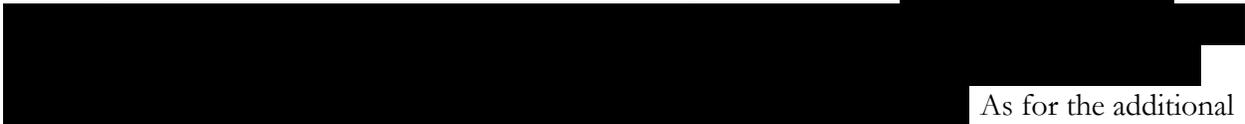
- **RFP Schedule:** The PRG recommends that the solicitation schedule be no longer than 15 weeks from the RFP release date (August 8, 2021) to bidder notification of final selection (December 14, 2021). SDG&E expected the timeframe to cover 17 weeks based on the RFP Instructions.



- **Support Services Presentation to the PRG:** The PRG recommends that SDG&E present to the PRG SDG&E’s proposed support services that will be offered to bidders as part of program implementation. SDG&E has made this presentation in past solicitations and did not believe it was necessary to repeat the presentation to the PRG.

b. Response to IE Feedback

The IE provided 32 discrete comments on SDG&E's draft RFP materials and corresponding scoring rubric. SDG&E accepted 27 of the IE recommendations. Three of the recommendations not accepted are related to the PRG recommendations presented above.



As for the additional details regarding the schedule, SDG&E thought the further detail might not apply to the solicitation.

4. Contracting Process

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

5. Assessment of Final Contract

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

6. Overall Assessment of Solicitation

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

7. Implementation Plan Assessment

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

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Statewide Plug Load and Appliance Solicitation

Reporting Period: October 2021 through March 2022

Prepared by:
Don Arambula Consulting



Disclaimer: This report includes sensitive and confidential information.

Statewide Plug and Load Appliance

1. Solicitation Overview

1.1 Overview

a. Scope

This Report on the Statewide Plug Load and Appliance solicitation covers the period between October 2021 through March 2022. As a result, much of the Report addresses the contracting stage of SDG&E's program solicitation.

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

b. Objectives

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

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

1.2 Timing

The Statewide PLA program solicitation was initially scheduled for release in Quarter 1 of 2019, as shown in SDG&E Joint Solicitation Schedule presented to the bidder community on the CAEECC website in December 2018. SDG&E later revised the solicitation schedule in 2019 and released the RFA in May 2019. The RFP release date was also delayed by one month to address administrative issues. The Joint IOU Solicitation Schedule was subsequently updated to reflect the revised RFA and RFP release dates.

Due to significant changes by the CPUC to the avoided costs and deemed measure assumptions for future years, SDG&E extended the review, selection, and contracting phases to allow bidders time to incorporate these changes into their cost-effectiveness showings. Below is a list of key solicitation milestones.

Table 1.1: Key Milestones		
Milestones	Completion Date	Weeks to Complete
RFA Stage		
1. RFA Released by Company	May 10, 2019	17 weeks
2. Bidders' Conference	May 20, 2019	
3. Bidders' 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	
10. Selected Bidders notified of advancement to RFP, Stage 2	September 9, 2019	
RFP Stage		
1. RFP Released	January 27, 2020	56+ weeks
2. Bidders' Conference (Skype)	January 31, 2020	
3. Bidder Questions Due Round 1	February 6, 2020	
4. Responses to Bidder Questions Provided by Company Round 1	February 13, 2020	
5. Bidder Questions Due Round 2	February 21, 2020	
6. Responses to Bidder Questions Provided by Company Round 2	February 28, 2020	
7. Bidder's Proposal Due in PowerAdvocate	March 9, 2020	
8. Proposal Review and Bid Clarification Discussions	March 3, 2020–June 12, 2020	
9. Selected Bidder Interviews	September 21–23, 2020	
10. Proposal Review Period Ends *	October 2020	
Selections & Contracting Stage		
1. Notification of Proposal Selection (Subject to Negotiations) **	January 11, 2021	52+ weeks
2. Contract Development, Contract Negotiation	January 19, 2022 ***	
3. Company's Advice Letter Filing to CPUC	January 28, 2022 ***	
4. Contract Issued (Subject to CPUC Approval, if Applicable)	May 23, 2022 ***	

Table 1.1: Key Milestones		
Milestones	Completion Date	Weeks to Complete
5. Implementation Plan Development	June 25, 2022 ***	
6. Program Launch	Q 2 2022 ***	

**Original estimate – July 24, 2020*

***Original estimate – August 2020*

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

1.3 Key Observations

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

Table 1.2: Key Issues and Observations			
Topic	Observations	IE Recommendations	Outcomes (IOU Action/Response)

Table 1.2: Key Issues and Observations			
Topic	Observations	IE Recommendations	Outcomes (IOU Action/Response)
PRG Presentations	Throughout the contract negotiations period, the PRG provided input to SDG&E on discrete topics as presented in Table 3.7 of this Report. SDG&E was responsive to most items with special consideration to the PRG recommendations regarding a greater program emphasis on fuel substitution measures.	To reduce the number of PRG requests, SDG&E should share more details during the PRG monthly meetings on ongoing contracting issues emerging during negotiations in future solicitations.	SDG&E is considering the recommendation for future solicitations.
PRG Meeting Minutes	Cal Advocates also expressed concern to SDG&E on July 13, 2021, in email communication, that the proposed measures quantities were inconsistent with California’s climate goals, such as those contained in Senate Bill (SB) 32 and SB 350. This information was not recorded in the July PRG meeting minutes.	SDG&E should record the individual PRG member viewpoints in monthly PRG meeting minutes, including PRG input from members to SDG&E following the PRG meetings. SDG&E should coordinate with its PRG and collective IEs to revise the meeting minute process and format accordingly.	SDG&E is considering the recommendation for future solicitations.

2. RFA Solicitation Outreach and Bidder Response

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

3. RFP Solicitation Outreach and Bidder Response

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

4. Contracting Process

SDG&E held contract negotiations [REDACTED]



4.1 Contract Negotiations

After the initial Contract meeting on January 29, 2021, SDG&E held periodic meetings with CLEAResult from March 2021 through November 2021 to discuss various topics associated with the Contract, from implementer compensation to program delivery. The following is a summary of these negotiations.

a. Collaboration on Final Program Design and Scope

In Decision 16-08-019, the CPUC allows SDG&E and the selected bidder, after program selection, to collaborate on the ultimate program design implemented by the third party.¹⁶ Collaboration enables SDG&E to share its understanding of its customers and prior program implementation experience with the selected bidder to optimize the program offering. Contract negotiations are also the time for the bidder to share greater levels of program details and to address any concerns that SDG&E may have regarding the program design and delivery. The collective IOUs initially launched the original Statewide PLA program in the early 2000s. As a result, SDG&E staff has a profound understanding of the challenges and opportunities throughout the Program's end-to-end process. The bidder, CLEAResult, also has a significant level of experience in delivering this Program and is the current program implementer for SDG&E. CLEAResult also was recently awarded the Statewide HVAC program by SDG&E. Both parties' level of expertise in program delivery allowed for negotiations to address the finer points of program delivery (e.g., customer data collection, marketing strategies, IOU data exchanges, etc.).

SDG&E and the bidder discussed the various program and contract elements, including marketing activities and costs, customer validation, IOU data sharing, measure mix, CET forecast, customer data collection, fuel substitution, disadvantaged communities (DACs), marketing activities, inspections, and Implementer compensation. Below is a summary of key negotiated items:

Topic	Discussion and Agreement
	

¹⁶ Conclusion of Law 57.

Table 4.1: Key Contract Negotiation Topics	
Topic	Discussion and Agreement
Program EE Measure Mix	The CPUC made various updates to deemed workpaper assumptions and avoided cost forecasts throughout the solicitation timeline directly influencing the proposed EE measure mix and quantities. Parties also discussed the potential uptake of various measures, including electric-to-electric replacement of heat pump water heaters. Ultimately, the parties agreed to change the measure mix from the original proposal and reduce the overall program budget. The bidder's willingness to make these changes resulted in a cost-effective program forecast.
Implementer Compensation	
Serving DACs	
Fuel Substitution	<p>SDG&E sought confirmation that the bidder could collect the necessary customer data requirements (e.g., pre-existing equipment) to support the energy savings associated with fuel substitution measures. CLEAResult confirmed the program was capable of capturing all required customer data.</p> <p>The PRG asked for a greater emphasis on fuel substitution activity, including increasing customer adoption of fuel substitution measures and educating customers regarding the benefits of such retrofits well in advance of the customer decision on EE product purchase. The program now includes a greater promotion of the customer benefits of fuel substitution measures before customer purchase decisions.</p> <p>[REDACTED]</p>
CET Forecast	<p>The CPUC updated the cost-effectiveness tool during the solicitation and updated deemed work papers (e.g., Smart Thermostats, data collection requirements, etc.). In response, [REDACTED]</p> <p>[REDACTED] The changes resulted in a cost-effective program.</p>

Table 4.1: Key Contract Negotiation Topics	
Topic	Discussion and Agreement
Inspections	<p>[REDACTED]</p> <p>SDG&E inquired how the program could inspect installed measures to confirm the customers completed the EE action. Parties had several discussions on inspecting EE measures purchased through the retailer and distributor channels. The parties agreed to an inspection plan that verifies measures are bought and installed following the program requirements.</p>
Marketing Activities	<p>[REDACTED]</p> <p>The bidder provided a greater level of details regarding its marketing plan, which was reviewed and accepted by SDG&E. Parties agreed to reduce the marketing budget and convert the compensation to T&M for all marketing costs activities.</p>
Implementer Compensation	<p>[REDACTED]</p>

b. Fairness of Negotiations

Overall, the contract negotiations were fair and transparent. Various changes in measure assumptions, data collection requirements, and avoided costs plagued contract negotiations causing parties to reset the program offering and delivery several times. Due to the unique complexities associated with delivering a statewide midstream program and the number of policy updates made during negotiations, the IE and the PRG supported the extension of time.

Much of the initial program logic model remained, but there were several changes to the program delivery and approach. Key programmatic changes related to customer data collection, inspections, customer validation at point-of-purchase, marketing approach, compensation, and fuel substitution offering. These changes increased the expected electric energy savings and reductions in program cost-effectiveness, expected gas energy savings, budget, EE measures offered, marketing scope, and the expected number of retailers and distributors.

The following are changes to the budget and key program activities due to the contract negotiations.

Table 4.1: Proposed vs. Final Agreement		
	Proposed	Contracted
Budget	\$58,599,247	\$47,878,624
Energy Savings, kWh, net	43,961,538	59,218,493
Energy Savings, Therms, net	2,761,290	925,327
Demand Reduction, kW, net	10,484	9,642
TRC Ratio	1.17	1.05

c. Changes to Contract Terms & Conditions

To comply with CPUC directives, SDG&E provided the bidder with both the standard and modifiable CPUC Ts&Cs at the start of contract negotiations.¹⁷ The IE reviewed all documents and confirmed that SDG&E included the CPUC's Ts&Cs in the Agreement. SDG&E proposed a set of additional Ts&Cs. These other terms do not conflict with the CPUC standard Ts&Cs as SDG&E included an additional contract term which clarified that the CPUC standard Ts&Cs take precedence over any potential conflicting terms in the Agreement. SDG&E and the bidder agreed to all Ts&Cs. The IE also reviewed the Contract against the PRG's Contract Checklist and found no issues with SDG&E's contract.

d. Conformance with CPUC Policies and Objectives

The table below summarizes how the program elements align with those CPUC policies and other PRG recommendations that the contracted Program should support.

Table 4.2: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
IOU should develop a standard contract template with CPUC standard terms to comply with applicable CPUC policies, decisions, or specific directives, consider PRG and IE feedback, and not use language/concepts that are inappropriate or typically not used in the EE industry. (PRG Guidance on Contracting, Section 6.1.1)	See Section 4.1.C
The Contract must include all CPUC standard (non-modifiable) contract terms in the contract (6.1.2)	See Section 4.1.C
The Contract includes CPUC modifiable contract terms as a starting point. (6.1.3)	See Section 4.1.C

¹⁷ Decision 18-10-004, OP 7.

Table 4.2: Contract Alignment with CPUC Policies and Objectives

PRG Guidance and Other Considerations	IE Response
Other aspects of the contract template do not conflict with CPUC Ts&Cs, policies, decisions, or direction. (6.1.4/5)	See Section 4.1.C
IE pool reviews standard contract template and provides comments (6.1.6)	Confirmed. The IE reviewed the contract template. The IE recommended that SDG&E include an additional term that specifies that the CPUC standard Ts&Cs take precedence over all other contract terms. SDG&E accepted this recommendation.
IOU must present its contracting negotiation process to the IE/PRG for review (6.2.1)	Confirmed. SDG&E informed the IE and PRG of the process and approach to the contract.
IEs should monitor all bidder communications during the negotiation process (6.2.2)	Confirmed. The IE was included in all bidder communications and attended all meetings.
IOUs should explain their contracting process to selected bidders (6.2.3)	Confirmed. SDG&E presented the contracting process to the bidder at the initial meeting.
Before execution, the assigned IE and PRG should review final contracts for each Program recommended for award. (6.3.1)	Confirmed. The IE reviewed the final contracts.
A reasonable number of KPIs.	Confirmed. [REDACTED]
KPIs make sense in terms of measuring, scale, timeframe.	Confirmed.
The contract includes appropriate performance issue remedies.	Confirmed. The Contract identifies [REDACTED] in Schedule A.
The contract clearly addresses Support Services.	The Contract identifies IOU services (e.g., customer data) it will provide to the Implementers. These services are limited to activities (e.g., review of marketing materials, secondary inspections, etc.) expected in the Program Administrator’s role. [REDACTED]
Innovative aspects of the Program are retained.	Confirmed. The final Contract retains the Implementer’s Instant Rebate tool, customer engagement platform, and various marketing strategies.
If applicable, integrated demand-side management (IDSM) components are included.	Implementer will promote Smart thermostats, enabling customers to enroll in their utility demand response offerings. The Contract does not fund the Implementer’s proposed EE/DR integration offering.

Table 4.2: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
If applicable, program considerations for Hard-to-Reach (HTR) and DACs are incorporated.	Confirmed. Section 3.2 describes program plans to consider the needs of HTR and DAC customers as part of the Program's technology screening process.
Changes proposed by SDG&E and the Implementer were reasonable and fair.	Confirmed.

e. Uniformity of Contract Changes

SDG&E negotiated [REDACTED]

4.2 Final Selection

[REDACTED]

[REDACTED]

¹⁸ San Diego Gas & Electric Company's Rolling Portfolio Solicitation Proposal, Section V.B, Program Solicitation Timeframe.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

4.3 Contract Execution

SDG&E and CLEAResult completed Contract execution on January 19, 2022. Upon CPUC approval of the completed Contract, the Contract will be effective, and CLEAResult may begin initial program tasks, including developing the Program's Implementation Plan.

Table 4.3: Executed Contracts		
Bidder	Contract Duration	Program
CLEAResult	39 months	Statewide Plug Load & Appliance Program (California Instant Rebate Program)

4.4 PRG and IE Feedback to Contracting

SDG&E sought and considered PRG and IE feedback throughout the contracting process. As stated previously, SDG&E's standard contract agreement met each of the prescribed PRG contracting recommendations. The IE actively monitored all contract negotiations. SDG&E also met with the IE to discuss emerging contracting issues throughout the contracting phase. Table 4.4 presented below addresses many of these key issues.

SDG&E presented the general status of contract negotiations to the PRG at monthly PRG meetings throughout contract negotiations. The IE also presented a comprehensive list of emerging issues to the PRG at the monthly meetings. Throughout the contract negotiations period, the PRG provided input to SDG&E on discrete topics as presented in Table 3.7 of this Report. SDG&E was responsive to most items with special consideration to the PRG recommendations regarding a greater program emphasizing fuel substitution measures. For example, SDG&E provided the PRG updated schedules, current draft contracting documents, and the program's proposed measure list and corresponding counts in response to Cal Advocates' request (detailed below). In future solicitations, the IE recommends that SDG&E share more details during the PRG monthly meetings on ongoing contracting issues emerging during negotiations.

Cal Advocates expressed concern to SDG&E on July 13, 2021, in an email communication¹⁹ following a PRG meeting, that the proposed measures quantities were inconsistent with California's climate goals, such as those contained in SB 32 and SB 350. Cal Advocates further explained that the Lawrence Berkeley National Laboratory published a study in 2017 ([Scenarios to decarbonize residential water heating in California \(berkeley.edu\)](#)) that stated by 2020, 60 percent of the retiring residential stock of water heaters would need to adopt electric heat pump water heaters to reduce annual greenhouse gas emissions from residential water heaters to 80 percent below 1990 levels by 2050, the goal set by Executive Order S-3-05. Cal Advocates expressed concerns that the current bidder proposal would use ratepayer funds to unnecessarily prolong the use of gas infrastructure and should not be approved and recommended that SDG&E work with the implementer before contract execution to improve the program's alignment with Commission goals. In response, SDG&E extended contract negotiations with the bidder to address Cal Advocates' concerns. As a result, SDG&E and the bidder made various program enhancements, as summarized in the Fuel Substitution topic shown in Table 3.7 of this report. Subsequently, Cal Advocates expressed its disagreement about the final contract to SDG&E and the other PRG members.²⁰

¹⁹ Email from Augustus Clements sent to the SDG&E PRG on July 20, 2021, "SDG&E EE PRG Communication: 7/13/2021 EE PRG Meeting - Action Item."

²⁰ SDG&E Monthly EE PRG Meeting held on February 9, 2022.

5. Assessment of Final Contract

The final Contract represents CLEAResult's original program design, with modifications to program delivery, energy efficiency measure mix, forecasted measure quantities, and promotion of fuel substitution opportunities for customers. The final Program should be considered third-party proposed, designed, and delivered consistently with CPUC's definition of a third-party program. The Contract complies with all specific CPUC directives related to third-party contracts, including incorporating all standard CPUC Ts&Cs without modification. The final KPIs and Implementer compensation structure allow SDG&E to actively monitor key program management and performance elements, including achieving pre-established energy savings and cost-effective targets throughout program implementation.

5.1 Bid Selection Respond to Portfolio Needs

SDG&E sought to procure a cost-effective resource program that could be delivered across the California investor-owned utilities service territories. The selected Statewide PLA Program, designed by CLEAResult, directly responds to the collective IOUs' portfolios and customer needs. The Program addresses SDG&E's stated scope to procure a comprehensive, innovative, and cost-effective turn-key residential statewide plug load and appliance energy efficiency resource program generally offered uniformly throughout California.

5.2 Bid Selection Provides the Best Overall Value to Ratepayers

a. Introduction

The Program received the highest overall score in the competitive solicitation. SDG&E applied the established scoring rubric to select CLEAResult's proposal. SDG&E determined that CLEAResult's proposal provided the best overall value to ratepayers and, most importantly, the best opportunity for success. The IE monitored every aspect of the solicitation, including SDG&E's evaluation leading up to SDG&E's final selection. Based on this monitoring, the IE agrees with SDG&E's decision that CLEAResult's Statewide PLA Program provides the best value to SDG&E's ratepayers among the proposals received in this solicitation.

b. Program Description

The Statewide PLA Program engages with retailers and distributors located in the California IOU service territories to provide instant rebates through one of the following channels:

- **Instant Rebate:** Program will provide electronic instant customer validation that enables customers to purchase eligible products for a discounted price with Program attribution through an instant rebate coupon system, where coupons are redeemable at participating retailer locations. The incentive amount is the same as the coupon value for these downstream measures.

- **Midstream Distributors:** Participating distributors will electronically validate product and customer eligibility and report sales through the Implementer's designated portal to ensure qualifying sales are attributed to eligible customers. The Program will pay the distributor incentives based on the volume reported in the Implementer's portal. The distributor has the option to pass the incentive on to their customer. When the incentive is not passed down to the customer, the distributor must comply with specific program rules to confirm the incentive was used to promote the purchase of qualifying products.

c. Budget and Cost-Efficiency

The Statewide PLA Program budget of \$47.879 million over three years is well within the solicitation target budget of \$87 million. The marketing and direct implementation budgets are above the CPUC cost category targets established for the aggregated third-party program portfolio. It is reasonable for the Program higher marketing and direct implementation costs given the Program engages with a residential mass market spread out across California.

Table 5.1: Program Budget					
Cost Category	2022	2023	2024	Total	% Of Total Budget
Administration	\$623,256	\$617,678	\$650,618	\$1,891,554	4.0%
Marketing	1,899,321	1,540,362	1,540,362	4,980,045	10.4%
Implementation	4,761,800	4,780,609	5,592,277	15,134,686	31.6%
Incentive	6,741,304	8,676,685	10,454,350	25,872,339	52.2%
Total Budget	\$14,025,682	\$15,615,335	\$18,237,607	\$47,878,624	100.0%

SDG&E limits CLEAResult the annual program budget in any given year. If the unspent budget remains at the end of a given program year, the remaining funds cannot be carried over to the next program year by the Implementer without SDG&E's approval. The Contract does not define a program financial commitment nor address carryover of financial commitments from year to year within the contract period. Given the short-term nature of financial commitments with these mid-stream programs, the Program's expected financial commitments will likely be limited to year-end accruals to account for the prior month's expenditures.

d. Expected Program Performance

The Statewide PLA Program forecasts to achieve more than 59.2 million kWh and nearly 1 million net therms of annualized energy savings, and over 9.6 MW in net demand reduction over the Contract term. As the Program matures over the years, the expected energy savings are likely to increase, as shown below.

Table 5.2: Program Energy Savings Goals				
	2022	2023	2024	Total
kWh Savings (annualized, net)	14,698,223	19,862,442	24,657,828	59,218,493
Therm Savings (annualized, net)	301,774	303,613	319,940	925,327
kW Demand Reduction (net)	2,458	3,269	3,915	9,642

e. Cost-Effectiveness

The Statewide PLA Program is cost-effective in aggregate, with a forecasted TRC ratio of 1.05. The forecasted cost-effectiveness is lower than initially expected due to changes to deemed measure assumptions. The CPUC avoided costs beginning in 2024, causing a shift in the EE measure mix and a change to the forecasted measure quantities. The Program's cost-effectiveness showing, by year, is shown below:

Table 5.3: Program Cost-Effectiveness Targets				
	2022	2023	2024	Total
Total Resource Cost Test Ratio	1.05	1.28	0.86	1.05

f. IDSM

The Statewide PLA Program proposes to inform customers about available IOU demand response (DR) programs during the purchase of related-EE products (e.g., smart thermostats). CLEAResult did propose to work with SDG&E to develop an EE/DR integration offering similar to CLEAResult's work supporting other utilities. SDG&E did not pursue this offering in contract negotiations.

g. Disadvantaged Communities and Hard-to-Reach Customers

The Program will target retailers and distributors serving the areas of California with the greatest sales potential for high-efficiency products and HTR customers and DACs. The Program will engage HTR and DACs customers through messaging that conveys the benefits of high-efficiency equipment tailored to these diverse communities. The Program will also coordinate with community-based organizations (CBOs) that serve HTR customers and DACs to help with education on the benefits of energy-efficient technologies.

h. Disadvantaged Worker Policy

The Statewide PLA Program will support job access for disadvantaged workers by actively recruiting and enrolling distributors into the Program that serve DACs. The Contract requires the Implementer to report any Disadvantaged Worker information to SDG&E. The CPUC defines a disadvantaged worker as having nine distinct traits, including workers who live in DACs. The IE encourages SDG&E and the Implementer to provide greater detail in the final Implementation Plan on how the Program will support this CPUC policy.

i. Workforce Standards Policy

The Contract requires the Implementer, and its subcontractors, to comply with all applicable CPUC workforce standards as part of program delivery. The CPUC workforce standards do not apply to this midstream program as currently designed.

j. M&V Plan

The Contract includes an M&V Plan (Attachment 13) that describes how the Program will perform data collection, savings estimations, verification, and reporting. SDG&E and Implementer must provide a detailed M&V Plan as part of the final Implementation Plan.²¹ The Contract requires the Implementer to provide an Implementation Plan within 60 days of CPUC contract approval.

k. Implementer Compensation

[REDACTED]

[REDACTED]

²¹ Implementation Plan Template, Version 2, p. 9, dated January 2020.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

I. Innovation

The Statewide PLA Program offers an Instant Rebate Tool that reduces the upfront cost of high-efficiency products while creating a consistent customer-centric experience in stores, online, and at distributor locations. According to CLEAResult, this approach "maximizes customer choice and convenience to increase overall participation and engage customers not currently participating in EE programs." CLEAResult further states its Instant Rebate Tool has repeatedly increased measure uptake and program savings when used for retail channel programs in other jurisdictions. The Program also employs an outreach approach that leverages available market and customer data to develop target profiles based on past customer adoption of PLA measures. These targets will inform messaging and value propositions that resonate with high-potential prospective participants, driving deeper engagement and savings.

m. Key Performance Indicators

The Program has ■ key performance indicators (KPIs) tied to the Implementer's financial compensation. The Agreement presents the KPIs²² and addresses program performance, customer education on IDSM and fuel substitution benefits, retailer and distributor satisfaction, HTR/DAC outreach, DBE goals, and a heat pump water heater target. The amount and type of KPIs are reasonable. The compliance KPI is represented as a reporting goal but is a performance KPI that requires the Implementer to achieve its forecasted annual energy savings and expenditures.

6. Overall Assessment of Solicitation

SDG&E's conduct during the Statewide PLA Program solicitation was fair, equitable, and transparent. However, the solicitation schedule suffered several delays to an already lengthy solicitation. The two-stage solicitation approach was not the root cause of these delays. Significant changes to the CPUC's avoided costs, measure assumptions, data collection requirements for midstream programs, and SDG&E's general approach to solicitations were the primary cause of the delays. SDG&E is now proactively collaborating with its PRG and collective IEs to address many issues contributing to a protracted solicitation schedule in other active solicitations. We encourage SDG&E to continue to make such improvements in future solicitations with input from its PRG and collective IEs.

In this solicitation, SDG&E has procured a network of retailers and distributors located throughout California with the ability to promote and advance the purchase and installation of EE products to residents living in the most populous State in the country. We encourage SDG&E and CPUC to give the Program the flexibility to adapt to the dynamic consumer product landscape over the Program's lifecycle to help engage and motivate consumers to purchase and install energy efficiency products. As the Program establishes a new retailer and distributor network, it may prove helpful to other demand-side management offerings that need to engage the general consumer.

The Program must now shift from an era of competition to active collaboration. The new Statewide PLA Program will be replacing four long-standing IOU-managed statewide PLA programs initially developed in the early 2000s. This new program will be the first attempt in this Program's history to be managed by one IOU and delivered by one Implementer under one contract across California's vast geography and large population. SDG&E and the Implementer should actively and continuously coordinate with all funding IOUs, other Program Administrators, the new Market Transformation administrator, the TECH administrator, and other statewide and local offerings, including the Statewide Emerging Technologies programs, to address a myriad of program implementation issues such as incentive stacking, customer confusion regarding multiple offerings,

²² Attachment 7, Table 1.

and promotion of newer EE technologies, including fuel substitution opportunities. Active collaboration can take many forms, such as quarterly program collaboration meetings whereby program activities can be shared, and emerging issues can be identified and addressed that may impact the Program. We encourage the lead IOU to coordinate with other Program Administrators to create such a collaborative forum.

7. Implementation Plan Assessment

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

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

Reporting Period: October 2021 through March 2022

Prepared by:
MCR Corporate Services



Disclaimer: This report includes sensitive and confidential information.

Local Public Sector Federal

1. Solicitation Overview

1.1 Overview

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

The public sector is defined as a group of customers that are taxpayer funded, have political mandates, and that must go through a public budgeting and decision-making process. This sector makes up 12 percent of total electric consumption, with 70 percent of accounts under 20kW within SDG&E's service territory. The public sector has high visibility and the potential for energy savings is great for this market.²³

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 nonutility 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.

²³ SDG&E Public Sector – Federal Request for Abstract, October 16, 2019, at p. 5.

1.2 Timing

Key milestones associated with the solicitation are shown in Table 1.1.

Table 1.1: Key Milestones		
Milestones	Completion Date	Weeks to Complete
RFA Stage		
Solicitation Launch	October 16, 2019	33 weeks
Bidders' Conference	October 29, 2019	
Offer Submittal Deadline	November 27, 2019	
RFA Shortlist to PRG	March 10, 2020	
Shortlisting Notification	March 24, 2020	
RFP Stage		
Solicitation Launch	May 22, 2020	8 weeks
Bidders' Conference	June 1, 2020	
Offer Submittal Deadline	May 22 to June 12, 2020	
RFP Shortlist to PRG	July 16, 2020	
Shortlisting Notification	N/A	
Selections & Contracting Stage		
Contracting and Negotiations Period	February 12 – April 14, 2021	20 weeks
Contracts Presented to PRG	May 11, 2021	
Contract Execution	July 1, 2021	

1.3 Key Observations

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

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Avoided Costs	2021 avoided costs released via CEDARS just as bidders were submitting proposals. One bidder used	Proceed to calibration and only have bidders rerun CETs if scores are too tight to determine final selection outcome; otherwise rerun at interview stage.	SDG&E adopted the IE recommendation. SDG&E had bidders rerun CETs with 2021 avoided costs after interviews.

Table 1.2: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
	them; others used 2020.		
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.
Credit & Risk	SDG&E's Federal solicitation was delayed for 3 months while SDG&E assessed the financial risk of a selected bidder	IE encouraged SDG&E to communicate delays to the market quickly because notifications could not go to any bidders until this assessment was completed. Some delays cannot be avoided but planning for processes such as assessing the risk of one bidder winning multiple solicitations should be planned for in advance whenever possible to avoid interrupting the solicitation.	SDG&E did send communications to bidders notifying of the delay. SDG&E is also in the process of instituting a new process for assessing credit risk that will be integrated into future solicitations to avoid disruptions.

2. RFA Bidder Response and Selections

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

3. RFP Bidder Response and Selections

Section 3 is presented in both the April 2020 through September 2020 and the October 2020 through March 2021 Semi Annual Reports.

4. Contracting Process

Section 4 is presented in the April 2021 through September 2021 Semi Annual Report.

5. Assessment of Final Contract

Section 5 is presented in the April 2021 through September 2021 Semi Annual Report.

6. Overall Assessment of Solicitation

Section 6 is presented in the April 2021 through September 2021 Semi Annual Report.

7. Implementation Plan Assessment

The IE found the Draft Implementation Plan (IP) to be consistent with the implementer's contract but lacking details in some areas. The implementer's IP for the Federal Energy Program (FEP) was only 13 pages in total length, which is comparatively shorter than most IPs that this IE has reviewed. Many sections of the IP were too brief, which contributed to the lack of detail in those areas. The IE noted, for example, that the language describing new key performance indicators (KPIs) requires additional explanation on how the implementer plans to measure and track performance against the KPI. The IE suggested that the implementer should include details on whether they intend to measure the number of simplified custom applications that accelerate approval of deemed measures. Another area that is called out in the IP Checklist relates to providing Disadvantaged Workers with improved access to career opportunities, not just tracking them.

The implementer introduced its FEP and its Draft IP at a public webinar on October 29, 2021. The webinar was scheduled for 60 minutes but concluded in 20 minutes. The implementer provided its very brief update in two parts: an overview of the program itself, including an example of the savings that could be realized for a sample project, and Q&A. The information was well presented.

There were about a half dozen questions from the 26 attendees. Some of the questions were very detailed and showed the attendees' familiarity with the federal sector:

- What are some of the deemed incentives that you see will align with the anticipated type of projects that will be implemented and how is the value of the custom incentives calculated?
- Will any of the incentives or rebates be tied to actually seeing a reduction at the meter?
- Will the program apply to new construction or just retrofit/ replacement implementations?
- What are similarities and differences between this program and the Large Commercial program.

SDG&E uploaded the final IP to CEDARS November 1, 2021 and uploaded a revision on January 28, 2022, when the program was changed to a subprogram approach.

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

Reporting Period: October 2021 through March 2022

Prepared by:
MCR Corporate Services



Disclaimer: This report includes sensitive and confidential information.

Local Public Sector K-12

1. Solicitation Overview

1.1 Overview

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

The Public Sector is defined as a group of customers that are taxpayer funded, have political mandates, and that must go through a public budgeting and decision-making process. This sector makes up 12 percent of total electric consumption, with 70 percent of accounts under 20 kW within SDG&E's service territory.²⁴ 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.²⁵

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.²⁶ 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:²⁷

²⁴ SDG&E Public Sector – K-12 Request for Abstract, October 16, 2019, at p. 4.

²⁵ Id., at p. 5.

²⁶ Id., at p. 6.

²⁷ 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.²⁸

1.2 Timing

Key milestones associated with the solicitation are shown in Table 1.1.

Table 1.1: Key Milestones		
Milestones	Completion Date	Weeks to Complete
RFA Stage		
Solicitation Launch	October 16, 2019	33 weeks
Bidders' Conference	October 29, 2019	
Offer Submittal Deadline	November 27, 2019	
RFA Shortlist to PRG	March 10, 2020	
Shortlisting Notification	March 24, 2020	
RFP Stage		
Solicitation Launch	May 22, 2020	8 weeks
Bidders' Conference	June 1, 2020	
Offer Submittal Deadline	May 22 to June 12, 2020	

²⁸ Id., at p. 6.

Table 1.1: Key Milestones		
Milestones	Completion Date	Weeks to Complete
RFP Shortlist to PRG	July 16, 2020	
Shortlisting Notification	N/A	
Selections & Contracting Stage		
Contracting and Negotiations Period	November 30, 2020 – April 28, 2021	30 weeks
Contracts Presented to PRG	May 11, 2021	
Contract Execution	July 1, 2021	

1.3 Key Observations

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

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Avoided Costs	2021 avoided costs released via CEDARS just as bidders were submitting proposals. One bidder used them; others used 2020.	Proceed to calibration and only have bidders rerun CET's if scores are too tight to determine final selection outcome; otherwise rerun at interview stage.	SDG&E adopted the IE recommendation. SDG&E had bidders rerun CET's with 2021 avoided costs after interviews.
Bidder Notifications	Notifications to non-selected bidders historically have not provided details regarding rationale.	All IEs have encouraged 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 contract 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

Section 3 is detailed in the April 2020 through September 2020 and the October 2020 through March 2021 Semi-Annual Reports.

4. Contracting Process

Section 4 is detailed in the April 2021 through September 2021 Semi-Annual Report.

5. Assessment of Final Contract

Section 5 is detailed in the April 2021 through September 2021 Semi-Annual Report.

6. Overall Assessment of Solicitation

Section 6 is detailed in the April 2021 through September 2021 Semi-Annual Report.

7. Implementation Plan Assessment

The IE found the Draft Implementation Plan (IP) to be consistent with the final contract but lacking details in some areas. The implementer's IP for the K-12 Schools Energy Efficiency Program (KEEP) was only 11 pages in total length, which is comparatively shorter than most IPs that this IE has reviewed. Many sections were too brief, which contributed to the lack of detail in those areas. A couple of sub-sections in the IP's Program Budget & Savings section were missing, so the IE recommended these be added to the Final IP.

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

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

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

SDG&E uploaded the Final IP to the CEDARS on October 18, 2021.

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Local Government Solicitation

Reporting Period: October 2021 through March 2022

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 November 2021 through March 2022. As a result, much of the Report addresses the RFA stage of SDG&E's program solicitation.

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

a. Scope

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

- 25 cities²⁹
- 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 Facilities³⁰

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

²⁹ See Appendix B for a listing of cities.

³⁰ In the future, such facilities may fall under the scope of the upcoming Statewide Water/Wastewater Program solicitation led by Southern California Edison.

b. Objectives

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

1.2 Timing

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

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFA Stage		
1. RFA Released	January 27, 2021	12 weeks
2. Optional Bidders’ Conference	February 2, 2021	
3. Bidder Questions Due	February 9, 2021	
4. Responses to Bidder Questions Due	February 16, 2021	
5. Bidder Abstract Submission Due	February 23, 2021	
6. Submittal Review	April 20, 2021	
7. Bidders Notified—Advancement to RFP Stage	April 21, 2021	
RFP Stage		
1. RFP Released	June 15, 2021	19 weeks
2. Optional Bidders’ Conference (Skype)	June 22, 2021	
3. Bidder Questions Due Round 1	June 25, 2021	
4. Responses to Bidder Questions	June 30, 2021	
5. Bidder Questions Due Round 2	July 7, 2021	
6. Responses to Bidder Questions	July 12, 2021	
7. Bidder's Proposal Due	July 21, 2021	
8. Proposal Review, Bid Clarification Discussions	August 22, 2021	
9. Selected Bidder Interviews	September 24-30, 2021 *	

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
10. Proposal Review Period Ends, Bidders Notified	September 1, 2021	
Selections & Contracting Stage		
1. Notification Selection (Subject to Negotiations) *	October 25, 2021*	32+ weeks
2. Contract Negotiations *	November 5, 2021- May 2022*	
3. Company's Advice Letter Filing, if Required *	June 16, 2022*	
4. Program Ramp-Up Begins	Q3 2022*	
5. Full Program Roll Out	Q3 2022*	
6. Notification Selection (Subject to Negotiations)	Q3 2022*	

* Revised date.

1.3 Key Observations

There are no new key IE issues or observations from the assigned IE on this solicitation.

2. RFA Solicitation Outreach and Bidder Response

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

3. RFP Bidder Response and Selections

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

3.1 RFP Development

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

3.2 RFP Bidders' Conference

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

3.3 RFP Bidders Response

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

3.4 Proposal Selection Process

a. Bid Screening Process and Management of Deficient Bids

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

b. Scoring Rubric Design

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

c. Evaluation Team Profile

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

d. Evaluation Processes and Scoring Calibration

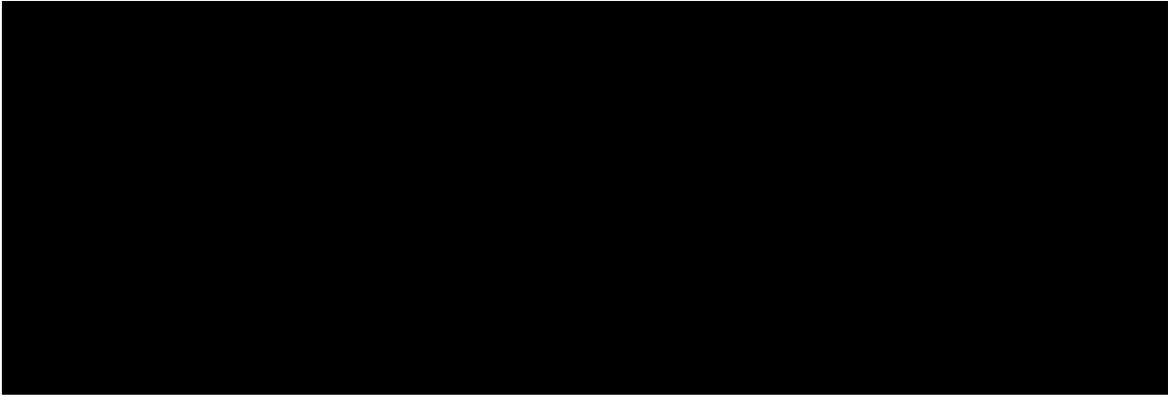
The IE reported this solicitation activity in the April 2021 through September 2021 Semi-Annual Report.

e. Shortlist and Final Selections

On October 11, 2021, the evaluation team representatives met with its senior leadership to discuss the final selection.

[REDACTED]

[REDACTED]



3.5 PRG and IE Feedback to Proposal Process and Selections

a. Adherence to PRG Guidance and Feedback

The PRG provided SDG&E with the PRG Guidance document that included more than 100 discrete PRG recommendations regarding the RFP stage. As confirmed by the IE, SDG&E incorporated many applicable PRG recommendations into the RFP materials and scoring rubric. SDG&E considered another seven PRG recommendations based on the Guidance document but did not accept them.



b. Response to IE Feedback

The IE provided 55 discrete comments to SDG&E on its draft RFP materials and corresponding scoring rubric. The IE comments covered various topics within the RFP Instructions to the bidders and several improvements to the scorecard. SDG&E accepted all but 15 IE recommendations. Those IE recommendations not accepted by SDG&E addressed various topics such as:

- presenting bidders legal recourse regarding confidentiality matters,
- requiring the use of an excel spreadsheet to capture the bidder’s narrative responses,

[REDACTED]

- reducing the number of bidder questions,
- removing an energy savings goal for this solicitation,
- limiting the number of proposed KPIs to less than [REDACTED]

[REDACTED]

[REDACTED]

After the release of the RFP, SDG&E conferred with its collective IEs to address many of these recommendations. For example, SDG&E has transitioned from using Excel spreadsheets to capturing bidder’s narrative-based responses. SDG&E has expanded its collaboration with its collective IEs on other topics (e.g., bidder interviews, etc.) to help improve various aspects of its program solicitations.

4. Contracting Process

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

5. Assessment of Final Contract

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

6. Overall Assessment of Solicitation

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

7. Implementation Plan Assessment

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

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

Reporting Period: October 2021 through March 2022

Prepared by:
Barakat Consulting, Inc.

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

Disclaimer: This report includes sensitive and confidential information.

Local Agriculture

1. Solicitation Overview

1.1 Overview

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

a. Scope

The solicitation target market is focused solely on the Local Agricultural segment. SDG&E Agriculture segment has approximately 4,700 accounts. These accounts represent the following categories: Nursery & Cut Flower Products, Fruits and Nuts, Vegetables, Livestock & Poultry, Livestock & Poultry Products, and Misc. Products and Services³¹.

b. Objectives³²

The objective of the solicitation is to select innovative third-party EE programs (“third-party programs”) that reliably capture and document cost-effective energy savings (kWh, kW, and/or therm) applicable to SDG&E’s Local Agriculture customer facilities and provide the Agricultural Sector a solution addressing the water/energy nexus³³.

1.2 Timing

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

Table 1.1: Key Milestones		
Milestones	Completion Date	Weeks to Complete
RFA Stage		
Solicitation Launch	April 26, 2021	12 weeks

³¹ SDG&E Final SDG&E Agricultural Sector: Local Agriculture RFA Scoring and Selection Report, page 3.

³² Ibid.

³³ Water/Energy Nexus is defined as the treatment, heating, and conveyance of water in California. <https://www.cpuc.ca.gov/General.aspx?id=4139>

Table 1.1: Key Milestones		
Milestones	Completion Date	Weeks to Complete
Bidders' Conference	May 7, 2021	
Offer Submittal Deadline	May 25, 2021	
RFA Shortlist to PRG	July 13, 2021	
Shortlisting Notification	July 20, 2021	
RFP Stage		
Solicitation Launch	September 23, 2021	22 weeks
Bidders' Conference	October 1, 2021	
Offer Submittal Q&A Period	October 1 – 18, 2021	
Offer Submittal Deadline	October 27, 2021	
Cure Period	NA	
Interviews	January 2022	
RFP Shortlist to PRG	December 14, 2021 (moved to January 2022)	
Shortlisting Notification	December 17, 2021 (moved to February 2022)	
Selections & Contracting Stage		
Contracting and Negotiations Period	January - March 2022 (Moved to February through April 2022)	21 weeks
Contracts Presented to PRG	March 8, 2022 (likely to be May 2022)	
Contract Execution	May 18, 2022 (likely to be June 2022)	

1.3 Key Observations

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

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

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

2. RFA Bidder Response and Selections

2.1 RFA Development

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

2.2 RFA Outreach

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

2.3 RFA Bidders' Conference

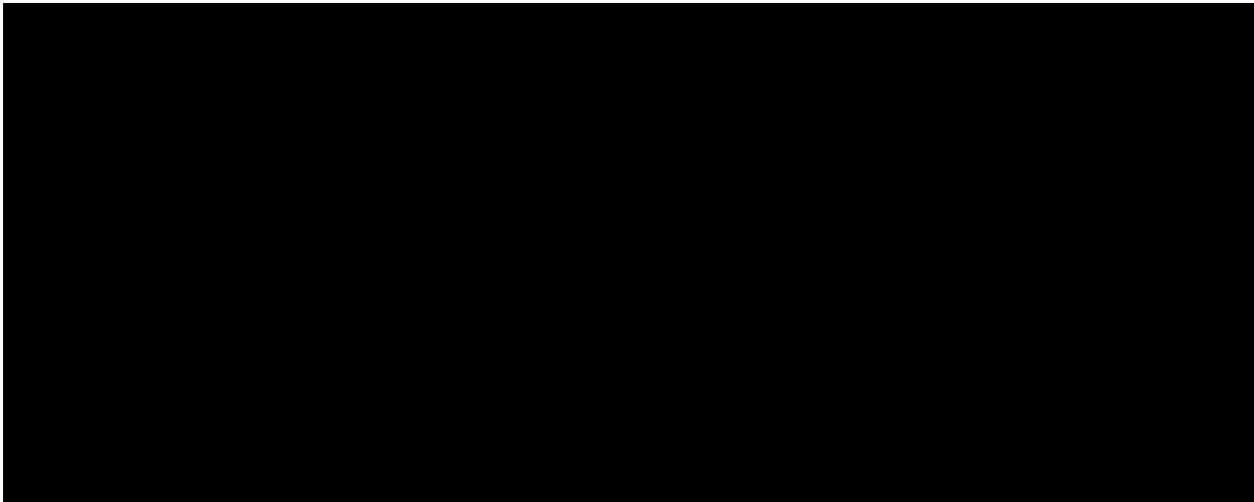
The IE reported on this activity in the April 2021 through September 2021 Semi-Annual Report.

2.4 RFA Bidders Response

The IE reported on this activity in the April 2021 through September 2021 Semi-Annual Report. Below is a summary of responses.

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

█ abstracts were received by the May 28, 2021 noon deadline. Each of them passed the complete and conforming review by SDG&E. Below is a summary of key elements of the abstracts.



2.5 Abstract Selection Process

a. Bid Screening Process and Management of Deficient Bids

There were no deficient abstracts.

b. Abstract Evaluation Team Profile

SDG&E scored the entire abstracts and are summarized in the last Semi-Annual Report.

c. Abstract Scoring Rubric Design

The abstract scorecard is shown in Table 2.3.

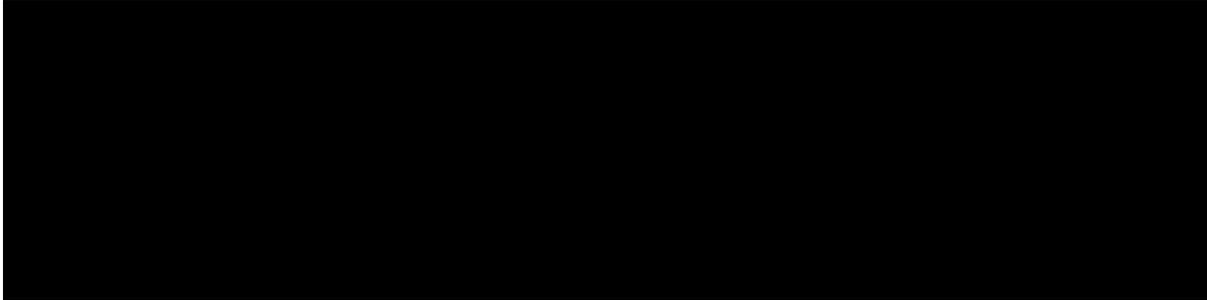
Table 2.3 Abstract Scoring Rubric	
Core Program Elements	
Program Overview & Design	
Innovation	
Program Operations	
Cost and Performance	
Experience and Capability	
Program Compliance	
Total Score	

d. Evaluation Processes and Scoring Calibration

The evaluation process was covered in the April 2021 through September 2021 Semi-Annual Report.

e. Abstract Selections

The details of abstract selection were covered in the April 2021 through September 2021 Semi-Annual Report and results summarized below.



2.6 PRG and IE Feedback to Abstract Process and Selections

a. Adherence to PRG Guidance and Feedback

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

b. Response to IE Feedback

Response to IE feedback was covered in the April 2021 through September 2021 Semi-Annual Report.

3. RFP Bidder Response and Selections

3.1 RFP Development

Development of the RFP was addressed in the April 2021 through September 2021 Semi-Annual Report.

3.2 RFP Bidders' Conference

The Bidders' Conference was held on October 1, 2021. [REDACTED]
[REDACTED] They asked [REDACTED] clarifying questions that SDG&E responded to during the meeting and clarified the responses in writing in a submittal to PowerAdvocate on October 7, 2021.

3.3 RFP Bidder Response

Table one Solicitation RFP Response	
	No.
Proposals Expected	[REDACTED]
Proposals Received	
Proposals Disqualified	
Proposals moved to Contracting	

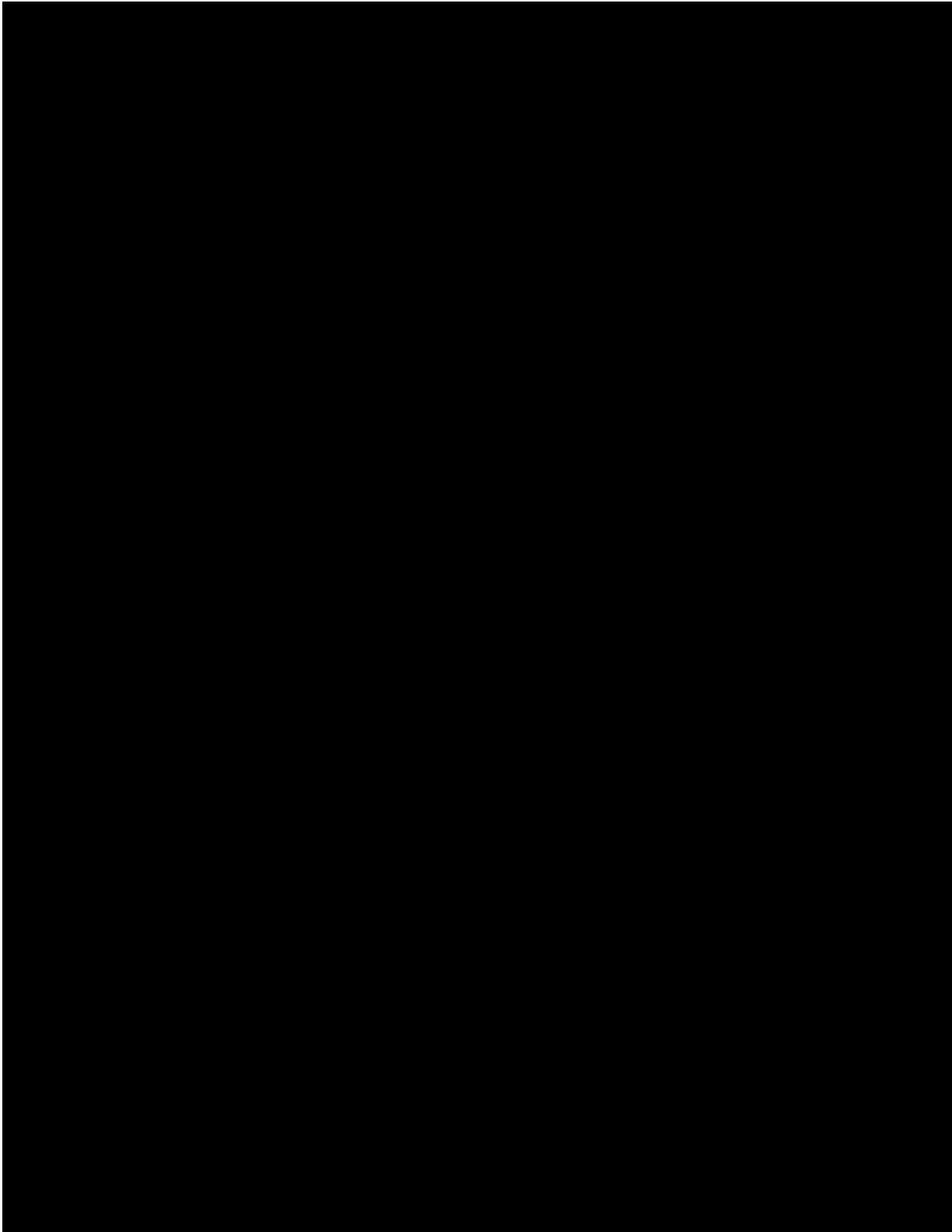
[REDACTED]

Table 3.2: Proposal Elements Summary				
Bidder	Budget	kWh	kW	Therms
[REDACTED]				

General program summaries and a comparison [REDACTED] is shown below. In addition, innovative features of the [REDACTED] customer training and incentive approaches and “creative approaches” using NMEC for irrigation and cannabis. [REDACTED]

[REDACTED]

[REDACTED]



[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

3.4 Proposal Selection Process

a. Bid Screening Process and Management of Deficient Bids

There were no deficient abstracts.

b. Proposal Evaluation Team Profile

The evaluation team for the proposal consists of seven SDG&E employees as noted in the table below. Although each team member will review the proposals in their entirety, [REDACTED]

[REDACTED]

c. Proposal Scoring Rubric Design

The Proposal scorecard is shown in Table 3.4.

Table 3.5 Proposal Scoring Rubric	
Core Program Elements	% Of Total
[REDACTED]	[REDACTED]
Total Score	100%

d. Evaluation Processes and Scoring Calibration

Prior to calibration, the scoring training was well conducted and engaged all team members in reviewing some of the key criteria, discussing the details and making changes as appropriate to

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Given the close [REDACTED]
[REDACTED] It will be very important to focus on budgets, savings, measures, innovation/IDSM and overall approaches to the programs being proposed by each of these bidders.

e. Interviews

Interviews were held with [REDACTED]
Interview questions focused on budgets, savings, innovation/IDSM approaches and budgets, HTR/DAC goals, and approaches to savings (Custom/Deemed/NMEC).

The interviews allowed for clarification on items of interest from the proposals and did not change the ranking. [REDACTED]

There were items the SDG&E team flagged for follow up in negotiations including 1) ensuring that a focus on NMEC does not result in exclusion of smaller customers and 2) increasing the HTR/DAC and Disadvantaged Farmer goals from 10 percent to a higher percentage given the demographics of the SDG&E Ag community.

3.5 PRG and IE Feedback to Proposal Process and Selections

Given the limited proposals and clear ranking following evaluation, there were no issues related to selection from the PRG or the IE. The focus of IE feedback was to ensure [REDACTED]

- Ensuring that a focus on NMEC does not result in exclusion of smaller customers and
- Increasing the HTR/DAC and Disadvantaged Farmer goals from [REDACTED] to a higher percentage given the demographics of the SDG&E Ag community.

4. Contracting Process

Negotiations [REDACTED] in March 2022 and the final contracts and summaries will be covered in the next Semi-Annual Report.

5. Assessment of Final Contract

To be covered in the next Semi-Annual Report.

6. Overall Assessment of Solicitation

To be covered in the next Semi-Annual Report.

7. Implementation Plan Assessment

To be covered in a future Semi-Annual Report.

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Statewide Residential HVAC Quality Installation and Quality Maintenance Solicitation

Reporting Period: October 2021 through March 2022

Prepared by:
Don Arambula Consulting



Disclaimer: This report includes sensitive and confidential information.

Statewide Residential HVAC Quality Installation and Quality Maintenance

1. Solicitation Overview

1.1 Overview

This Report on the Statewide Residential HVAC Quality Installation and Quality Maintenance (Statewide Residential HVAC QI/QM) solicitation covers the period between October 2021 through March 2022. As a result, much of the Report addresses the RFA stage of SDG&E's program solicitation.

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

a. Scope

The Statewide HVAC QI/QM program solicitation seeks innovative, comprehensive, market support-based³⁴ program ideas to have residential customers modify their HVAC equipment and equipment-based behaviors to reduce energy use. While market support programs are primarily considered a non-resource program type, bidders may propose programs that deliver energy savings. This Program will assist SDG&Es in achieving various portfolio and sector metrics. Program designs may address the following overarching program outcomes:

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

³⁴ Decision 21-05-031 states: "Programs with a primary objective of supporting the long-term success of the energy efficiency market by educating customers, training contractors, building partnerships, or moving beneficial technologies towards greater cost-effectiveness.", p.14.

- Utilize and leverage the defined criteria of the IDSM solutions, including EE/DR integration, related to residential customers to promote demand shifting and peak conservation.³⁵ IDSM efforts should involve referring customers to participate in other residential programs such as ESA, CARE, and FERA.
- Accelerate activities within the residential HVAC QI/QM market before the Summer of 2023, resulting in a lower overall electricity load, particularly in the peak and net peak hours.
- Encourage customer achievement of deep, longer-term energy savings associated with HVAC QI/QM.
- Increase program participation from residential customers, including HTR customers and those who reside in DACs.
- Include a flexible delivery approach targeting specific customers based on specific criteria such as distinct climate zones, high HVAC energy usage, or other characteristics (e.g., Public Safety Power Shutoff zones, etc.).
- Support the achievement of applicable residential sector metrics.³⁶
- Address barriers and drivers identified in SDG&E Business Plans.³⁷

b. Objectives

The objective of the solicitation is to select an innovative program(s) that will support quality installation and quality maintenance of HVAC systems in the residential sector across all four California IOUs.³⁸ The Program will be funded by SDG&E's "Market Support" segment of the EE program portfolio.³⁹ The CPUC's cost-effectiveness threshold requirements do not apply to the Market Support segment. However, SDG&E does encourage bidders to propose a cost-efficient program design and delivery that maximizes program performance.

1.2 Timing

SDG&E RFA release was consistent with the projected release timeframe (third quarter of 2021), as shown in SDG&E'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.

³⁵ Refer to Decision 18-05-041. pp. 34-38, for guidance on appropriate activities.

³⁶ Attachment A of this RFA.

³⁷ Id.

³⁸ California IOUs include PG&E, SCE, SDG&E and SoCalGas.

³⁹ Decision 21-05-031.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFA Stage		
1. RFA Released	September 29, 2021	12 weeks
2. Optional Bidders' Conference	October 5, 2021	
3. Bidder Questions Due	October 11, 2021	
4. Responses to Bidder Questions Due	October 18, 2021	
5. Bidder Abstract Submission Due	October 28, 2021	
6. Submittal Review	December 1, 2021	
7. Bidders Notified-Advancement to RFP Stage	December 22, 2021	
RFP Stage		
1. RFP Released	March 22, 2022	16 weeks
2. Optional Bidders' Conference (Skype)	March 24, 2022	
3. Bidder Questions Due Round 1	March 29, 2022	
4. Responses to Bidder Questions	April 4, 2022	
5. Bidder Questions Due Round 2	April 8, 2022	
6. Responses to Bidder Questions	April 13, 2022	
7. Bidder's Proposal Due	April 22, 2022	
8. Proposal Review, Bid Clarification Discussions	May 20, 2022	
9. Selected Bidder Interviews	June 3, 2022	
10. Proposal Review Period End	June 8, 2022	
Selections & Contracting Stage		
1. Notification Selection (Subject to Negotiations) *	July 6, 2022	26 weeks
2. Contract Development and Negotiation *	Q3 2022	
3. Company's Advice Letter Filing, if Required *	Q3 2022	
4. Program Ramp-Up Begins	Q4 2022	
5. Full Program Roll Out	Q1 2023	

**Estimated Dates*

1.3 Key Observations

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

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Company’s Proposed Additional Ts&Cs	SDG&E does not provide its proposed additional Ts&Cs to potential bidders at the RFA stage.	SDG&E should provide its Company's proposed Additional Ts&Cs to bidders during the RFA stage. This would inform potential bidders about Ts&Cs that they may not find acceptable, and, as a result, a bidder may decide not to participate in the solicitation.	SDG&E does not provide Ts&Cs at the RFA stage as a general practice. SDG&E’s proposed Ts&Cs will be provided to bidders at the RFP stage.

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

Table 1.3: Emerging Best Practices	
Emerging Best Practice	IE Analysis

2. RFA Bidder Response and Selections

2.1 RFA Development

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

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

2.2 RFA Outreach

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

2.3 RFA Bidders' Conference

SDG&E held a bidders' conference on October 5, 2021. Five potential bidders attended. Potential bidders had ample time during the conference to ask questions. After the bidders' conference, SDG&E also provided bidders an opportunity to provide written questions. By October 11, 2021, SDG&E had received a total of 12 questions covering an array of topics, including bidder partnering, measuring customer awareness, overlap with other IOU programs, participation in other non-EE programs, customer usage data, non-resource eligibility, coordination with the SW HVAC program, program overlap, IDSM considerations, EE/DR integration coordination, and treatment of program cost in the cost-effectiveness evaluation. SDG&E provided the IE ample opportunity to review SDG&E draft responses to each question before their release to the bidders. The responses were complete and accurate. SDG&E responded to all bidder questions by October 18, 2021, which was within the acceptable time frame recommended by the PRG.

2.4 RFA Bidder Response

The table below summarizes the number of abstracts received in response to the request for abstracts released by SDG&E.

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

2.5 Abstract Selection Process

a. Bid Screening Process and Management of Deficient Bids

SDG&E screened [REDACTED] to confirm the abstracts' completeness, business requirements, file access, timeliness, and certification requirements. SDG&E's Supply Management completed this initial screening before the scoring team began its evaluations. All abstracts passed the screening process with no deficiencies. The IE confirmed SDG&E conducted the screening process properly.

b. Abstract Evaluation Team Profile

SDG&E assigned staff from various disciplines to form the evaluation team. The team was responsible for reviewing and scoring the abstracts received during the RFA Stage. The SDG&E evaluation team was well-rounded and qualified to evaluate the abstracts. The tables below present SDG&E's evaluation team roster during the solicitation.



SDG&E held a group training session for its evaluation team before scoring the abstracts. The training included an overview of the RFA schedule, a review of the Company's code of conduct, including antitrust guidelines, and general guidance on using the scorecard. There were no conflicts of interest identified among the scoring team.

c. Abstract Scoring Rubric Design

Overall, the scoring rubric and corresponding criteria weightings balanced SDG&E's needs and CPUC direction regarding third-party programs.

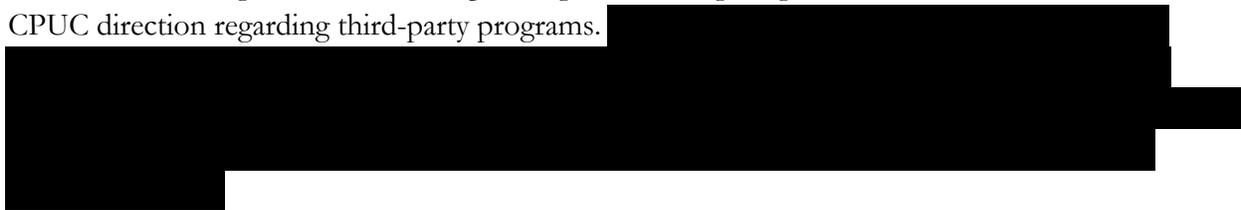


Table 2.3: RFA Scoring Rubric	
Category	
Program Overview	
Program Design	
Innovation	
Program Operations	
Cost and Performance	

Table 2.3: RFA Scoring Rubric	
Category	
Experience and Capability	
Total	

SDG&E incorporated the scoring rubric into a standard evaluator scorecard that included a 5-point scale and instructions to evaluators on how to apply the scoring criteria. SDG&E’s evaluators used the scorecard to assess the bidders’ responses to 13 RFA questions. SDG&E has made great strides in reducing the number of bidder questions at the RFA stage while retaining a sufficient number of questions to effectively evaluate bidder abstracts. We are encouraged to see that SDG&E is working more collaboratively with its collective IEs and PRG to make such enhancements.

d. Evaluation Processes and Scoring Calibration

SDG&E allotted approximately five weeks (including holidays) for team members to evaluate [REDACTED]. The IE recommends reducing this time to no more than two weeks for future solicitations. SDG&E can increase the evaluation period if SDG&E receives a significant number of abstracts. SDG&E can make such schedule adjustments during the solicitation.

The IE monitored the RFA evaluation process, including the team calibration meeting. The calibration meeting was held on December 7, 2021, to address any significant differences among scorers. All score team members were present. [REDACTED]

The meeting resulted in excellent discussion and sharing among the team on scores. The debate among the evaluation team was detailed and thoughtful. All team members provided feedback equally. At no time did an evaluator feel pressure to change their score. At their discretion, team members could adjust their initial score to correct for misapplication of the scoring guidelines or misunderstanding of the bidder's response. In certain instances, team members elected to change scores. All adjustments seemed reasonable and well-founded. The IE did not see any team member force their perspective onto others during the calibration. Discussions were well-reasoned and professional and at no time were any team members encouraged to change their scores. The IE had no significant disagreements with the score team's assessment of the abstracts.

As an effective practice, SDG&E conducted a survey of its evaluation team to identify best practices and areas of improvement regarding the implementation of the RFA stage. [REDACTED]

e. Abstract Selections

SDG&E presented their list of selected abstracts to the PRG on December 14, 2021. SDG&E proposed [REDACTED] to the RFP stage. Based on SDG&E's assessment, [REDACTED]. SDG&E considered each bidder a proven program implementer with a competitive program design. The bidders invited to the RFP stage by SDG&E are listed below.



2.6 PRG and IE Feedback to Abstract Process and Selections

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

a. Adherence to PRG Guidance

In support of SDG&E's energy efficiency program solicitations, the PRG created a PRG Guidance document which lists a variety of PRG recommendations regarding all aspects of SDG&E's solicitations, including the RFA stage. The PRG Guidance document included over 80 discrete PRG recommendations regarding the RFA stage. As confirmed by the IE, SDG&E incorporated all applicable PRG recommendations into the RFA materials and scoring rubric.

The PRG recommended to SDG&E to include a question to bidders on how they will ensure compliance with federal law for reclaiming refrigerants (e.g., R-22). SDG&E agreed to incorporate into the upcoming RFP instructions and RFP bidder questions.

b. Response to IE Feedback

The IE provided 32 comments on the draft RFA and scoring materials. After multiple rounds of review and discussion with SDG&E, SDG&E accepted all IE recommendations. The IE recommendations accepted by SDG&E addressed several improvements to the bidder questions, emphasis on DACs, and refinements to the schedule.

3. RFP Bidder Response and Selections

a. 3.1 RFP Development

Overall, the RFP balanced the need for information to evaluate bidder proposals with the burden placed on the bidder in responding to the RFP with one exception. The RFP included general instructions, a response form (narrative and data), and the applicable CPUC standard and modifiable contract Ts&Cs. However, SDG&E also instructed bidders to provide redlines to its proposed Company-specific Ts&Cs. The IE and PRG believed such requests should be addressed in the contract negotiations as it likely placed an unnecessary burden on the bidder. SDG&E asked bidders to respond to 21 questions and populate program-related data in a workbook template as part of the RFP. The RFP imposed reasonable page limits that allowed ample opportunity for bidders to provide clear and complete responses.

The IE provided 55 discrete comments and corresponding recommendations. SDG&E accepted all but 6 of the recommendations. The IE comments focused on improving the RFP's general instructions, improvements to the narrative response form, adjustments to the scoring guide, and general refinements to the RFP format to help the bidder prepare its response.

3.2 RFP Bidders' Conference

SDG&E held an RFP bidders' conference on March 24, 2022. [REDACTED] attended. Attendance at the bidders' conference was optional. Invited bidders had ample time during the conference to ask questions; however, the bidders asked no questions. After the meeting, bidders were also provided an opportunity to provide written questions by March 29, 2022, and again by April 13, 2022.

3.3 RFP Bidder Response

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

4. Contracting Process

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

5. Assessment of Final Contract

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

6. Overall Assessment of Solicitation

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

7. Implementation Plan Assessment

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

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

Reporting Period: October 2021 through March 2022

Prepared by:
MCR Corporate Services



Disclaimer: This report includes sensitive and confidential information.

Local Behavioral Segment

1. Solicitation Overview

1.1 Overview

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

a. Scope

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

b. Objectives

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

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

- Interventions focusing on altering residential energy use
- Behavioral modeling strategies
- Behavioral energy savings

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

1.2 Timing

Key milestones associated with the SDG&E Local Behavioral solicitation are shown in Table 1.1.

Table 1.1: Key Milestones		
Milestones	Completion Date	Weeks to Complete
RFA Stage		
Solicitation Launch	July 26, 2021	12 weeks
Bidders' Conference	August 2, 2021	
Offer Submittal Deadline	August 23, 2021	
RFA Shortlist to PRG	October 12, 2021	
Shortlisting Notification	October 19, 2021	
RFP Stage		
Solicitation Launch	December 22, 2021	16 weeks
Bidders' Conference	January 5, 2022	
Offer Submittal Deadline	February 4, 2022	
RFP Shortlist to PRG	March 16, 2022	
Shortlisting Notification	March 22, 2022	
Bidder Interviews	March 28, 2022	
Finalist Shortlist to PRG	April 12, 2022	
Finalist Notification	April 19, 2022 (planned)	
Selections & Contracting Stage		
Contracting and Negotiations Period	April 28-June 29, 2022 (planned)	~13 weeks
Contracts Presented to PRG	July 12, 2022 (planned)	
Contract Execution	Late July 2022 (planned)	

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 Behavioral solicitation.

Table 1.2: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Program Design	The draft RFA used overly prescriptive wording in several places that not only stated that the program should include home energy reports, but even how they should be delivered. Providing that level of information and defining the program so narrowly would limit innovative program design by the bidders. The only remaining areas for innovation would have to be in marketing strategy.	Bidders should be providing the details on program design and delivery to facilitate innovation.	SDG&E deleted the language, leaving the description of the program without any inappropriate clues as to what SDG&E wanted the program to be.
Abstract Word Count Violations	Bidders were given a word limit for each question and warned that their “inability to comply with word limits may impact scoring.” The word “may” implies there is no plan, so no deterrent to exceeding the word limits.	Since SDG&E’s plan was to redact text in bidder responses that exceeded the word limits, change “may” to “will,” which will emphasize that there is a penalty to exceeding a word limit.	SDG&E changed “may” to “will” and followed through with its plan to redact excessively long bidder responses.

Table 1.2: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
RFP Instructions	Proposal due date did not provide bidders with 30 days to respond per EE PRG Guidelines.	Change proposal due date provide bidders 30 days to respond.	SDG&E accepted the recommendation and changed due date.
RFP Instructions	Definition of “key personnel.”	Define “key personnel” to assist bidders with determining which resumes/bios to include in their proposal response.	SDG&E accepted the recommendation and added language defining them as those “supporting the program.”
Bidder Interview Questions	Prior to interviews, bidders were each given 10-12 questions to answer during their interview. The IE is concerned that the number of questions asked of each bidder was not the same, which could have implications should a bidder be unable to address all their questions within the time allotted.	The IE recommended that all bidders receive the same number of questions to respond to during stage one of interviews. If more questions are needed, they could be asked during stage two of the interview.	SDG&E indicated that it intended to accept this recommendation and implement it in future solicitations.

2. RFA Bidder Response and Selections

2.1 RFA Development

RFA development is presented in the April 2021 through September 2021 Semi-Annual Report.

2.2 RFA Outreach

RFA outreach is presented in the April 2021 through September 2021 Semi-Annual Report.

2.3 RFA Bidders' Conference

The RFA Bidders' Conference is presented in the April 2021 through September 2021 Semi-Annual Report.

2.4 RFA Bidders Response

The RFA Bidders Response is presented in the April 2021 through September 2021 Semi-Annual Report.

2.5 Abstract Selection Process

a. Bid Screening

The IE reporting on the bid screening process was presented in the April 2021 through September 2021 Semi-Annual Report.

b. Abstract Evaluation

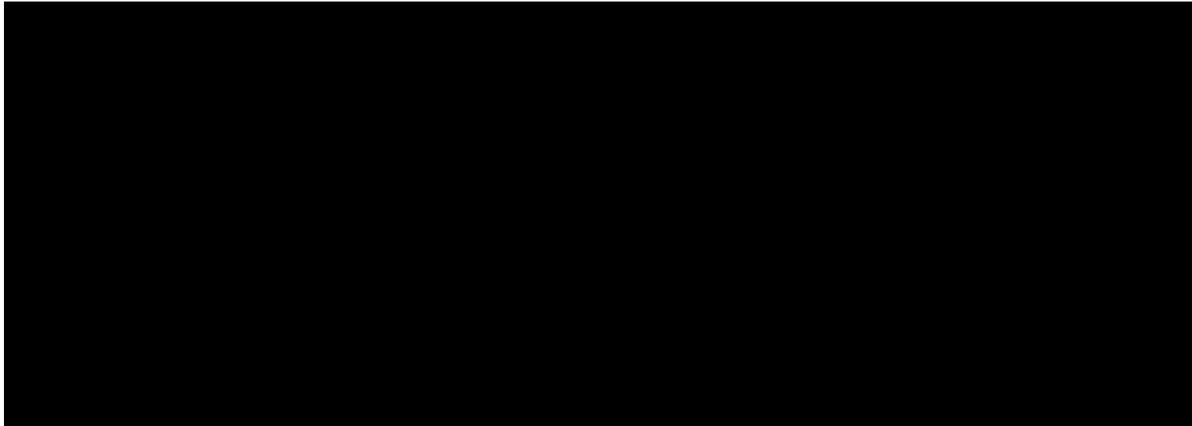
The IE reporting on abstract evaluation was presented in the April 2021 through September 2021 Semi-Annual Report.

c. Abstract Scoring

The IE reporting on abstract scoring was presented in the April 2021 through September 2021 Semi-Annual Report.

d. Abstract Selections

[REDACTED] approved by its management to advance to the RFP Stage of the Local Behavioral solicitation. SDG&E presented these bidders to the PRG on October 12, 2021. Energy Division (ED) notified SDG&E on October 15, 2021 that its Section Leans and Subject Matter Experts had reviewed the abstracts shortlist and had no comments.



The IE feels that SDG&E set the standard for bidder debriefs with this service. SDG&E provided sufficient, useful feedback to the unsuccessful bidders without presenting generic information or resorting to empty or obvious suggestions for bidder improvement.

2.6 PRG and IE Feedback to Abstract Process and Selections

a. Adherence to PRG Guidance and Feedback

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



The only formal comment from the PRG during the RFA stage came from ED, which pointed out an inconsistency in the RFA. Section 5.3 of RFA Instructions stated proposals that “leverage or utilize Demand Response” will not be scored, however DR Integration is highlighted in another section as a possible component of the proposed program. SDG&E corrected the inconsistency in the final RFA.

b. Response to IE Feedback

The IE's observed during the RFA Evaluator Training that not all of SDG&E's RFA evaluators had a good understanding of the training guidelines and the scoring criteria. So, the IE recommended that SDG&E provide a scoring refresh for individual evaluators. It is clear whether SDG&E undertook this recommendation, but the IE believes that no scoring refresh occurred, due to the quality of the actual abstract calibration discussions.



3. RFP Bidder Response and Selections

3.1 RFP Development

The IE received the Behavioral RFP package from SDG&E in mid-November 2021 for review. The package consisted of the RFP Instructions, two bidder response forms (one Word, one Excel), and seven other associated documents.

SDG&E has made great progress in adopting an early recommendation by its team of IEs to modify its solicitation templates to use Microsoft Word for responses that are primarily text and Excel for responses that are primarily numbers or are in tabular form. Per that recommendation, SDG&E used two response forms for this solicitation.

The IE made a few recommendations in its review of the RFP package, most of which SDG&E accepted and implemented in the final RFP documents package.

SDG&E successfully launched its Local Behavioral RFP on December 22, 2021. The IE ensured that SDG&E notified bidders that the RFP document package was available on PowerAdvocate.

3.2 RFP Bidders' Conference

SDG&E conducted the Local Behavioral RFP Bidders' Conference on January 5, 2022. Prior to the Conference, the IE reviewed SDG&E's presentation and provided comments and recommendations – all which SDG&E accepted.

[REDACTED] participated in the Bidders' Conference. [REDACTED] SDG&E recorded the Conference and gave all bidders access to the recording via PowerAdvocate.

Consistent with Section 7.2 of the RFP Instructions, SDG&E provided bidders with three opportunities to ask questions about the solicitation – first during the Bidders' Conference and two rounds of post-Conference Q&A through PowerAdvocate. Also in Section 7.2, the RFP Instructions state:

All questions and correspondence that may arise from participating Bidders will be shared with all Bidders participating in this RFP, and all responses to such questions will be provided to all Bidders via PowerAdvocate.

[REDACTED] The IE recommended to SDG&E that if it wanted to continue to have this flexibility for responding to bidder questions, the language in Section 7.2 of the RFP Instructions should be changed to be consistent with this practice. In addition, SDG&E should determine what types of bidder questions it will allow outside of the Q&A period.

3.3 Proposal Selection Process

a. Bid Screening Process and Management of Deficient Bids

SDG&E's screening of bidder proposals consisted of two parts:

- An RFP Threshold Assessment to determine the responsiveness of the bidder's proposal to RFP requirements, including whether bidder followed RFP instructions, submitted mandatory documents, provided all required information in PowerAdvocate and in the Proposal form, and provided a proposal that can be reasonably scored.
- Proposal scoring (of proposals that pass the RFP Threshold Assessment).

During proposal evaluation, SDG&E may seek clarification from the bidder on topics included in their Proposal, such as, but not limited to:

- CET Values
- Compensation and Budgets
- Savings
- Measures
- Overall Program Design

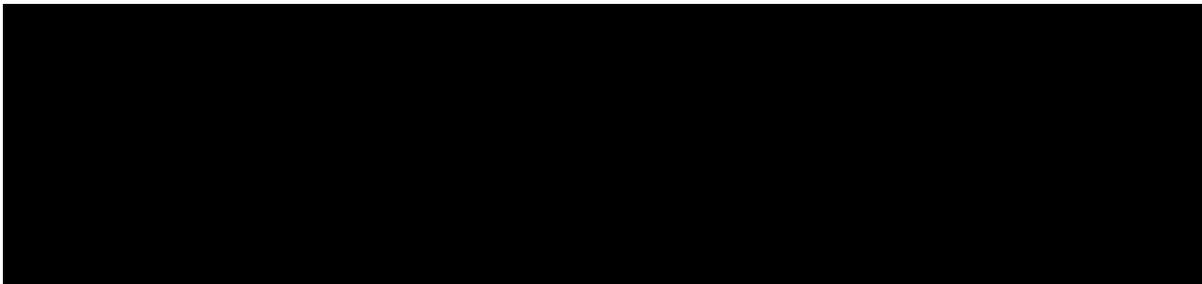
b. Scoring Rubric Design

SDG&E applied the following scoring rubric in the evaluation of the bidders’ proposals.

Table 3.1: Scoring Rubric	
Category	
Core Program Elements	
Social Responsibility & Supply Management	
Measures, Savings, Budgets	
Total	

c. Evaluation Team Profile

The SDG&E’s Behavioral proposal evaluation team roster is listed below. The team consisted of experienced subject matter experts drawn from SDG&E’s staff. There were no conflicts of interest reported by SDG&E or its team members. SDG&E held a group training session for the scoring team on February 7, 2022, before scoring began. The training included scoring roles, RFP solicitation timeline, proposal and scoring document access, the evaluator score sheet, and scoring guidance.



[Redacted]

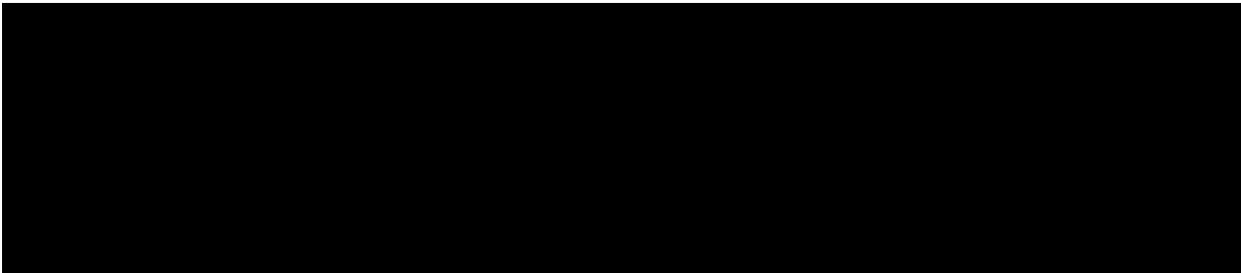
[Redacted]

e. Shortlist and Final Selections

[Redacted]

[Redacted]

[Redacted]



Shortly after SDG&E’s evaluators completed their proposal scoring on March 8, they met to determine which bidders should be invited to interviews. All the evaluators’ scores had been compiled to result in initial (pre-calibration) final scores for each bidder, which are shown in the following table.



[Redacted]

[Redacted]

The IE did not share its proposal scores with SDG&E at this time, opting, instead to wait until after calibration as has been practice to this point. However, since calibration occurred after the end of the reporting period for this semi-annual report, the IE's scores are shown in Figure 3.2.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[REDACTED]

Interviews with [REDACTED] took place on March 28, 2022. Prior to the interviews, each bidder was provided 10-12 questions they were to address during the first 30 minutes of their 1-hour interview. During the first 30 minutes the bidders could also present any additional information regarding their program they desired.

During the second half the interview SDG&E asked additional questions regarding the bidder's proposal presentation and any other questions that arose. In addition, the bidder had five minutes before the close of the interview to ask questions of the SDG&E team.

[REDACTED] came to the interviews well-prepared and did a very good job of addressing SDG&E's questions and concerns.

3.4 PRG and IE Feedback to Proposal Process and Selections

a. Adherence to PRG Guidance and Feedback

Just prior to bidder interviews in March 2022, the ED asked SDG&E to clarify how the Local Behavioral program may interact and/or coordinate with the residential ELRP (Emergency Load Reduction Program) regarding both program enrollment and messaging. Energy Division noted that a few of the proposals from bidders to be interviewed contained educational messages or notifications during peak day/times, which presumably would coincide with Flex Alert communications and customer payments for load reductions if enrolled in ELRP. In response to ED's request, SDG&E asked each bidder to explain during their interview their plan to handle the messaging and notification of customers to ensure coordination.

b. Response to IE Feedback

[REDACTED]

[REDACTED]

Overall, SDG&E was receptive to IE suggestions for streamlining the process and ensuring it remains fair, transparent, and unbiased.

4. Contracting Process

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

5. Assessment of Final Contract

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

6. Overall Assessment of Solicitation

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

7. Implementation Plan Assessment

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

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

Reporting Period: October 2021 through March 2022

Prepared by:
THE MENDOTA GROUP



Disclaimer: This report includes sensitive and confidential information.

Local Industrial Sector

1. Solicitation Overview

1.1 Overview

This Report covers the activities associated with the Local Industrial solicitation for the period from October 2021 through March 2022. During the period covered by this Report, SDG&E prepared and released the RFP, scored the Proposal responses, invited selected bidders to the Interview step of its RFP process, and selected a bidder to advance to contracting. Unless specifically mentioned, all solicitation references in this Report relate to the RFP Stage. It should be noted that SDG&E is running its Industrial and Industrial-Port Tenants solicitations at the same time, using similar template documents, and following similar processes for these segments in parallel. Therefore, many of the items discussed in this Report are similar to those discussed in the Industrial Port Tenants Report.

a. Scope

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

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

SDG&E concurrently issued a solicitation targeted at non-Port Industrial customers (this solicitation) and a solicitation targeted at customers served by The Port of San Diego. SDG&E issued separate solicitations because of the unique nature of the Port's customers and the Company's belief that the two programs may require different program designs to best achieve

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

b. Objectives

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

1.2 Timing

Key milestones associated with the solicitation are shown in Table 1.1.

Table 1.1: Key Milestones		
Milestones	Completion Date	Weeks to Complete
RFA Stage		
Solicitation Launch	June 18, 2021	14 weeks
Bidders’ Conference	June 28, 2021	
Offer Submittal Deadline	July 22, 2021	
RFA Shortlist to PRG	September 14, 2021	
Shortlisting Notification	September 21, 2021	
RFP Stage		
Solicitation Launch	November 8, 2021	20 weeks
Bidders’ Conference	November 30, 2021	
Offer Submittal Deadline	January 7, 2022	
Interviews	March 3 – March 4, 2022	
RFP Shortlist to PRG	March 18, 2022	
Shortlisting Notification	March 30, 2022	
Selections & Contracting Stage		
Contracting and Negotiations Period	Q2 2022	

Table 1.1: Key Milestones		
Milestones	Completion Date	Weeks to Complete
Contracts Presented to PRG	Q2 2022	
Contract Execution	Q2 2022	

1.3 Key Observations

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

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Strategic Energy Management Role	Bidders may propose programs that incorporate strategic energy management approaches to serving industrial customers. We believe it is important that the solicitation is clear regarding what bidders are permitted to propose in terms of strategic energy management.	We believe the RFA does a good job of describing the way strategic energy management elements can be incorporated into bidder programs but know that this is an area that may be subject to change as the current set of CPUC-approved Strategic Energy Management cohorts proceed with Cycle 2. We want to be sure that bidders are aware of the Commission’s SEM guidelines (Version 2.01 of the SEM guidelines was released September 12, 2020).	We have closed this item. No bidders asked questions about SEM during the Q&A. A bidder did ask: “Can SDG&E share their latest guidance on the use of NMEC within this Program? Are there any updates since the RFA was released?” SDG&E answered that Rulebook for Programs and Projects Based on Normalized Metered Energy Consumption 2.0 remains the latest guidance.
Compensation /Pricing Strategy	SDG&E requests bidders’ compensation and pricing strategies in the RFA but does not include them in the scoring rubric.	We consider this an important consideration and also believe that if the utility has a preferred approach (beyond simply stating that it prefers performance-based compensation), they should both indicate this in the RFA instructions and evaluate it in the scoring process.	IEs discussed with SDG&E ways that an evaluation of compensation can be more clearly incorporated into the solicitation process. SDG&E has since incorporated language into its recent Single Family 2.0 RFP that clarifies for bidders its preferred compensation approach. We very much appreciate

Table 1.2: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
			this addition to its standard solicitation documents. However, we still believe this component should be scored.
RFP Documents	Scoring team members raised concerns/ preferences related to program approaches that would be good to clarify at the RFP stage. Examples included how bidders will ensure policy compliance, how the bidder's program is innovative in terms of increasing participation/savings vs. existing approaches, SEM role, and clarifying that bidder responses should be confined to the section being evaluated.	RFP documents should be sure to include requests for bidders to provide information on areas of concern to the scoring team and clearly communicate to bidders how they should submit information (ensure that bid information is confined to the specific question and not sprinkled throughout their proposal).	RFP incorporated changes that addressed these concerns.
Develop RFA and RFP in Parallel	The RFA and the RFP solicitation documents historically have been developed separately,	For future solicitations, we recommend beginning the development of RFP in parallel with RFA to both	SDG&E has incorporated this recommendation going forward

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
	leading to inconsistencies and/or redundancies in requests of bidders between the two stages. In the interest of reducing the time between RFA and RFP and ensuring consistency between the information requested at each stage, we think it would be useful to develop RFA and RFP in parallel.	reduce the RFA-RFP timing gap and to help ensure consistency/coverage between RFA and RFP.	

2. RFA Bidder Response and Selections

The IE reported the RFA stage of the solicitation in the April 2021 through September 2021 Semi-Annual Report.

3. RFP Bidder Response and Selections

3.1 RFP Development

Review of the RFP documents and the RFP process was based on the PRG Solicitation Guidelines, which aim to ensure that documents are clear, information provided and requested promotes a fair solicitation/level playing field, and that the process is transparent. The RFP solicitation package consists of:

- RFA Instructions (the Instructions include a number of embedded documents such as Contractor Safety Manual, SDG&E’s Business Plan, Implementation Plan template),
- Schedule A – Additional Ts&Cs (SDG&E corporate Ts&Cs),
- Schedule A1 – Standard and Modifiable Ts&Cs,
- Schedule B - RFP Bidders Response Form (Excel doc),
- Schedule B1 – RFP Bidders Response Form (Word doc),
- Schedule B2 – Final Logic Model
- Schedule C – Submittal and Acknowledgement Checklist

- Schedule D1 – CET Input Sheet (Measures)
- Schedule D2 – CET Input Sheet (Program Costs)
- Schedule E – Certificate of Insurance
- Schedule F – DBE Goal Form

The RFP package met all the requirements and incorporated improvements. These improvements included moving much of the proposal form contents to a Microsoft Word file from Microsoft Excel, which is easier on both bidders and scoring team members. SDG&E also continues to reduce the volume of bidder questions and required proposal detail while ensuring that sufficient information is collected to make reasoned judgements about bidders' proposed programs. More can still be done to streamline both the RFA and RFP portions of the solicitation process, both by moving more content to the Word form and by further reducing the information requested of bidders. We actively support reducing the size of solicitation packages and focusing requests for information on the topics necessary to facilitate a thorough and complete review of bidders' proposed programs and facilitate contracting if bidder reaches this step.

We also reviewed the RFP in terms of ensuring that questions asked at the RFA stage are not wholesale repeated at the RFP stage; to the extent there are repeated questions, the RFP should request that bidders elaborate on the responses provided at the RFA stage. It is most efficient for the RFP to build upon information received at the RFA stage and to request information that may not have been part of the previous stage (such as technical assumption and compensation details, and other factors).

As further discussed under Evaluation Processes, SDG&E with this solicitation introduced a revised version of the interview portion of its RFP.

3.2 RFP Bidders' Conference

SDG&E held its RFP Bidders' Conference on November 30, 2021. All bid teams attended the conference. SDG&E strongly encourages bidders to participate in the Bidders' Conference. Bidders posed a limited number of questions during the conference. Most questions focused on how to format the proposal.

Following the Bidder's Conference, SDG&E held two rounds of question and answer. Bidders asked few questions in both rounds. Questions primarily related to budgets and goals.

3.3 Proposal Selection Process

a. Bid Screening Process and Management of Deficient Bids

SDG&E [REDACTED] invited to submit proposals. The Company performed a Threshold Assessment of the bids in which the company evaluated proposal

responsiveness, including whether bidder followed RFP instructions, submitted mandatory schedules, provided all required information, and submitted a proposal that could be reasonably scored. None were deemed deficient.

b. Scoring Rubric Design

A key consideration in designing the scorecard is to ensure that each part of bidders’ proposals is mapped to aspects of the scorecard. This helps ensure that proposals are thoroughly reviewed, and that all bidder-supplied information is evaluated.

[Redacted]

Table 3.1: Scoring Rubric	
Category	
Core Program Elements	[Redacted]
Measures, Savings, Budgets	[Redacted]
Social Responsibility & Supply Management	[Redacted]

[Redacted]

[Redacted]

[Redacted]

c. Evaluation Team Profile

[Redacted] SDG&E's [Redacted] participated in scoring. [Redacted]

[Redacted]

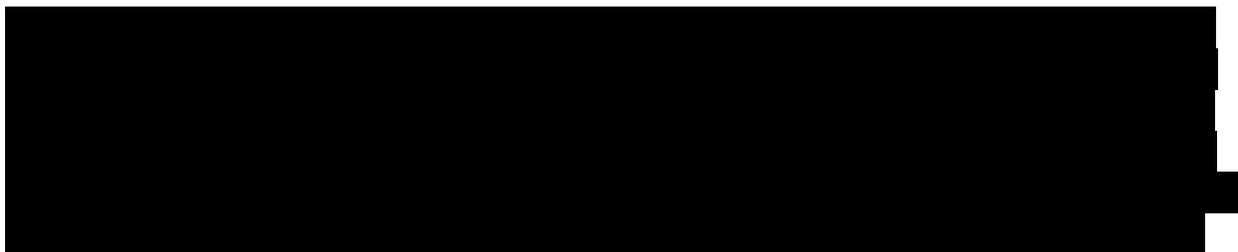
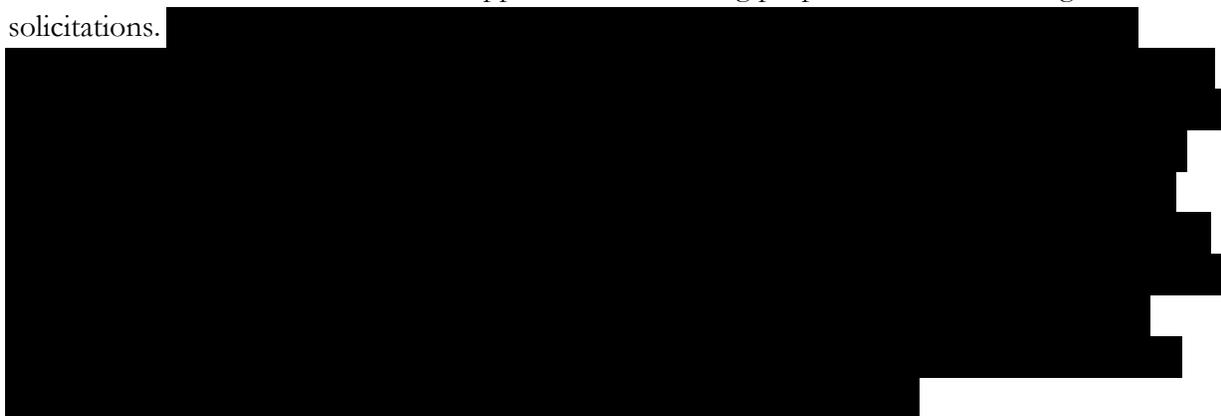


SDG&E conducted a joint Industrial/Industrial – Port Tenants RFP Reviewer Training session on January 6, 2022, using a PowerPoint presentation. The training provided an overview of scoring team responsibilities and reviewed the scoresheet. SDG&E provided a thorough outline of their Conflict-of-Interest policies to ensure that reviewers understood their responsibilities and obligations to report any potential conflicts. No conflicts of interest were reported. SDG&E described their Code of Conduct policies to ensure that reviewers understood their responsibilities and obligations to maintain the confidentiality of bidder submissions, as well as to prevent the sharing of sensitive information between SDG&E staff and existing third-party program implementers.

The training session also sought to level-set scoring team members on scoring questions that were flagged during the RFA stage for clarification – and highlighted changes incorporated to clarify how to score the elements. The training also requested that scorers review one proposal for discussion at a check-in on 1/17/22.

d. Evaluation Processes and Scoring Calibration

SDG&E has maintained a consistent approach to evaluating proposals at the RFP stage across its solicitations.



[REDACTED]

[REDACTED]

[REDACTED]

3.4 PRG and IE Feedback to Proposal Process and Selections

a. Adherence to PRG Guidance and Feedback

The RFP conformed to the PRG Solicitation Guidelines with three exceptions. The three exceptions were: 1) that the RFP clearly states whether IOU prefers or may consider contracting with one or more than one firm, 2) that SDG&E provide independent training sessions on the CET tool, and 3) that scoring does not factor in whether the bidder proposed changes or additions to the CPUC modifiable terms. With respect to the first, this was just a simple oversight. With respect to the second, SDG&E does not conduct training sessions for bidders on the CET tool but does point bidders to places where they can self-educate about the CET. For the third, it is SDG&E's practice is to provide a score for bidder exceptions to Ts&Cs as they believe strongly that this can be an important factor for contracting. We consider all three of these to be minor issues.

The PRG requested nine changes to RFP documents and processes, all which SDG&E accepted. PRG comments related to clarifying for bidders how to incorporate Integrated Demand Side

Management (IDSM) elements into their proposed programs and clearly defining what is meant by ensuring that proposed programs do not overlap with statewide programs.

The PRG also requested that SDG&E better describe why it was choosing to advance [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED] The PRG was comfortable with this explanation.

b. Response to IE Feedback

SDG&E accepted all but 11 of the IE’s 71 comments on RFP and scorecard documents. IE recommendations that SDG&E did not accept related to suggestions to consolidate questions and scorecard items that IE perceived duplicated content and to move more items from the Excel template to the Word template. In other aspects of the process, SDG&E actively sought and incorporated IE input. This constructive approach was evident with review of: Bidders’ Conference documents, draft Q&A, scorer training materials, determinations of which bidders to advance to interview, interview process design, interview questions, and documents used in calibration, among other aspects. SDG&E was very open to receiving input from both the IE and the PRG.

c. Shortlist and Final Selections

[REDACTED]

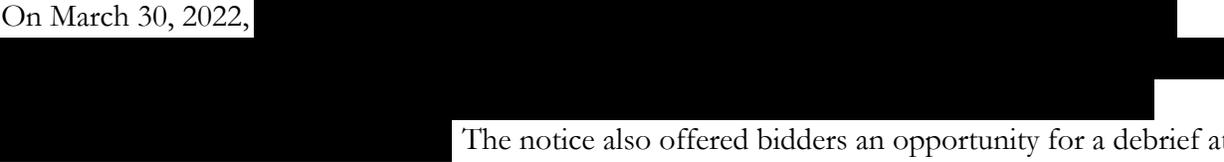
After Interviews, the CMO asked that scoring team members revise their scores based on information received during interviews. Scoring team members then met to calibrate scores based on scoring deviations among score team members of two or more points. The order of rankings based on proposal review did not change based on interview [REDACTED]

[REDACTED]

[REDACTED]



On March 30, 2022,



The notice also offered bidders an opportunity for a debrief at the conclusion of contract negotiations.

4. Contracting Process

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

5. Assessment of Final Contract

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

6. Overall Assessment of Solicitation

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

7. Implementation Plan Assessment

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

Energy Efficiency Independent Evaluator's Semi-Annual Report on the
Local Industrial-Port Tenants Solicitation

Reporting Period: October 2021 through March 2022

Prepared by:
THE MENDOTA GROUP



Disclaimer: This report includes sensitive and confidential information.

Local Industrial–Port Tenants

1. Solicitation Overview

1.1 Overview

This Report covers the activities associated with the Local Industrial solicitation for the period from October 2021 through March 2022. During the period covered by this Report, SDG&E prepared and released the RFP, scored the Proposal responses, invited selected bidders to the Interview step of its RFP process, and selected a bidder to advance to contracting. Unless specifically mentioned, all solicitation references in this Report relate to the RFP Stage. It should be noted that SDG&E is running its Industrial and Industrial-Port Tenants solicitations at the same time, using similar template documents, and following similar processes for these segments in parallel. Therefore, many of the items discussed in this Report are similar to those discussed in the Industrial Report.

a. Scope

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

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

b. Objectives

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

1.2 Timing

Key milestones associated with the solicitation are shown in Table 1.1.

Table 1.1: Key Milestones		
Milestones	Completion Date	Weeks to Complete
RFA Stage		
Solicitation Launch	June 18, 2021	14 weeks
Bidders' Conference	June 28, 2021	
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RFA Shortlist to PRG	September 14, 2021	
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RFP Stage		
Solicitation Launch	November 8, 2021	20 weeks
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Interviews	March 3 – March 4, 2022	
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Shortlisting Notification	March 30, 2022	
Selections & Contracting Stage		
Contracting and Negotiations Period	Q2 2022	
Contracts Presented to PRG	Q2 2022	
Contract Execution	Q2 2022	

1.3 Key Observations

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

Table 1.2: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Strategic Energy Management Role	Bidders may propose programs that incorporate strategic energy management approaches to serving industrial customers. We believe it is important that the solicitation is clear regarding what bidders are permitted to propose in terms of strategic energy management.	We believe the RFA does a good job of describing the way strategic energy management elements can be incorporated into bidder programs but know that this is an area that may be subject to change as the current set of CPUC-approved Strategic Energy Management cohorts proceed with Cycle 2. We want to be sure that bidders are aware of the Commission’s SEM guidelines (Version 2.01 of the SEM guidelines was released September 12, 2020).	We have closed this item. No bidders asked questions about SEM during the Q&A. A bidder did ask: “Can SDG&E share their latest guidance on the use of NMEC within this Program? Are there any updates since the RFA was released?” SDG&E answered that Rulebook for Programs and Projects Based on Normalized Metered Energy Consumption 2.0 remains the latest guidance.
Compensation /Pricing Strategy	SDG&E requests bidders’ compensation and pricing strategies in the RFA but does not include them in the scoring rubric.	We consider this an important consideration and also believe that if the utility has a preferred approach (beyond simply stating that it prefers performance-based compensation), they should both indicate this in the RFA instructions and evaluate it in the scoring process.	IEs discussed with SDG&E ways that an evaluation of compensation can be more clearly incorporated into the solicitation process. SDG&E has since incorporated language into its recent Single Family 2.0 RFP that clarifies for bidders its preferred compensation approach. We very much appreciate this addition to its standard solicitation documents. However, we still believe this component should be scored.

Table 1.2: Key Issues and Observations

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
RFP Documents	Scoring team members raised concerns/ preferences related to program approaches that would be good to clarify at the RFP stage. Examples included how bidders will ensure policy compliance, how the bidder’s program is innovative in terms of increasing participation/savings vs. existing approaches, SEM role, and clarifying that bidder responses should be confined to the section being evaluated.	RFP documents should be sure to include requests for bidders to provide information on areas of concern to the scoring team and clearly communicate to bidders how they should submit information (ensure that bid information is confined to the specific question and not sprinkled throughout their proposal).	Pending for the RFP stage.
Develop RFA and RFP in Parallel	The RFA and the RFP solicitation documents historically have been developed separately, leading to inconsistencies and/or redundancies in requests of bidders between the two stages. In the interest of reducing the time between RFA and RFP and ensuring consistency between the information requested at each stage, we think it would be useful to develop RFA and RFP in parallel.	For future solicitations, we recommend beginning the development of RFP in parallel with RFA to both reduce the RFA-RFP timing gap and to help ensure consistency/coverage between RFA and RFP.	Pending.

2. RFA Bidder Response and Selections

The IE reported the RFA stage of the solicitation in the April 2021 through September 2021 Semi-Annual Report.

3. RFP Bidder Response and Selections

RFP Development

Review of the RFP documents and the RFP process was based on the PRG Solicitation Guidelines, which aim to ensure that documents are clear, information provided and requested promotes a fair solicitation/level playing field, and that the process is transparent. The RFP solicitation package consists of:

- RFP Instructions (the Instructions include a number of embedded documents such as Contractor Safety Manual, SDG&E's Business Plan, Implementation Plan template),
- Schedule A – Additional Ts&Cs (SDG&E corporate Ts&Cs),
- Schedule A1 – Standard and Modifiable Ts&Cs,
- Schedule B - RFP Bidders Response Form (Excel doc),
- Schedule B1 – RFP Bidders Response Form (Word doc),
- Schedule B2 – Final Logic Model
- Schedule C – Submittal and Acknowledgement Checklist
- Schedule D1 – CET Input Sheet (Measures)
- Schedule D2 – CET Input Sheet (Program Costs)
- Schedule E – Certificate of Insurance
- Schedule F – DBE Goal Form

The RFP package met all the requirements and incorporated improvements. These improvements included moving much of the proposal form contents to a Microsoft Word file from Microsoft Excel, which is easier on both bidders and scoring team members. SDG&E also continues to reduce the volume of bidder questions and required proposal detail while ensuring that sufficient information is collected to make reasoned judgements about bidders' proposed programs. More can still be done to streamline both the RFA and RFP portions of the solicitation process, both by moving more content to the Word form and by further reducing the information requested of bidders. We actively support reducing the size of solicitation packages and focusing requests for information on the topics necessary to facilitate a thorough and complete review of bidders' proposed programs and facilitate contracting if bidder reaches this step.

We also reviewed the RFP in terms of ensuring that questions asked at the RFA stage are not wholesale repeated at the RFP stage; to the extent there are repeated questions, the RFP should request that bidders elaborate on the responses provided at the RFA stage. It is most efficient for the RFP to build upon information received at the RFA stage and to request information that may not have been part of the previous stage (such as technical assumption and compensation details, and other factors).

As further discussed under Evaluation Processes, SDG&E with this solicitation introduced a revised version of the interview portion of its RFP.

RFP Bidders' Conference

SDG&E held its RFP Bidders' Conference on November 30, 2021. All bid teams attended the conference. SDG&E strongly encourages bidders to participate in the Bidders' Conference. Bidders posed a limited number of questions during the conference. Most questions focused on how to format the proposal.

Following the Bidders' Conference, SDG&E held two rounds of question and answer. Bidders asked few questions in both rounds. Questions primarily related to budgets and goals.

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

Proposal Selection Process

a. Bid Screening Process and Management of Deficient Bids

SDG&E received

[REDACTED]

SDG&E performed a Threshold Assessment of the bids in which the company evaluated proposal responsiveness, including whether bidder followed RFP instructions, submitted mandatory schedules, provided all required information, and submitted a proposal that could be reasonably scored. Neither was deemed deficient.

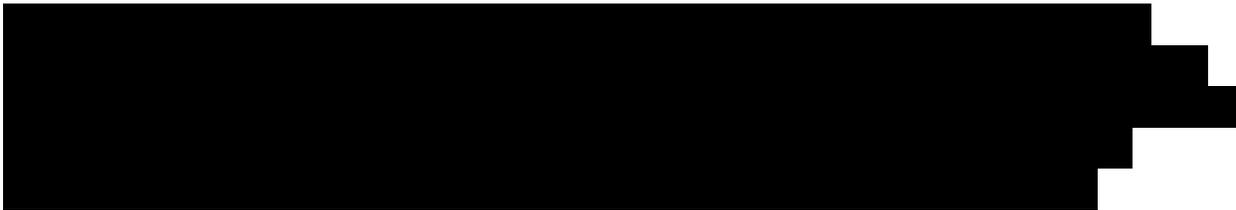
b. Scoring Rubric Design

[REDACTED]



Table 3.1: Scoring Rubric

Category	
Core Program Elements	
Measures, Savings, Budgets	
Social Responsibility & Supply Management	



c. Evaluation Team Profile



SDG&E conducted a joint Industrial/Industrial– Port Tenants RFP Reviewer Training session on January 6, 2022, using a PowerPoint presentation. The training provided an overview of scoring team responsibilities and reviewed the scoresheet. SDG&E provided a thorough outline of their Conflict-of-Interest policies to ensure that reviewers understood their responsibilities and obligations to report any potential conflicts. No conflicts of interest were reported. SDG&E described their Code of Conduct policies to ensure that reviewers understood their responsibilities and obligations to maintain the confidentiality of bidder submissions, as well as to prevent the sharing of sensitive information between SDG&E staff and existing third-party program implementers.

The training session also sought to level-set scoring team members on scoring questions that were flagged during the RFA stage for clarification – and highlighted changes incorporated to clarify how to score the elements. The training also requested that scorers review one proposal for discussion at a check-in on January 17, 2022.

d. Evaluation Processes and Scoring Calibration

SDG&E has maintained a consistent approach to evaluating proposals at the RFP stage across its solicitations.

[REDACTED]

[REDACTED]

[REDACTED]



PRG and IE Feedback to Proposal Process and Selections

a. Adherence to PRG Guidance and Feedback

The RFP conformed to the PRG Solicitation Guidelines with three exceptions. The three exceptions were: 1) that the RFP clearly states whether IOU prefers or may consider contracting with one or more than one firm, 2) that SDG&E provide independent training sessions on the CET tool, and 3) that scoring does not factor in whether the bidder proposed changes or additions to the CPUC modifiable terms. With respect to the first, this was just a simple oversight. With respect to the second, SDG&E does not conduct training sessions for bidders on the CET tool but does point bidders to places where they can self-educate about the CET. For the third, it is SDG&E's practice is to provide a score for bidder exceptions to Ts&Cs as they believe strongly that this can be an important factor for contracting. We consider all three of these to be minor issues.

The PRG requested nine changes to RFP documents and processes, all which SDG&E accepted. PRG comments related to clarifying for bidders how to incorporate Integrated Demand Side Management (IDSMS) elements into their proposed programs and clearly defining what is meant by ensuring that proposed programs do not overlap with statewide programs.

b. Response to IE Feedback

SDG&E accepted all but 11 of the IE's 71 comments on RFP and scorecard documents. IE recommendations that SDG&E did not accept related to suggestions to consolidate questions and scorecard items that IE perceived duplicated content and to move more items from the Excel template to the Word template. In other aspects of the process, SDG&E actively sought and incorporated IE input. This constructive approach was evident with review of: Bidders' Conference documents, draft Q&A, scorer training materials, determinations of which bidders to advance to interview, interview process design, interview questions, and documents used in calibration, among other aspects. SDG&E was very open to receiving input from both the IE and the PRG.

c. Shortlist and Final Selections

Based on proposal scores, 


[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

On March 30, 2022, SDG&E [REDACTED]

[REDACTED] The notice also offered bidders an opportunity for a debrief at the conclusion of contract negotiations.

4. Contracting Process

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

5. Assessment of Final Contract

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

6. Overall Assessment of Solicitation

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

7. Implementation Plan Assessment

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