

PUBLIC UTILITIES COMMISSION

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June 15, 2009

Advice Letter 3945

Ronald van der Leeden, Director
Rates, Revenues and Tariffs
8330 Century Park Court CP32C
San Diego, CA 92123-1548

**Subject: SoCalGas 2009-11 Low Income Energy Efficiency Program
and Budget Compliance Filing Pursuant to D.08-11-031**

Dear Mr. van der Leeden:

Advice Letter 3945 is effective April 16, 2009 per Resolution E-4237.

Sincerely,

A handwritten signature in blue ink that reads "Julie A. Fitch".

Julie A. Fitch, Director
Energy Division



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January 5, 2009

Advice No. 3945
(U 904 G)

Public Utilities Commission of the State of California

Subject: SoCalGas 2009-11 Low Income Energy Efficiency Program and Budget Compliance Filing Pursuant to D.08-11-031

In compliance with Ordering Paragraphs (OP) 71 and 78 of Decision (D.) 08-11-031, Southern California Gas Company (SoCalGas) hereby submits for filing with the Public Utilities Commission (Commission) its expanded 2009-11 Low Income Energy Efficiency (LIEE) related Program Implementation Plans (PIPs), as shown in Attachments 1 through 4. San Diego Gas & Electric Company (SDG&E) is concurrently making a similar filing.

Purpose

The purpose of this Advice Letter is to comply with the Commission's directive to submit a Tier 2 compliance Advice Letter expanding upon SoCalGas' PIPs provided in attachments to the large investor-owned utilities' (IOUs)¹ 2009 through 2011 budget applications.

Background

On November 6, 2008, in D.08-11-031, the Commission adopted the IOUs' 2009-11 LIEE program budgets and the California Alternate Rates for Energy (CARE) subsidy budgets. As a result of the significant budget increases approved in D.08-11-031 and articulation of major new policy directions for LIEE outlined in D.07-12-051, the Commission emphasized the need for IOUs to capitalize on programs that focus on energy efficiency savings and evolve more towards resource programs in support of the Commission's long-term vision. Subsequently, the Commission outlined stringent requirements to: (1) treat LIEE as a resource program focusing on energy savings, in addition to customer's quality of life, (2) propose substantial budget increases to provide LIEE measures for 25% of eligible and willing customers in the 2009-11 period, (3) emphasize long-term and enduring savings, rather than quick fixes, and (4) focus LIEE programs on customers with high energy use, while continuing to serve all eligible low income populations.²

¹ Large IOUs consist of SDG&E, SoCalGas, Pacific Gas and Electric Company (PG&E), and Southern California Edison Company (SCE).

² D.08-11-031, page 7.

OP 71 of D.08-11-031 directs the IOUs to expand upon the LIEE program pilot descriptions found in their 2009-11 Applications to include: (a) a timeline, (b) projected breakdown of budgets, (c) estimated energy savings, (d) estimated resources leveraged/saved, (e) combined estimate of energy savings/shared resources, and (f) overview of Pilot Evaluation Plan. In Attachment 4, SoCalGas complies with the directives of OP 71 to expand its Natural Gas High-Efficiency Forced Air Unit Furnace Pilot by providing the new materials requested by the Commission as part of the LIEE program.

In addition, OP 78 directs the IOUs to expand upon each study's PIPs found in their 2009-11 Applications, and the new materials shall include: (a) a timeline, (b) projected breakdown of budgets, and (c) specification of contractor. In Attachments 1 through 3, SoCalGas has complied with the directives of OP 78 to expand on the Joint IOUs' Programmatic Measurement and Evaluation Studies (2009 Process Evaluation Study and 2009 Impact Evaluation Study) and Joint IOU's Low Income Non Energy Benefits Study by providing the new materials requested by the Commission as part of the LIEE program.

This filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date this Advice Letter. There is no restriction on who may file a protest. The address for mailing or delivering a protest to the Commission is:

CPUC Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102

Copies of the protest should also be sent via e-mail to the attention of both Maria Salinas (mas@cpuc.ca.gov) and to Honesto Gatchalian (inj@cpuc.ca.gov) of the Energy Division. A copy of the protest should also be sent via both e-mail and facsimile to the address shown below on the same date it is mailed or delivered to the Commission.

Attn: Sid Newsom
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No. (213) 244-4957
E-mail: snewsom@SempraUtilities.com

Effective Date

D.08-11-031 directs SoCalGas to submit this Advice Letter as a Tier 2 filing (effective upon staff's approval) and therefore is subject to Energy Division disposition pursuant to GO 96-B. SoCalGas requests that this filing be effective on February 4, 2009, which is 30 calendar days after the date filed.

Notice

A copy of this Advice Letter is being served to the parties listed on Attachment A and the interested parties in A.08-05-025.

RON VAN DER LEEDEN
Director
Rates, Revenues, and Tariffs

Attachments

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **SOUTHERN CALIFORNIA GAS COMPANY (U 904G)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: Sid Newsom

Phone #: (213) 244-2846

E-mail: SNewsom@semprautilities.com

EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 3945

Subject of AL: SoCalGas 2009-11 Low Income Energy Efficiency Program and Budget Compliance Filing Pursuant to D.08-11-031

Keywords (choose from CPUC listing): Energy Efficiency, LIEE, CARE

AL filing type: Monthly Quarterly Annual One-Time Other

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #:

D08-11-031

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL N/A

Summarize differences between the AL and the prior withdrawn or rejected AL¹: N/A

Does AL request confidential treatment? If so, provide explanation: No

Resolution Required? Yes No

Tier Designation: 1 2 3

Requested effective date: February 4, 2009

No. of tariff sheets: 0

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

Attention: Tariff Unit

505 Van Ness Ave.,

San Francisco, CA 94102

mas@cpuc.ca.gov and jnj@cpuc.ca.gov

Southern California Gas Company

Attention: Sid Newsom

555 West 5th Street, GT14D6

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SNewsom@semprautilities.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 3945

(See Attached Service Lists)

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Attachment 1
SoCalGas Advice No. 3945
Non Energy Benefits Study

Joint Utility Study (PG&E, SCE, SDG&E, SoCalGas) ¹

California Public Utilities Commission (Commission) Decision (D.) 08-11-031 directs PG&E, SCE, SDG&E, and SoCalGas (the Joint Utilities) to conduct a study on non-energy benefits (NEBs) of the Low Income Energy Efficiency (LIEE) program.

Ordering Paragraph 78 of D.08-11-031 directs the Joint Utilities to expand on the study descriptions provided in their Applications to include the following new materials:

- A timeline: projected start and finish dates, reporting dates, and tentative final report date;
- Projected breakdown of budgets: Categories displaying material costs, administration, data collection and analysis, reporting costs, contractor fees (when applicable), should be included along with a brief narrative paragraph explaining the breakdown; and
- Specification of Contractor: For Programmatic M&E Studies – provide a brief narrative of selection process for the chosen contractor.

Herein, the Joint Utilities have expanded on the NEBs Study description to provide the new information requested by the Commission.

Regulatory Background

D.02-08-034 directed the investor-owned utilities (IOUs) to evaluate the cost-effectiveness of the LIEE program measures for program year (PY) 2003 using a model that incorporated NEBs such as comfort, health and safety along with direct energy savings benefits to assess LIEE program cost-effectiveness. The NEBs developed for these tests were initially designed for use at the program level and were allocated to individual measures according to their energy savings. The methodology for conducting these tests and the criteria for evaluating the test results were recommended to the Commission by the Cost Effectiveness Subcommittee of the Reporting Requirements Manual Working Group and the LIEE Programs Standardization Team (Standardization

¹ Throughout this document, these utilities are referred to as “the IOUs” or “the Joint Utilities.”

Team) in a jointly filed report in March 2002² and were subsequently adopted by the Commission in D.02-08-034.

The methodology for estimating the NEBs and allocating them to program measures is still being used by the Program today, despite the outdated nature of the assumptions incorporated into the original model. This Study is expected to update the current methodology used by the IOUs to assign NEBs to program measures for the purpose of assessing their cost-effectiveness.

Study Objectives

The study objectives for Phase 1 are:

- Summarize the use of NEBs in energy efficiency evaluations to date;
- Estimate the range of value that NEBs should contribute to total program benefits;
- Recommend an approach for incorporating NEBs in cost effectiveness tests for the LIEE Program; and
- Develop a work scope for Phase 2 which will develop a methodology for estimating NEBs for the LIEE Program and integrating them into the cost effectiveness tests required for LIEE Program reporting.

Study Approach

This study will be conducted in two phases. Phase 1 will essentially be a scoping study designed to research and report on what has been done with NEBs in energy efficiency evaluations to date, to evaluate the best methodology for quantifying NEBS in the LIEE program, and to direct the focus of the second phase of the project.

Specific tasks for the study include the following:

- Provide background on the use of NEBs in cost-effectiveness tests for low-income energy efficiency programs in the form of a literature review
- Discuss the appropriate use and range of value for various NEBs in program design and reporting
- Assess various options for quantifying NEBs which may include but not be limited to:
 1. a working model that calculates NEB values or
 2. a set of factors to be applied to energy savings or
 3. a list of NEB values by measure, which may vary by utility or climate zone
- Develop a methodology for quantifying appropriate NEBs at the measure level and integrating them into the cost effectiveness tests required for LIEE Program reporting.

² *Final Report for LIEE Program and Measure Cost Effectiveness*, submitted to the CPUC by the Cost Effectiveness Subcommittee of the Reporting Requirements Manual (RRM) Working Group and the LIEE Standardization Project Team, March 28, 2002.

The first step of Phase 1 will entail identifying and reviewing existing studies where NEBs were estimated for the purpose of quantifying energy efficiency program benefits. The literature review will include an assessment of the methods used and the resulting estimated NEBs reported. The studies reviewed will not be limited to low-income programs, but particular consideration should be given to NEB valuations for low-income programs. The review will include a summary of value ranges of NEBs reported in the literature.

Given the results of the literature review and the particular needs of the California LIEE Program, the Consultant will recommend an appropriate approach for estimating NEBs and substantially improving their integration into the Program's cost effectiveness testing. The Consultant should consider various options, assess the advantages and disadvantages of each, and develop a recommended approach for LIEE NEB valuation. The Consultant will hold a public workshop to vet the recommended approach and address comments of interested parties. If workshop comments lead to a revised recommendation, the Consultant shall develop the revised plan and again submit it for review and comment.

Once the recommended approach is finalized, the Consultant will develop a detailed work scope for the second phase of this project, which will involve developing the methodology to be used by the LIEE Program for NEB valuation. The Phase 2 work scope will include study objectives, key research questions, a list of tasks to be completed, and a set of deliverables. The final deliverable for Phase 1 will be a written report, which will document the work completed during Phase 1 and provide the final work scope for Phase 2.

Phase 2 of the study will continue to develop the recommended methodology. The final deliverable will be a model to be used by the IOUs to estimate NEBs for the purpose of cost effectiveness testing. The model shall be accompanied by a final report documenting the research and assumptions incorporated into the model.

Project Timeline

Specific deliverable dates and tasks will be determined upon contracting with the winning bidder. Table 1 presents a suggested timeline for the major components of the study. As shown, Phase 1 of the study is expected to be completed during 2009. Phase 2 is expected to be completed in 2010.

Table 1: Suggested Timeline for NEBs Study

Item	Date
Release of Phase 1 RFP	March 2009
Selection of Phase 1 Consultant	April 2009
Delivery of Literature Review and Recommendations	July 2009
Presentation of Recommendations in Public Workshop(s)	August 2009
Final Report including Work Scope for Phase 2	September 2009
Release of Phase 2 RFP	October 2009
Selection of Phase 2 Consultant	November 2009
Delivery of Model and Final Report	April 2010

Project Budget Guidelines

The project budget will be determined by the winning proposal. For preliminary planning purposes, however, some general guidelines are provided in Table 2.

Table 2: Guidelines for NEBs Study Budget

Study Task	Total Study Cost	PG&E Cost (30%)	SCE Cost (30%)	SoCalGas Cost (25%)	SDG&E Cost (15%)
Project Initiation	\$9,000	\$2,700	\$2,700	\$2,250	\$1,350
Develop Research Plan	\$18,000	\$5,400	\$5,400	\$4,500	\$2,700
Develop Sampling Design	\$9,000	\$2,700	\$2,700	\$2,250	\$1,350
Specify Data Collection Procedure/Collect Data	\$135,000	\$40,500	\$40,500	\$33,750	\$20,250
Data Analysis	\$78,000	\$23,400	\$23,400	\$19,500	\$11,700
Prepare Draft Report	\$24,000	\$7,200	\$7,200	\$6,000	\$3,600
Prepare Final Report	\$9,000	\$2,700	\$2,700	\$2,250	\$1,350
Project Management & Reporting	\$18,000	\$5,400	\$5,400	\$4,500	\$2,700
Total Costs	\$300,000	\$90,000	\$90,000	\$75,000	\$45,000

Contractor Selection Process

The NEB study is not a programmatic M&E study, and discussion of the contractor selection process is therefore not required in this study implementation plan. However, the IOUs currently anticipate using a bid process to select and hire a consultant to conduct this study. The key factors by which the proposals will be judged include, but are not limited to, the following criteria:

1. Soundness, thoroughness, and practicality of the proposed approach in meeting the objectives and issues described in the RFP,
2. Experience of key personnel in successfully completing similar evaluations,
3. Staffing plan and time allocation for the proposed work scope,
4. Quality of the proposal, and
5. Bid amount.

Attachment 2
SoCalGas Advice No. 3945
Process Evaluation of the 2009 LIEE Program

Joint Utility Study (PG&E, SCE, SDG&E, SoCalGas)

California Public Utilities Commission (Commission) Decision (D.) 08-11-031 directs PG&E, SCE, SDG&E, and SoCalGas (the Joint Utilities) to conduct a process evaluation of the 2009 Low Income Energy Efficiency (LIEE) program.

Ordering Paragraph 78 of D.08-11-031 directs the Joint Utilities to expand on the study descriptions provided in their Applications to include the following new materials:

- A timeline: projected start and finish dates, reporting dates, and tentative final report date;
- Projected breakdown of budgets: Categories displaying material costs, administration, data collection and analysis, reporting costs, contractor fees (when applicable), should be included along with a brief narrative paragraph explaining the breakdown; and
- Specification of Contractor: For Programmatic M&E Studies – provide a brief narrative of selection process for the chosen contractor.

Herein, the Joint Utilities have expanded on the LIEE Process Evaluation description to provide the new information requested by the Commission.

Study Objectives

An LIEE process evaluation was recommended by the Joint Utilities because one has not been done for several years. With the changes in the program, the Joint Utilities believed that it would be prudent to conduct an evaluation of the effectiveness and efficiency of the program design and operations.¹

The Process Evaluation will assess the effectiveness of the current LIEE program and develop recommendations for program design and delivery that will improve the effectiveness of the program. The primary deliverable is a final report that will present the findings and recommendations for possible program changes; however, the Joint

¹ The CPUC-adopted *California Energy Efficiency Evaluation Protocols* document states, “It is anticipated that most programs will have at least one in-depth comprehensive process evaluation within each program funding cycle (e.g., 2006-2008), but a program may have more or less studies depending on the issues that the IOUs need to research, the timing of the information needed and the importance of those issues within the program cycle.” (p. 133)

Utilities are also seeking usable information and recommendations as the evaluation progresses, so that program managers can get timely feedback.

The 2009-2011 LIEE program adopted in D.08-11-031 includes several new components, such as the whole neighborhood approach and a statewide awareness campaign. The 2009 Process Evaluation will give the Joint Utilities and the Commission our first opportunity to understand how these new approaches are impacting key Commission and utility program objectives, so that program elements can be fine-tuned to increase program participation and effectiveness.

In addition to assessing the effectiveness of various components of the LIEE program such as outreach, contractor delivery, data tracking, etc., this study will also look at customer behavior and attitudes towards energy saving opportunities. The study will assess customer willingness to participate in energy saving programs, the particular needs of high usage customers, and low income customer response to energy education and communication efforts. Finally, a key component of this process evaluation will explore attitudinal and behavioral aspects of the LIEE and CARE population that create barriers to participation in the low income programs in order to help understand ways to mitigate and overcome these barriers.

As a review of program activities during the first year of the 2009-2011 Programmatic Initiative, the process evaluation will play a very important role in evaluating Joint Utility program processes and how they align with the Initiative. The Process Evaluation will also examine the delivery of customer outreach and energy education. The Joint Utilities believe that an evaluation of customer outreach and energy education will provide useful data that can be used to enhance Marketing Education & Outreach (ME&O) strategies for low income customers.

Furthermore, an assessment of the effectiveness of the program strategy will provide an opportunity to refine and improve delivery and implementation in order to meet the goals of the strategic plan and other initiatives. In addition, understanding customer attitudes toward program messages and energy saving opportunities will inform marketing and outreach plans which will help achieve penetration goals.

The customer outreach and energy education findings will lead to enhancements that, when integrated into the program, may result in improved customer acceptance and lead to successful low cost and no cost measures with positive energy efficiency potential, increased customer awareness and favorable customer energy outcomes – all which facilitate increased market penetration. The traditional process evaluation will certainly focus on how the goals of the Programmatic Initiative are being met and how the LIEE strategies are supporting those goals in practice.

Specific objectives of the 2009 LIEE process evaluation include:

- Documenting program goals, implementation strategies and procedures across utilities;

- Providing real-time feedback to program managers with specific focus on improving program recruitment and delivery, and identifying implementation and program design problems for review and modification to ensure program dollars are fully utilized and reach intended participants to achieve the greatest benefit;
- Assessing the effectiveness of the program;
- Evaluating areas of customer and trade ally satisfaction/dissatisfaction;
- Identifying barriers and obstacles to meeting program goals;
- Characterizing attitudes and energy-saving behaviors of targeted customers;
- Providing recommendations for improving programs;
- Determining the effectiveness and efficiency of the new LIEE program design and operations, including the whole neighborhood approach;
- Assessing customer willingness to participate in energy saving programs; and
- Assessing how our low income customers respond to LIEE education and outreach.

Study Approach

The study will be performed in accordance with the California Energy Efficiency Evaluation Protocols (the Protocols).² The Protocols allow for various data collection strategies including, but not limited to, interviews and surveys, focus groups, operational observations (such as ride-alongs with program contractors), database evaluation, etc. The RFP will invite bidders to propose one or more approaches that follow the Protocols while not exceeding the study's timeline and budget constraints.

The Joint Utilities are particularly interested in getting timely, actionable recommendations for reaching Program goals during the 2009 to 2011 cycle in a cost effective manner. To that end, the RFP will suggest that continued communication with the Joint Utilities be maintained during the study, and that findings be delivered via memorandums as they become available.

Project Timeline

Specific deliverable dates and tasks will be determined upon contracting with the winning bidder. Table 1 presents a suggested timeline for the major components of the study.

² California Energy Efficiency Evaluation Protocols: Technical, Methodological and Reporting Requirements for Evaluation Professionals, April 2006. Available at <http://www.calmac.org>.

Table 1: Suggested Timeline for Process Study

Item	Date
Release of RFP	August 2009
Selection of Consultant and Commencement of Contract	September 2009
Final Research Plan and Sampling Strategy	November 2009
Data Collection and Analysis	January - May 2010
Present Recommendations in Public Workshop(s)	July 2010
Deliver Final Report	November 2010

Project Budget Guidelines

The project budget will be determined by the winning proposal. For preliminary planning purposes, however, some general guidelines are provided in Table 2.

Table 2: Guidelines for Process Study Budget

Study Task	Total Study Cost	PG&E Cost (30%)	SCE Cost (30%)	SoCalGas Cost (25%)	SDG&E Cost (15%)
Project Initiation	\$ 7,500	\$ 2,250	\$ 2,250	\$ 1,875	\$ 1,125
Develop Research Plan	\$ 15,000	\$ 4,500	\$ 4,500	\$ 3,750	\$ 2,250
Develop Sampling Design	\$ 7,500	\$ 2,250	\$ 2,250	\$ 1,875	\$ 1,125
Specify Data Collection Procedure/Collect Data	\$112,500	\$ 33,750	\$ 33,750	\$ 28,125	\$ 16,875
Data Analysis	\$ 65,000	\$ 19,500	\$ 19,500	\$ 16,250	\$ 9,750
Prepare Draft Report	\$ 20,000	\$ 6,000	\$ 6,000	\$ 5,000	\$ 3,000
Prepare Final Report	\$ 7,500	\$ 2,250	\$ 2,250	\$ 1,875	\$ 1,125
Project Management & Reporting	\$ 15,000	\$ 4,500	\$ 4,500	\$ 3,750	\$ 2,250
Total Costs	\$250,000	\$ 75,000	\$ 75,000	\$ 62,500	\$ 37,500

Contractor Selection Process

A solicitation for a consultant shall be made using a competitive bid process. The Joint Utilities will work closely with the CPUC in developing the RFP and the scoring criteria for the bids received. The key factors by which the proposals will be judged include, but are not limited to, the following criteria:

1. Soundness, thoroughness, and practicality of the proposed approach in meeting the objectives and issues described in the RFP;
2. Experience of key personnel in successfully completing similar evaluations;
3. Staffing plan and time allocation for the proposed work scope;
4. Quality of the proposal; and
5. Bid amount.

Attachment 3
SoCalGas Advice No. 3945
Impact Evaluation of the 2009 Low Income Energy Efficiency Program

Joint Utility Study (PG&E, SCE, SDG&E, SoCalGas)

California Public Utilities Commission (Commission) Decision (D.) 08-11-031 directs PG&E, SCE, SDG&E, and SoCalGas (the Joint Utilities) to conduct an impact study of the 2009 Low Income Energy Efficiency (LIEE) program.

Ordering Paragraph 78 of D.08-11-031 directs the Joint Utilities to expand on the study descriptions provided in their Applications to include the following new materials:

- A timeline: projected start and finish dates, reporting dates, and tentative final report date;
- Projected breakdown of budgets: Categories displaying material costs, administration, data collection and analysis, reporting costs, contractor fees (when applicable), should be included along with a brief narrative paragraph explaining the breakdown; and
- Specification of Contractor: For Programmatic M&E Studies – provide a brief narrative of selection process for the chosen contractor.

Herein, the Joint Utilities have expanded on the LIEE Impact Evaluation description to provide the new information requested by the Commission.

Study Objectives

The Impact Evaluation will estimate first year electric and gas savings by measure group, utility, housing type and other relevant dimensions. The Joint Utilities will obtain and utilize these updated savings estimates for inclusion in their 2012-14 budget applications. Since 2009 is the first year of the three year cycle's increased focus on energy savings via targeted segmentation, threshold criteria and related energy savings strategies, the study will be designed with these strategic initiatives in mind.¹

¹ This study may support the Process Evaluation's deeper examination of these 2009-2011 changes.

Study Approach

The study will be performed in accordance with the California Energy Efficiency Evaluation Protocols (the Protocols).² The Protocols allow for various methodologies including regression analyses and engineering models. The RFP will invite bidders to propose one or more methodologies that follow the Protocols while not exceeding the study's timeline and budget constraints.

Previous impact evaluations of the LIEE Program, including the most recently completed PY2005 study, have used regression analysis to estimate savings. Regression analysis has been considered in the past as the best choice for the LIEE program, and will likely be a key element for the 2009 study. Examining low income customers' energy consumption before and after measure installation is a relatively inexpensive and direct method of assessing program performance. While cost advantages are strong compared to some other methods, there may be a problem estimating measure-level savings for measures with relatively low installations.

In addition, twelve months of post-installation data are typically required for a billing analysis such as this and, given the deadline for this study, that may be difficult to fit into the study timeline. The impact analysis timeline is critical in order to meet deadlines specified by D.08-11-031 for using impact results in the Joint Utilities' 2012-2014 LIEE Program Applications. The RFP will specify that final results be provided by March of 2011. One possibility for completing a billing analysis within this compressed timeline could include a three-step approach. In the first step, to occur as soon as possible upon commencement of the contract, the Consultant will deliver a complete data request to the Joint Utilities. The Joint Utilities will then make it a priority to collect and deliver the data available at that time. In the second step, to occur in 2009, the Consultant will construct the model and run it with the preliminary data. During this exercise, any obstacles with the data or the model should become apparent. In the third step, to occur early in the fourth quarter of 2010, the Joint Utilities will deliver the final data set and the Consultant will conduct the final analysis.

The study is expected to build on the recent 2005 evaluation, which featured measure grouping to facilitate data requirements and data analysis and examined the relationship between usage and savings. Being mindful of the Commission's focus on customer segmentation as a program strategy, we will be interested in bidders who can demonstrate an analytical ability to tie segmentation schemas into the 2009 evaluation. Some potential segments include consumption level, energy insecurity, geography, language or other delineations available from recent studies such as the Needs Assessment or the 2005 Impact Evaluation. It is expected that the study may not only identify relevant

² California Energy Efficiency Evaluation Protocols: Technical, Methodological and Reporting Requirements for Evaluation Professionals, April 2006. Available at <http://www.calmac.org>.

segments but may also provide savings estimates by these segments for at least planning purposes.³

In summary, we expect the 2009 study’s methodology to follow and build upon recent impact evaluations of the LIEE program. We also expect the bidders to navigate the shortened timeframe with creative methodological suggestions while also guiding the study toward recent Commission policy directives regarding customer segmentation as a strategy for achieving lasting energy and demand savings for the LIEE program.

Project Timeline

Specific deliverable dates and tasks will be determined upon contracting with the winning bidder. This said, in order to meet the planning schedule for the 2012-2014 program cycle, the timeline for the study has a fixed endpoint to support the program design process for 2012-2014. Table 1 presents a suggested timeline for the major components of the study.

Table 1: Suggested Timeline for Impact Study

Item	Date
Release of RFP	January 2009
Selection of Consultant and Commencement of Contract	February 2009
Final Research Plan and Sampling Strategy	April 2009
Preliminary Data Collection and Analysis	2009 to 2010
Final Data Collection and Analysis	Last quarter 2010
Draft Results and Discussion	January 2011
Final Results and Report	March 2011

Project Budget Guidelines

The project budget will be determined by the winning proposal. For preliminary planning purposes, however, some general guidelines are provided in Table 2.

³ One strategy would be to provide overall averages across segments for reporting at high levels of precision but to provide segment level savings for planning and targeting purposes at lower precision levels to keep costs and timelines reasonable.

Table 2: Guidelines for Impact Study Budget

Study Task	Total Study Cost	PG&E Cost (30%)	SCE Cost (30%)	SoCalGas Cost (25%)	SDG&E Cost (15%)
Project Initiation	\$18,000	\$5,400	\$5,400	\$4,500	\$2,700
Develop Research Plan	\$36,000	\$10,800	\$10,800	\$9,000	\$5,400
Develop Sampling Design	\$18,000	\$5,400	\$5,400	\$4,500	\$2,700
Specify Data Collection Procedure/Collect Data	\$270,000	\$81,000	\$81,000	\$67,500	\$40,500
Data Analysis	\$156,000	\$46,800	\$46,800	\$39,000	\$23,400
Prepare Draft Report	\$48,000	\$14,400	\$14,400	\$12,000	\$7,200
Prepare Final Report	\$18,000	\$5,400	\$5,400	\$4,500	\$2,700
Project Management & Reporting	\$36,000	\$10,800	\$10,800	\$9,000	\$5,400
Total Costs	\$600,000	\$180,000	\$180,000	\$150,000	\$90,000

Contractor Selection Process

A solicitation for a consultant shall be made using a competitive bid process. The Joint Utilities will work closely with the CPUC in developing the RFP and the scoring criteria for the bids received. The key factors by which the proposals will be judged include, but are not limited to, the following criteria:

1. Soundness, thoroughness, and practicality of the proposed approach in meeting the objectives and issues described in the RFP;
2. Experience of key personnel in successfully completing similar evaluations;
3. Staffing plan and time allocation for the proposed work scope;
4. Quality of the proposal; and
5. Bid amount.

Attachment 4
SoCalGas Advice No. 3945
Natural Gas High Efficiency Forced Air Unit (FAU) Furnace Pilot

California Public Utilities Commission (Commission) Decision (D.) 08-11-031 directs the investor-owned utilities (IOUs) to expand upon the Program Implementation Plans (PIPs) provided in the attachments to their respective Applications. Specifically, Ordering Paragraph 71 of D.08-11-031 directs the IOUs to file a Tier 2 compliance Advice Letter expanding the PIPs provided in their 2009 through 2011 budget applications prior to the start of each pilot. The expanded materials shall include:

- a. A timeline: Projected start and finish dates, report dates, assessment timeline and final assessment date;
- b. Projected breakdown of budgets: Categories displaying material costs, administration, data collection and analysis, reporting costs, etc., should be included along with a brief paragraph explaining the breakdown;
- c. Estimated Energy Savings – (Measure Pilots; Measure pilots involve trials of new technology and/or energy efficiency hardware on a small scale, with the intention of expanding the measure to the entire utility and/or sharing results with other utilities if proven successful);
- d. Estimated Resources Leveraged/Saved (Non-Measure Pilots; Non-Measure pilots consist of partnership, leveraging, education, training and/or other types of trial initiatives that involve increased leveraging or more efficient use of utility resources in execution of its low income programs);
- e. Combined estimate of Energy Savings/Shared Resources (Combined Pilots; Combined pilots have elements of both measure and non-measure pilots);
- f. Overview of Pilot Evaluation Plan (PE): The PEP should identify target data for capture, specify data capture activities, state how the IOU will provide results for estimated energy savings or resources leveraged/saved, give relevant dates and deadlines, and set forth a definition of success for the pilot.

Herein, SoCalGas has expanded on the Natural Gas High Efficiency FAU Furnace Pilot PIP to provide the new information requested by the Commission.

A. Project Timeline

Table 1 below presents the projected timeframe for the major components of the pilot starting in 2009.

Table 1: Anticipated Timeline

Item	Date
Identify Customers with a Minimum Estimated Space Heating Need of 300 therms	March 2009
Contact Customers to determine further pilot eligibility,	March-April 2009
Pilot Implementation - Installation of High Efficiency FAU	May-Sept 2009
Pilot Implementation Completed	Dec 2009
Data Collection and Analysis	April-May 2010
Evaluate Pilot	June 2010

B. Projected Breakdown of Budget

Table 2 below presents the projected breakdown of the budget for equipment and installation only. The bill analysis, data collection, and cost assessment activities will be done in-house with no incremental cost.

Table 2: Budget Guidelines

Task	Total Cost
Equipment Cost	\$625,000
Installation Cost	<u>\$100,000</u>
Collateral Material	<u>\$0</u>
Data Collection and Analysis Cost	<u>\$0</u>
Evaluation Cost	<u>\$0</u>
Total Costs	<u>\$725,000</u>

C. Estimated Energy Savings

SoCalGas plans to offer this pilot to 250 low-income customers that have a minimum estimated space heating need of 300 therms during the 2008/2009 Winter Season. With installation of the high efficiency FAU SoCalGas anticipates an energy efficiency gain of 42% with a projected annual savings of 88 therms.

D. Estimated Resources Leveraged/Saved

SoCalGas plans to leverage its resources at every opportunity that can be identified, however at this time SoCalGas is not aware of any leveraging opportunities for this pilot.

E. Combined Estimate of Energy Savings/Shared Resources

The projected energy savings for this pilot is not being combined with any other program element.

F. Overview of Pilot Evaluation Plan

The pilot seeks to replace high-use, inefficient, operational FAU furnaces with high-efficiency units aimed at providing significant energy savings and lowering customer bills. The pilot will be evaluated starting in May of 2010 with the expected results to show that homes receiving a high efficiency FAU using bill analysis to compare natural gas space heating energy use before and after the installation of the high efficiency FAU will see a decrease in the amount of natural gas being used during the winter months. SoCalGas will use bill analysis to determine the cost effectiveness for each installation and the results will be evaluated to determine if this potential measure meets both a PC and a UCT benefit-cost ration greater than or equal 0.25. This measure will be offered in upcoming program years to customers with high space heating needs.