

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



November 15, 2016

Advice Letter 5033

Ronald van der Leeden
Director, Regulatory Affairs
Southern California Gas
555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011

**Subject: CSI – Thermal Program Solar Water Heating Local Market
Facilitation Budgets and Activities (Market Facilitation Plan)
for 2017 in Compliance with D.10-01-022**

Dear Mr. van der Leeden:

Advice Letter 5033 is effective as of November 8, 2016.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph
Director, Energy Division



Ronald van der Leeden
Director
Regulatory Affairs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.2009
Fax: 213.244.4957
RvanderLeeden@semprautilities.com

September 23, 2016

Advice No. 5033
(U 904 G)

Public Utilities Commission of the State of California

Subject: California Solar Initiative (CSI) - Thermal Program (TP) Solar Water Heating (SWH) Local Market Facilitation Budgets and Activities (Market Facilitation Plan) for 2017 in Compliance with Decision (D.) 10-01-022

Southern California Gas Company (SoCalGas) hereby submits with the California Public Utilities Commission (Commission) the CSI-TP SWH Local Market Facilitation Plan for 2017 in compliance with D.10-01-022, shown as Attachment A.

Purpose

This Advice Letter (AL) complies with subparagraph b, Ordering Paragraph (OP) 13 of D.10-01-022, which orders the Program Administrators (PAs)¹ to:

Separately submit an Advice Letter with proposed California Solar Initiative Thermal market facilitation budgets and activities for each calendar year, which addresses the activities identified in Appendix A, no later than October 1 of the preceding year;

Background

On January 21, 2010, the Commission established the CSI-TP in D.10-01-022, allocating funds for both natural gas and electric displacing solar thermal system incentives, including SWH technologies in all investor-owned utility territories. On April 1, 2010, SoCalGas filed AL 4098 in order to comply with OP 6 of D.10-01-022, which ordered the PAs to submit separate advice letters. SoCalGas' AL 4098 included

¹ The PAs are SoCalGas, Pacific Gas & Electric Co. (PG&E), Southern California Edison Company (SCE), the Center for Sustainable Energy (CSE), and San Diego Gas & Electric Company (SDG&E).

the proposed market facilitation strategic plan and detailed budget for the first two years of program implementation. On November 4, 2010, the Energy Division issued a Guidance Memo requesting the PAs to re-file their Market Facilitation ALs in response to the protests and feedback received. In a conference call between the Energy Division and the PAs on August 11, 2011, it was agreed that each PA would refile its Local Market Facilitation Plan in a supplemental advice letter. In addition, SoCalGas, as the Lead Party, would file the Statewide Market Facilitation Plan in a new joint advice letter by August 31, 2011.

On August 31, 2011, SoCalGas filed joint AL 4274, et al., submitting the Statewide Market Facilitation Plan on behalf of all the PAs and refiled its Local Market Facilitation Plan in its supplemental AL 4098-A in compliance with the Guidance Memo. Both were approved on October 24, 2011, effective September 30, 2011.

Based on the Guidance Memo and the recommendation by Energy Division staff, on August 21, 2014, the PAs of the CSI-TP jointly decided to not commit funds toward a collaboration statewide media plan for 2015 in order to provide each PA an opportunity to concentrate on local marketing efforts. This shift in approach enabled each individual PA to leverage the foundation of the statewide campaign, including creative assets. In addition, it enabled the PAs to take a more concentrated and targeted approach to increasing program awareness and encouraging adoption of SWH on a local level.

The PAs will continue to communicate on a monthly basis in 2017 to discuss updates and share best practices.

Market Facilitation Plan and Budget

The 2017 Local Market Facilitation Plan, submitted herein as Attachment A, outlines the approach that the SoCalGas SWH campaign will take. It establishes goals, objectives, strategies and tactics, as well as defines campaign timetables and budget. The new plan is designed to optimize effective 2016 initiatives, provide in-market messaging continuity, and to more efficiently connect with the residential and commercial target markets. Approval for implementation of the 2017 plan is scheduled to be received in the fourth quarter of 2016 with in market full rollout starting the second quarter of 2017.

Protests

Anyone may protest this AL 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 of this AL, which is October 13, 2016. 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

A copy of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). 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

SoCalGas believes that this filing is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. SoCalGas respectfully requests that this filing be approved on October 23, 2016, which is 30 calendar days from the date filed.

Notice

A copy of this AL is being sent to SoCalGas' GO 96-B service list and the Commission's service list in R.12-11-005, CSI, SGIP, and Other DG Issues OIR. Address change requests to the GO 96-B should be directed by electronic mail to tariffs@socalgas.com or call 213-244-3387. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or by electronic mail at process_office@cpuc.ca.gov.

Ronald van der Leeden
Director - Regulatory Affairs

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) #: 5033

Subject of AL: California Solar Initiative (CSI) – Thermal Program (TP) Solar Water Heating (SWH) Local Market Facilitation Budgets and Activities (Market Facilitation Plan) for 2017 in Compliance with

Decision (D.)10-01-022

Keywords (choose from CPUC listing): Compliance

AL filing type: Monthly Quarterly Annual One-Time Other _____

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

D.10-01-022

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL No

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: 10/23/16

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: None

Service affected and changes proposed¹: NA

Pending advice letters that revise the same tariff sheets: None

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

Los Angeles, CA 90013-1011

SNewsom@semprautilities.com

¹ Discuss in AL if more space is needed.

ATTACHMENT A

Advice No. 5033

**California Solar Initiative – Thermal Program
SoCalGas Local Market Facilitation Plan and Budget (2017)**

California Solar Initiative – Thermal Program

SoCalGas Local Market Facilitation Plan and Budget (2017)

Background - Situation Analysis

In its Guidance Memo dated November 4, 2010, Energy Division staff recommended that the four Program Administrators (PAs) of the CSI-Thermal Program, Southern California Gas Company (SoCalGas), Pacific Gas & Electric Company (PG&E), Center for Sustainable Energy (CSE), and Southern California Edison Company (SCE), “hire a specialized marketing and outreach firm to manage a statewide campaign building off the established *Go Solar, California!* program.”

In June 2011, the four PAs jointly appointed a marketing agency and prepared a Scope of Work for the campaign designed to develop a Statewide Market Facilitation Plan. Based on the Scope of Work, with input and contribution from the PAs, SoCalGas managed the appointed firm and the campaign. The goals of Statewide Market Facilitation campaign were to: 1) Build awareness and understanding of the CSI-Thermal Program to help motivate adoption; 2) Educate consumers about the advantages and availability of CSI-Thermal Program rebates; and 3) Drive consumers to the WaterHeatedbytheSun.com (WHBTS.com) site and to leverage from the benefits gained from statewide campaign to provide guidance for the local marketing plans.

In June 2013, the four PAs jointly appointed Phelps Total Market (PTM), an integrated marketing communications firm, to manage and provide continuity to the Solar Water Heating (SWH) program for both statewide and SoCalGas local efforts. In August 2013, SoCalGas and PTM activated primary research efforts (Focus Groups) to better understand current perceptions and attitudes towards solar technology, particularly SWH. It was concluded that: 1) the customer understanding of SWH systems vary; 2) customers have a number of misperceptions about SWH, due to the lack of reliable information; 3) word-of-mouth communications play a strong role in information dissemination; 4) creating an experiential component to the program, providing consumers with increased accessibility to engage with the technology, would help with misperceptions and increase awareness; and 5) streamlining communications to connect with target audiences in a more meaningful and concise capacity would benefit the program.

In 2014, PTM planned and executed a strategic Market Facilitation Plan for SoCalGas’ SWH program, building from past campaign efforts and research learnings and establishing the foundation for a long-term strategy. The plan was designed to connect with target audiences through consistency of messaging, concise communications, an enhanced digital platform and a more experiential approach. This experiential approach was planned to provide consumers with increased accessibility to engage with the technology. A new digital platform was also developed, which customers can use to learn more about SWH by watching informational videos and to locate eligible contractors for SWH installations. Implementation of the 2014 plan began in Q1 2014, with in-market full rollout starting Q2 2014.

The continuation of the Statewide Market Facilitation Plan into 2015 was evaluated by the four PAs. Based on the Guidance Memo and the recommendation by Energy Division staff, on August 21, 2014, the PAs of the CSI-Thermal Program jointly decided to not commit funds toward a collaborative statewide media plan for 2015. Instead, each PA concentrated on local marketing efforts. The PAs continued to communicate on a monthly basis in 2015 to discuss updates, share best practices and possibly pursue coordinated activities on an as-needed basis (such as a statewide conference sponsorship opportunity).

In 2016, SoCalGas continued to focus on local marketing efforts that build on past campaign efforts and research findings to connect with target audiences through compelling communications, a coordinated experiential effort, and an integrated digital experience through the upgraded socialgas.com website. The plan placed an emphasis on commercial & industrial SWH and the potential financial benefits via rebates and cost-savings. The plan also supported residential SWH to generate awareness of the technology and benefits for consumers.

SoCalGas intends to maximize and streamline our successfully performing advertising channels to precisely target our residential and commercial consumers. The 2017 plan will continue place an emphasis on the commercial & industrial SWH sector and the adoption benefits via: rebates, environmental impact, and cost-savings. The plan will also leverage user testimonials, case studies, and social influencers who focus on the ease of the rebate

**California Solar Initiative – Thermal Program
SoCalGas Local Market Facilitation Plan and Budget (2017)**

process, as well as the upfront benefits of the technology. Implementation of the plan is scheduled to roll out in Q2 2017.

California Solar Initiative – Thermal Program

SoCalGas Local Market Facilitation Plan and Budget (2017)

The 2017 Local Market Facilitation Plan outlines the approach that the SoCalGas SWH campaign will take, establishing goals, objectives, strategies and tactics, as well as defining campaign timetables and budget. The new plan is designed to optimize effective 2017 initiatives, provide in-market messaging continuity, and more efficiently connect with the residential and commercial target markets. Approval for implementation of the 2017 plan is scheduled to be received in Q4 2016 with a full market rollout starting Q2 2017.

Budget Breakdown

Approved SoCalGas Budget Allocations

SoCalGas	TOTAL Budget	1/2010 – 6/2011 Actual	7/2011 – 6/2013 Actual (Unaudited)	7/2013 – 12/2013 Approved	2014 Proposed	2015,16,17 Proposed
	\$12,750,000	\$84,051	\$3,336,228	\$1,253,200	\$2,521,983	\$1,851,512

Goals & Objectives

The overarching goal of the 2017 SoCalGas Market Facilitation Plan is to deliver an optimized, consistent and compelling campaign that focuses on increasing awareness and understanding of SWH technology. The facilitation plan is focused on fostering engagement and encouraging consideration and adoption through an integrated (owned, earned, and paid) approach among key target audiences.

The SoCalGas program is designed to accomplish the following objectives:

1. Increase awareness and customer understanding of SWH and its benefits.
2. Communicate the SWH benefits and systems processes in a concise and compelling format.
3. Foster engagement with SWH technology and the program’s offerings to pique customer interest.

Target Market Segments

1. Commercial & Industrial and small-business enterprise operators and owners, including but not limited to: facilities managers, Directors of operations, sustainability/environmental management titles
2. Multi-family property owners and managers (Hotels, condominiums, duplex, etc.)
3. Contractors and installers for multi-family developments
 - a) New construction and remodeling: architects, developers, designers, etc.
4. Single-family residence homeowners

Local Strategies

The 2017 program is designed to build upon the current messaging strategy, strengthening the SWH message at localized/community levels. The 2017 program will activate based on the following key platform strategies:

1. Leverage 2016 messaging strategy to create an integrated local-level campaign to increase awareness.
2. Evolve the experiential component for residential and business customers to continue familiarity with the systems and target audience benefits.
3. Optimize tactical communications through an integrated owned, earned and paid media approach.

California Solar Initiative – Thermal Program

SoCalGas Local Market Facilitation Plan and Budget (2017)

Tactics

To support the defined strategies, specific tactical executions are recommended to deploy communications consistently across targeted owned, earned, and paid channels for residential and commercial & industrial initiatives.

All Target Market Segment Tactics: Commercial & Residential

Tactics – Owned

- 1) Continue to optimize the website to maximize engagement with updated content including: local events, how-to's, educational videos, PDF download, etc.
- 2) Organize Q4 2017 post campaign research to gauge campaign effectiveness and identify audience opportunities.

Tactics – Earned

- 1) Evolve the experiential marketing plan for customer education through activation of a promotional traveling exhibit display or kiosk for live customer interfacing and demonstrations of SWH technology.
 - a. Deploy the traveling exhibit at select local venues and community events targeted at upscale, active lifestyle locations, including but not limited to: tradeshow, fairs, home shows, etc.
 - b. Conceptualize, develop, design and produce point-of-sale materials for distribution at experiential events.
 - c. Event Outreach Support: integrate with owned and paid efforts to conduct outreach to attract media attendance and generate coverage in local papers, blogs, and on radio and broadcast channels.
- 2) Event Social Support: develop an ongoing social media promotion to be executed through SoCalGas' Facebook, Twitter, and Instagram that will generate interest in the traveling exhibit, drive visits to the exhibit and increase overall SWH awareness. Social analytic optimization through social management - continue the conversation with engaged consumers through paid and promoted posts, utilizing the feedback to target messaging.
 - a. Social Media Integration: Develop engaging social media posts for SoCalGas' Facebook, Instagram, and Twitter profiles about the program, making content shareable to encourage followers to repost or retweet to friends/family.

Tactics – Paid

- 1) Develop a culturally relevant, integrated, multi-channel paid media plan that will build upon 2016 awareness levels, generate and sustain additional awareness, engage with the target audiences, and drive website visits to encourage content consumption.
- 2) Build from 2016 successful paid media performance metrics for media channels and partnership programs:
 - a. Integrate broadcast, print, digital, social and experiential efforts to develop a comprehensive integrated strategy that facilitates cross platform audience targeting.
 - i. Leverage broadcast to increase awareness.
 - ii. Utilize appropriate consumer, business and trade publications.
 - iii. Employ digital for online engagement, driving users to solar water heating content on the socialgas.com website.
 1. Maintain best performers from 2016 campaign.
 2. Leverage customer insights to more effectively reach target audience.
- 3) Leverage media relationships to directly engage target audiences.
- 4) SWH Social Media Influencer – Identify local influencers (e.g. TV, radio, blogger etc.) to highlight the SWH residential installation benefits to their subscribers and followers.
- 5) Explore partnerships with media suppliers, sports affiliations and venues with aligned target audiences.
- 6) New initiatives and testing:
 - a. Engage prospects culturally through relevant content.
 - b. Optimize paid search based on top performing keywords and ad copy from 2016 campaign.
 - c. Explore out-of-home tactics to provide additional reach and continuity of message.
 - d. Optimize SWH webpages to organically show up on search engine top results.
 - e. Engage prospects directly through displays at various hardware/home improvement retailers.

California Solar Initiative – Thermal Program

SoCalGas Local Market Facilitation Plan and Budget (2017)

Commercial & Industrial and Small-business Targeted Tactics

Tactics – Owned

- 1) Identify business customers for targeted communications, based on selected industries.

Tactics – Earned

- 1) SWH Business Testimonials & Case Studies: develop 1-2 industry-specific case studies (i.e. hospitality, developers, school, food processing customers) with testimonial quotes and package as story ideas to place with key reporters at SoCal news outlets (i.e. local TV, KPCC-FM, LA Times, LA Daily News, Ventura County Star, etc.).
- 2) Nonprofit Installation Giveaway: Invite nonprofits to submit entry detailing how a SWH system would benefit their mission and support of the community. Donate a SWH system to selected nonprofit and package as story of partnership and benefits to media outlets for coverage. Develop deeper content that can be featured on socialgas.com, SoCalGas’s social channels, and the partner nonprofits’ channels.

Tactics – Paid

- 1) Extend successful 2016 paid media performance metrics for media channels and other programs.
- 2) Continue to disseminate video content that details the financial benefits to commercial businesses, and communicates this in a compelling and engaging manner.
- 3) Print & Digital Advertising: expand research, negotiate, and implement print and digital campaigns utilizing broad based business publishers (Business Journals, Business Sections of Local Newspapers) to educate business owners on the benefits of SWH across all vertical markets.
 - a. Identify specific issues that provide editorial coverage of interest to the target: Sustainability practices in business, BOMA (Building Owners and Managers Association).
 - b. Identify appropriate business, professional trade shows and consider sponsorship.

SoCalGas Local Market Facilitation Plan 2016					
	4Q16	1Q17	2Q17	3Q17	4Q17
CPUC Program Approvals					
Campaign and production development					
In – Market Live					
Media: TV, Radio, Paid Search, Print, OOH and Online Advertising					
Experiential: Program Activation					
Trade Show and Partnership Activations					
Post Campaign Research					

**California Solar Initiative – Thermal Program
SoCalGas Local Market Facilitation Plan and Budget (2017)**

Budget

SoCalGas Local Market Facilitation Plan 2017	
Tactics - Overall	
Experiential activations including production and hard costs	\$250,000
Post campaign research	\$25,000
Tactics - Targeted	
Hard Costs, including campaign production and media placement	\$855,000
Agency fees, including event production, program implementation, optimization and reporting. Creative development, media planning and buying and project management.	\$340,000
Tactics - Social and Public Relations	
Agency Fees, strategic management, concept development, Social and PR project management.	\$75,000
TOTAL	\$1,545,000

Category	Budget
Local Market Facilitation Plan - Agency	\$1,545,000
Trade Shows, Community Events	\$77,000
Marketing/Outreach Labor	\$229,012
TOTAL	\$1,851,012