

**PUBLIC UTILITIES CPUC**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



May 10, 2021

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

Dear Mr. van der Leeden,

This disposition letter serves as a notice of approval of Southern California Gas Company's (SoCalGas's) 2020 third-party advice letter #5729-G-B for a Third-Party Contract from its Residential Multifamily Program Solicitation pursuant to Decision (D.) 18-01-004, effective May 2, 2021.

**Background**

Decision (D.)18-01-004, the Third-Party Solicitation Process Decision, requires the four California Investor-Owned Utilities (IOUs) to file a Tier 2 advice letter for each third-party contract, or batch of third-party contracts, that is valued at \$5 million or more and/or with a term of longer than three years, for CPUC review.<sup>1</sup> Upon the conclusion of its Residential Multifamily Energy Efficiency (EE) Program solicitation, Southern California Gas Company (SoCalGas) filed this advice letter on November 20, 2020. On December 10, 2020, QCS filed a protest that, among other things, disputed the confidentiality determinations made by SoCalGas to which SoCalGas responded on December 17, 2020. On January 20, 2021 SoCalGas submitted a supplement, AL-5729-A with new information supporting their confidentiality claims and requested reopening the protest period. Energy Division approved reopening the protest period.<sup>2</sup> On January 28, 2021, QCS submitted a protest to AL-5729-A. SoCalGas provided a response to their protest on February 5, 2021. SoCalGas submitted supplemental advice letter, AL-5729-B on April 2, 2021. QCS submitted a late request to reopen the protest period on April 21, 2021. This disposition approves AL-5729-B.

In operationalizing the review of these third-party advice letters, Energy Division Staff focused its review on the fairness of the solicitations process, size of contract budget and forecasted savings, and the contract's contribution to the portfolio-level cost-effectiveness requirements. Additionally, staff aimed its review to verifying that the information underpinning a contract's budget, savings, and cost-effectiveness satisfies existing regulations. Approval of these advice letters is not evidence of CPUC approval of future program implementation. It is SoCalGas's responsibility to manage its portfolio to ensure compliance with its approved business plan and all CPUC Decisions.

**SoCalGas Supplemental-B**

SoCalGas submitted AL-5729 Supplemental B, which replaced prior filings in full, on April 2, 2021 for a solicitation process that led to a contract with ICF for a three-year, multifamily energy efficiency one-stop program that treats tenant units and common areas with a total budget of \$6 million that seeks to treat fifty percent of its customers from hard-to-reach or disadvantaged communities.

SoCalGas's Independent Evaluator (IE), the Mendota Group, in their November 4, 2020 Independent Evaluator Report, appended to this advice letter, relayed their finding that "SoCalGas conducted the solicitation fairly, transparently and without bias" (page 1) and identified challenges in their process consistent with the establishing of a new framework and process for third-party solicitations. Specifically the IE determined for their Bidder

<sup>1</sup> D.18-01-004, pg. 57

<sup>2</sup> General Order 96-B Section 7.5.1

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Response that “[this] solicitation received a good response from the bidder community, indicating that outreach efforts were appropriate” (page 10). Regarding creation and application of their rubric for scoring proposals the IE stated were consistent with CPUC direction and SoCalGas’s approved plans (page 15).

**Protests**

On December 10, 2020, January 28, 2021 and April 21, 2021, Quality Conservation Services (QCS) submitted protests pertaining to this advice letter.

In its protest, QCS asserts that the advice letter has flaws, including what information SoCalGas redacted, that require remediation and that the Multifamily Program solicitation process was unduly carried out. QCS also requests that Energy Division re-open the protest period following SoCalGas’s submittal of AL-5729-B.

QCS claims that SoCalGas:

- Regarding the Multifamily Program solicitation process: did not include existing ESA contractors to supply bids; did not use ESA pricing data for price comparisons when reviewing bids; ESA contractors were not consulted during the third-party process; and the final contract misses a coordination plan with ESA which will lead to poor outcomes for customers.
- Regarding confidentiality claims: they claimed confidentiality in a broad manner and applied redactions inconsistently.

*Multifamily Program Solicitation Process*

QCS is opposed to the proposed program on the grounds that it plans to target low-income multifamily properties and can improperly compete with the ESA programs leading to poorer outcomes for customers. QCS detailed further that a lack of notice to ESA Contractors will have negatively impacted the solicitation process by having fewer bidders, higher bid costs and less competition.<sup>3</sup> They also postulate that ESA pricing data should have been used to determine if bids were cost-effective.<sup>4</sup> QCS asked that the advice letter be delayed until there is a coordination plan.<sup>5</sup> QCS stated that the multifamily program covered by the contract interferes with the effectiveness and outreach of the existing ESA Program, making it in violation of the “CPUC’s general policy that the ESA program is the primary vehicle to address the energy efficiency needs of low-income families”.<sup>6</sup> QCS elaborated on this point to suggest that ESA contractors should have been involved or consulted as part of the multifamily program solicitation process.<sup>7</sup>

*Confidentiality*

With respect to confidentiality, QCS asserted that SoCalGas claimed confidentiality in a broad manner and applied redactions inconsistently. QCS pointed out that General Order (GO) 66D prevents an entire document from being claimed confidential if only a portion of a document is confidential.<sup>8</sup> QCS found fault with certain legal citations (“D.11-01-036, 2011 WL 660568 (2011)” and “Valley Bank of Nev v Superior Court, 15 Cal 3rd,(1975)”) that led SoCalGas to the false conclusion that financial information of non-parties is automatically protected. As an example of an inconsistent redaction, QCS pointed out that ICF has a public website that speaks to its capabilities and experience but this information is either not provided or is redacted in the advice letter. QCS suggested that the CPUC can place a time limit on confidential materials, similar to D.11-01-036.<sup>9</sup> QCS sought a remediation to have the confidential appendices, including the contract, with pricing information if feasible, be un-redacted.

<sup>3</sup> QCS Protest, December 10, 2020, page 9

<sup>4</sup> QCS Protest, December 10, 2020, page 2

<sup>5</sup> QCS Protest, December 10, 2020, page 1

<sup>6</sup> QCS Protest, January 28, 2021, page 2

<sup>7</sup> QCS Protest, January 28, 2021, page 5

<sup>8</sup> QCS Protest, January 28, 2021, page 9

<sup>9</sup> QCS Protest, January 28, 2021, page 9

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On confidentiality, QCS claimed that information is a public benefit and information on bidder pricing will lead to competitiveness in the solicitation process to lower prices. Conversely allowing privacy for winning bidders makes them advantaged to win the next solicitation process as they have unique information. QCS argued that bidders did not expect confidentiality as they knowingly provided information that would be shared amongst SoCalGas staff, the Independent Evaluator, and others (like the Procurement Review Group). They also say that bidders volunteered their information to be public by having a program that met the threshold for advice letter review.

In response to SoCalGas's use of the "CPRA Exemption, Gov't Code 6255(a) (Balancing Test)" QCS disputed this reference as 1) confidentiality benefits the winning bidder, not the public and 2) SoCalGas fails to utilize granular specificity.<sup>10</sup> QCS also asserted that "CPRA Exemption, Gov't Code 6254(k)" is not met as the AL's justifications for its referenced statutes are weak.<sup>11</sup>

**SoCalGas Reply to Protests**

On December 17, 2020, and February 5, 2021, SoCalGas responded to QCS's protests. The primary rebuttal is that QCS's protests on confidentiality are not within the scope allowed by GO 96B Section 7.4.2.(2). They also refuted QCS's protests against their confidentiality claims and solicitation process stating that their advice letter does not violate statute or CPUC order.

*Multifamily Program Solicitation Process*

SoCalGas disclosed that their contract with ICF requires them to refer qualified customers to ESA, which is in alignment with CPUC policy and not as QCS described.<sup>12</sup> Regarding their solicitation process, SoCalGas described the multiple outreach channels it used for its multifamily solicitation – 1) California Energy Efficiency Coordinating Committee (CAEECC) website, 2) the CPUC's service list, 3) the Proposal Evaluation & Proposal Management Application (PEPMA) and 4) Power Advocate. SoCalGas did not directly solicit ESA contractor participation, and stated they acted consistently with all of their third-party solicitations. SoCalGas stated that due to anti-trust guidelines they do not disclose rates for ESA measures negotiated with QCS or other ESA contractors, so would not have used that information in their solicitation process.<sup>13</sup>

*Confidentiality*

SoCalGas stated that "the information marked confidential was information provided to SoCalGas by bidders and subject to 'non-disclosure agreements, confidentiality agreements, and/or other confidentiality restrictions' and included 'vendor bid and pricing information (including rates and invoices)' and 'customer and/ or vendor proprietary information'".<sup>14</sup> SoCalGas claimed that this advice letter process is a part of an active solicitation process, and as such, there is an expectation of confidentiality for the parties to the contract.<sup>15</sup> SoCalGas indicated willingness to meet and confer with QCS regarding their confidentiality claims, per General Order 96-B Section 10.5.

SoCalGas commented that their advice letter follows the advice letter template for third-party program contracts which indicates which sections can be confidential. This template was developed by Energy Division and supplied to the IOUs in April 2020, as directed by D.18-01-004 Conclusion of Law 10. To their use of D.11-01-036, SoCalGas shared their opinion that their use of this decision was reasonable as it demonstrates that the CPUC had granted similar confidentiality requests for negotiated contracts in the recent past. SoCalGas also reasoned that their advice letter passes the 'Balancing Test' Government Code section 6255(a), and stated that the public's

<sup>10</sup>QCS Protest, January 28, 2021, page 9

<sup>11</sup>QCS Protest, January 28, 2021, page 10

<sup>12</sup> SoCalGas Reply to Protest, December 17, 2020, page 6

<sup>13</sup> SoCalGas Reply to Protest, February 5, 2021, page 6

<sup>14</sup> SoCalGas Reply to Protest, December 17, 2020, page 3

<sup>15</sup> SoCalGas Reply to Protest, February 5, 2021, page 6

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interest is best served by protecting bidder's work during the solicitation process as that will increase bidder participation in the future thus, encouraging competition. SoCalGas mentioned there are parallels between this advice letter and *Michaelis, Montanari & Johnson v. Superior Court (City of Los Angeles Dept. of Airports)*, 38 Cal. 4th 1065 (2006) where it was found that proposals should be exempt from disclosure until the city had completed negotiations.<sup>16</sup>

**Discussion***Multifamily Program Solicitation Process*

It is understandable that QCS has questions on how the details of this multifamily program and ESA program coordination will happen. However the Implementation Plan, which covers program coordination details, is not detailed in this final contract and is outside the scope of this advice letter review. The CPUC has established a process for the public's input on program design, which is summarized below under "Implementation Plan Development." SoCalGas had an existing contract requirement which required referrals to income qualified programs. SoCalGas amended their contract to add specificity to this requirement by mentioning ESA by name, and provided notice and documentation of this change in AL-5729-A. We find that SoCalGas met their obligation by requiring customer referrals to ESA in the contract. As such, we approve SoCalGas's advice letter without completion of QCS' requested customer coordination plan with ESA.

QCS also claimed that the lack of the use of ESA pricing data and consultation with ESA Contractors led to a poor outcome for the solicitation process. The Procurement Review Group (PRG) could not have taken this action. The PRG can only include non-financially interested parties,<sup>17</sup> and as such, potential bidders including ESA contractors cannot participate in that forum. Regarding pricing and cost-effectiveness, SoCalGas used a scoring rubric, reviewed by the IE and PRG, that assessed program proposal qualities including and beyond cost-effectiveness. The cost-effectiveness screen for energy efficiency programs is less expansive than for ESA as it does not include non-energy benefits, so there is limited value in comparing the two for the purposes of reviewing third-party bids. Additionally, the ICF multifamily program is not a wholly income qualified program like ESA. SoCalGas stated that only half of estimated customers will be qualified as hard-to-reach or from disadvantaged communities and as such, there is limited overlap with those criteria and ESA's criteria.

The proposals are designed by third-parties, and SoCalGas set a general description for its Request for Abstracts and Request for Proposals that fit in with their Business Plan priorities for the multifamily sector. Based on the IE's report, we find that SoCalGas created a reasonable rubric which they appropriately applied. We find that ICF's multifamily program fits into SoCalGas's ability to meet Portfolio requirements and is in line with their Business Plan.

Regarding QCS's claims that SoCalGas missed notifying ESA contractors about participating in this solicitation, SoCalGas explained that they posted notice of their solicitation to four different sources. The IE separately concluded that SoCalGas's outreach was reasonable and led to a sufficient number of bidders. We agree that SoCalGas made a reasonable effort in their outreach, and ESA contractors were not prevented from notifications via the channels used.

In conclusion, we find that the lack of ESA pricing information and ESA contractor consultation did not hinder SoCalGas's solicitation process, and that SoCalGas' notification to the public of the solicitation opportunity was sufficient.

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<sup>16</sup> SoCalGas Reply to Protest, February 5, 2021, page 5

<sup>17</sup> D.18-01-004, Ordering Paragraph 3

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*Confidentiality*

SoCalGas and QCS met on December 30, 2020 to confer on their requested confidentiality (and ESA program coordination), but did not reach a resolution on SoCalGas's requested redactions<sup>18</sup>. SoCalGas's confidentiality declaration citation list includes:

1. CPRA Exemption, Gov't Code § 6254(k)
  - a. D.18-01-004, 2018 WL 555610 (2018)
  - b. SCC Acquisitions, Inc. v. Superior Court, 243 Cal. App. 4th 741, 756 (2015)
  - c. D.20-03-021, 2020 WL 1807503 (2020)
  - d. 15 U.S.C. § 1
  - e. Section 5 of the Federal Trade CPUC Act
  - f. D.20-12-021, 2020 WL 7862639 (2020)
2. CPRA Exemption, Gov't Code § 6255(a) (Balancing Test)

SoCalGas removed two references to Valley Bank of Nev (1975) and D.20-02-051 previously listed in their Supplement-A (January 20, 2021). AL 5729 Supplemental-A expanded on their citations for confidentiality in Attachment A<sup>19</sup> and supplied an amended contract in confidential Appendix E. In that version, SoCalGas amended their contract with a clarifying change to include the income qualified Energy Savings Assistance (ESA) program by name to avoid any confusion about the contract's intention for requiring the implementer's coordination with low-income efficiency programs.

QCS sought a remediation that the contract be made public. Regarding the contract, Energy Division's review has a limited scope<sup>20</sup>. We review to confirm whether the contract is a result of a biased solicitation process and to confirm that the contract does not violate any CPUC decisions. To that end, SoCalGas released publicly the final contract summary, solicitation process overview, and relevant portions of the IE's report. These items are necessary to the public's understanding, and staff's evaluation, of the solicitation process. Disclosure of the remaining redacted information in the confidential attachments, especially the contract, will have no bearing on staff's findings. As the resolution of the confidentiality issue raised by QCS will not change our determination regarding whether the contract meets the review criteria for advice letter approval, that is does not contain any violations of Commission decisions; the protest regarding release of redacted information is not relevant to the advice letter's disposition. Bearing no violations, contract changes to negotiated aspects of the contract like total budget, fee schedules, and measure-level pricing are out of the scope of Energy Division's authority.

On April 21, 2021, QCS requested to open a protest period following submittal of AL-5729 B. SoCalGas made updates to their Confidentiality Declaration Matrix, however there were no changes to SoCalGas's requested redactions or any other part of the advice letter. Per GO 96b Section 7.5.1, submittal of a supplement does not require reopening of the protest period or delay an effective date.

We note that GO 66-D, which went into effect in 2018, states that its provisions govern confidentiality for information in advice letters (see GO 66-D Section 3.3). Although the dispute regarding confidential treatment does not affect staff's disposition of this advice letter, QCS may request disclosure of the advice letter confidential attachments via a Public Records Act Request pursuant to GO 66-D Section 4, which can be submitted at [https://www.cpuc.ca.gov/record\\_requests/](https://www.cpuc.ca.gov/record_requests/).

This advice letter is approved as of May 10, 2021.

**Implementation Plan Development**

<sup>18</sup> Brooks, Erin. "QCS Follow-Up". Message to Sarah Lerhaupt and Scott Kjorlien. December 30, 2020. Email.

<sup>19</sup> AL-5729-A Attachment A 'SoCalGas Request for Confidentiality of its Residential Multi-Family Energy Efficiency Third-Party Solicitation Advice Letter' Table at pages 2-3

<sup>20</sup> Decision 18-01-004, Conclusion of Law 9

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Decision D.18-05-041, the Business Plan Decision, Ordering Paragraph 2 requires implementation plans to be posted within 60 days of contract execution, or within 60 days of CPUC approval if the contract meets the advice letter threshold. With the issuance of this disposition, implementation plans for these programs are due to be posted no later than July 09, 2021. This multifamily program will require referrals to ESA for qualified customers, and as such must provide sufficient detail in their description of their Program Delivery and supporting documents, Program Manual and Rules, Program Logic Model, Process Flow Chart and Diagram of Program. Draft Implementation Plans are posted to the CAEEC website.<sup>21</sup> Notification of the Implementation Plan webinar for public input will be sent by SoCalGas and will include the R.13-11-005 service list at a minimum.<sup>22</sup> Completed Implementation Plans are maintained on Energy Division's California Energy Data and Report System (CEDARS) database.<sup>23</sup>

Please direct any questions regarding Energy Division's findings in this non-standard disposition to Sarah Lerhaupt (sarah.lerhaupt@cpuc.ca.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "ERandolph (foi)".

Edward Randolph  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division

Cc: Service List R.13-11-005  
Pete Skala, Energy Division  
Jennifer Kalafut, Energy Division  
Alison LaBonte, Energy Division  
Sarah Lerhaupt, Energy Division

<sup>21</sup> CAEEC Draft Implementation Plans for Review: <https://www.caeec.org/draft-implementation-plans-for-revi>

<sup>22</sup> CPUC Index of Service Lists for Open Proceedings: [https://ia.cpuc.ca.gov/servicelists/sl\\_index.htm](https://ia.cpuc.ca.gov/servicelists/sl_index.htm)

<sup>23</sup> CPUC CEDARS: <https://cedars.sound-data.com/>



**Joseph Mock**  
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April 2, 2021

Advice No. 5729-B  
(U 904 G)

Public Utilities Commission of the State of California

**Subject: Supplement - Southern California Gas Company's Request for Approval of a Third-Party Contract from the Residential Multi-Family Program Solicitation, Pursuant to Decision (D.) 18-01-004**

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (CPUC or Commission) a third-party contract for the Multi-family Energy Alliance (MEA) Program, resulting from the Residential Multi-Family (Res M-F) Program solicitation.

### **Purpose**

This supplemental Advice Letter replaces Advice No. (AL) 5729-A in its entirety to provide additional information related to the third-party contract contained herein, as well as an update to the confidentiality declaration in Attachment A. Pursuant to D.18-01-004, Ordering Paragraph (OP) 2, program administrators (PAs)<sup>1</sup> are directed to submit a Tier 2 Advice Letter for each third-party contract, or a batch of third-party contracts, that is valued at \$5 million or more and/or with a term of longer than three years, for Commission review.<sup>2</sup>

### **Background**

On January 17, 2018, the Commission issued D.18-01-004, addressing the required process for third party solicitations in the context of the rolling portfolio energy efficiency

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<sup>1</sup> In OP 2, the utility PAs are Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and SoCalGas.

<sup>2</sup> D.18-01-004, at 61.

(EE) programs overseen by the investor-owned utilities (IOUs) PAs. D.18-01-004 also required that independent evaluators (IE) be utilized for third-party solicitations. Moreover, the Commission required all third-party contracts to include a formal IE report to be submitted via a Tier 2 Advice Letter for those contracts that are valued at \$5 million or more and/or with terms of longer than three years.

SoCalGas' MEA Program is a turnkey one-stop shop program targeted towards Res M-F customers. The program will promote EE retrofits in tenant units and common areas through selected no-cost direct install measures and financial incentives for others. This program will replace SoCalGas' existing third-party multi-family program.

The MEA Program is expected to contribute 716,375 net therms over three years. Fifty percent of the savings will target hard-to-reach (HTR) customers and those in disadvantaged communities (DACs). The focus on these customers strengthens SoCalGas' commitment to reach its most vulnerable customers. The total resource cost (TRC) ratio for this program is forecasted to be 1.01. This contract represents approximately two percent of SoCalGas' forty percent third-party solicitation requirement.

### **Third-Party Contract Solicitation**

SoCalGas' MEA Program is the only third-party contract resulting from the Res M-F solicitation that meets the threshold requiring Commission approval of the contract. All executed and anticipated contracts are listed in Table A, below.

<b>Table A: Contracts in Residential Multi-Family Solicitation</b>			
<b>Contract</b>		<b>Budget</b>	<b>Duration</b>
<b>Residential</b>			
1.1	Multi-family Energy Alliance	See Appendix B	36 months
1.2	Multi-family Space and Water Heating Controls <sup>3</sup>	See Appendix B	36 months

Table B summarizes the contract requiring approval via an Advice Letter.

<b>Table B: General Contract Summary – ICF Resources, LLC</b>		
1	Solicitation name	Residential Multi-Family
2	Type of program: local, regional, or statewide	Local
3	Delivery Type – specify the delivery type (i.e., direct install, upstream, midstream, or downstream).	Downstream, Direct Install
3.1	A. Direct Install/Downstream Customer Targeting (Yes or No)	Yes

<sup>3</sup> Contract is currently in negotiation, as of November 20, 2020.



<b>Table B: General Contract Summary – ICF Resources, LLC</b>		
3.2	B. Customer Targeting brief description, if applicable.	Utilize data analytics to identify prospective customers by screening levels of customer data such as demographic information, CalEnviroScreen data, load characteristics, building types, overlaying utility specific information, and independent databases.
3.3	C. Midstream/Upstream Market Actors receiving incentives [i.e., manufacturers, distributors, contractors, or other (specify)].	N/A
4	Market/Sector(s)	Residential
5	Customer Segment(s)	Multi-family
6	Third-Party Implementer/Subcontractor name	ICF Resources, LLC Subcontractors: ICAST, LINCUS Inc.
7	Name of program or service	Multi-family Energy Alliance
8	Brief description of program or service (2-3 sentences).	The Program will target the multi-family market with a one-stop shop approach to drive EE upgrades from large, corporate-owned portfolios to small, individually owned multi-family properties. The program will push for bundled measures and provide financing options and project management support.
9	Total kWh Energy Savings (First year, net)	336,258
10	Total MW Energy Savings (First year, net)	107
11	Total therms Energy Savings (First year, net)	716,375
12	HTR Customers. <sup>1</sup> Provide forecasted total number of HTR customer accounts (by customer segment) receiving program and total savings (net first year kWh, kW, and therms) to HTR customers from program over all years program in effect.	6,250 HTR Customers kWh – 109,151 kW – 36.4 Therms – 206,570

<b>Table B: General Contract Summary – ICF Resources, LLC</b>		
13	DAC Customers. <sup>2</sup> Provide forecasted total number of DAC customer accounts (by customer segment) receiving program and total savings (net first year kWh, kW, and therms) to DAC customers over all years program is in effect.	6,250 DAC Customers kWh – 109,151 kW – 36.4 Therms – 206,570
14	Forecasted Number of Customers Served by PY	PY2021 – 3,500 units (8 mos.) PY2022 – 8,000 units PY2023 – 13,500 units
15	Area(s) Served (including service territory, climate zones, cities, and/or counties, as applicable).	Entire SoCalGas service territory.
16	Program TRC ratio [Cost Effectiveness Tool (CET) output]. <sup>4</sup>	1.01
17	Program Administrator Cost (PAC) ratio (CET output)	1.02
18	Program \$/kWh (TRC levelized cost, CET output)	N/A
19	Program \$/kWh (PAC levelized cost, CET output)	N/A
20	Program \$/MW (TRC levelized cost, CET output)	N/A
21	Program \$/MW (PAC levelized cost, CET output)	N/A
22	Program \$/therm (TRC levelized cost, CET output)	\$0.78
23	Program \$/therm (PAC levelized cost, CET output)	\$0.77
24	Budget: Forecast budget by PY for each year contract in effect.	See Appendix B
25	Budget: Forecast expenditures by PY for each year contract in effect.	See Appendix B
26	Budget: Total Program Budget (include explanation for difference, if any, from total contract budget provided in Table A).	See Appendix B
27	Budget: If EE/Demand Response component to the program, provide dollar amount and percent of total budget dedicated to EE/DR component.	N/A
28	Measure(s)	<ul style="list-style-type: none"> <li>• Clothes Washers</li> <li>• Clothes Dryers</li> <li>• Attic Insulation</li> </ul>

<b>Table B: General Contract Summary – ICF Resources, LLC</b>		
		<ul style="list-style-type: none"> <li>• Smart Thermostats</li> <li>• Low Flow Showerheads</li> <li>• Faucet Aerators</li> <li>• Pipe Insulation/Wrap</li> <li>• Central Furnaces</li> <li>• Storage Water Heaters</li> <li>• Tankless Water Heaters</li> <li>• Pool &amp; Spa Heaters</li> <li>• Boiler Controllers</li> <li>• Recirculation Pump Controllers</li> </ul>
29	Savings Determination Type (i.e., custom, deemed, Net Metered Energy Consumption, or randomized Control Trial).	Deemed
30	Savings Calculation Method(s) (Meter-Based, Deemed, Calculated, Multiple and/or Other). If Multiple or Other, please specify.	Deemed
31	Contract start date and end date.	Contract will commence for 36 months upon Advice Letter approval.
32	Program start date and end date. If program dates aren't defined by the period the program is open for customer participation, explain, and include customer participation period.	Customer Participation will begin shortly after Advice Letter approval and completion of Implementation Plan.

## Notes:

1. HTR Customers: Specific criteria were developed by staff to be used in classifying a customer as HTR. Two criteria are considered sufficient if one of the criteria met is the geographic criteria defined below. There are common as well as separate criteria when defining HTR for residential versus small business customers. The barriers common to both include:
  - Those customers who do not have easy access to program information or generally do not participate in EE programs due to a combination of language, business size, geographic, and lease (split incentive) barriers. These barriers to consider include:
    - Language – Primary language spoken is other than English; and/or
    - Geographic – Businesses or homes in areas other than the United States Office of Management and Budget Combined Statistical Areas of the San Francisco Bay Area, the Greater Los Angeles Area, and the Greater Sacramento Area or the Office of Management and Budget metropolitan statistical areas of San Diego County.
  - For small business added criteria to the above to consider:
    - Business Size – Less than 10 employees and/or classified as Very Small (Customers whose annual electric demand is less than 20kW, or whose annual gas consumption is less than 10,000 therm, or both); and/or
    - Leased or Rented Facilities – Investments in improvements to a facility rented or leased by a participating business customer.
  - For residential added criteria to the above to consider:
    - Income – Those customers who qualify for the California Alternative Rates for

- Energy (CARE) or the Family Electric Rate Assistance Program (FERA); and/or
  - Housing Type – Multi-family and Mobile Home Tenants (rent and lease).
2. DAC Customers: DACs are located in the most environmentally burdened California census tracts, as determined by the top 25 percent highest scores when using California Environmental Protection Agency's (CalEPA's) CalEnviroScreen tool. DACs are the communities that suffer a disproportionate impact from one or more environmental hazards and are likely to experience disparate implementation of environmental regulations and socioeconomic investments in their communities.
  3. TRC is for the implementer only. The TRC filed in The California Energy Data and Reporting System will include SoCalGas administrative costs.

## **Solicitation Process Overview**

The Res M-F solicitation was conducted in a two-stage process in accordance with D.18-01-004. The two-stage solicitation comprised of a Request for Abstract (RFA) stage and a Request for Proposal (RFP) stage, with oversight from the Energy Efficiency Procurement Review Group (EE PRG) and IE. The IE for this solicitation was The Mendota Group. Further details of the solicitation process are explained below.

### **1. IOU Solicitation Process**

#### **1.a) Solicitation Timeline**

##### *Stage One – Requests for Abstracts*

The first stage began with an RFA, which was open to all interested parties. Potential bidders were notified of the release of the Stage One RFA through a SoCalGas posting to the Proposal Evaluation and Proposal Management Application (PEPMA) website on November 26, 2018. PEPMA is a public website, administered by the California IOUs, under the auspices of the Commission. The PEPMA notice directed bidders to access the SoCalGas sourcing platform, PowerAdvocate, to download the RFA documents and receive additional information regarding the solicitation. Respondents were required to utilize the provided abstract template to respond to the solicitation. Bidders had 35 days to develop RFA documents, which were required to be submitted to PowerAdvocate on January 7, 2019. Abstracts were evaluated by SoCalGas, with oversight by the IE, and presented to the EE PRG. SoCalGas' evaluation of the abstracts, in consultation with the EE PRG, determined which Bidders were selected to continue to Stage Two. Bidders selected to move to the next stage were notified on June 3, 2019.

The RFA was intentionally designed to be less burdensome for Bidders and aimed to foster a marketplace for innovative ideas. However, Bidders were advised to carefully adhere to the RFA's guidelines and seek to present information regarding themselves and their proposed program designs, implementation approaches, and management of the proposed program that were clear and convincing and included sufficient detail to enable SoCalGas to assess whether the program was likely to be successful in implementation.

The RFA included exhibits and attachments that, if required, must have been responded to by the Bidder and returned with the Bidder's submittal. Exhibits provided necessary supplemental information to the Bidder. Attachments were submitted by the Bidder as a response to the RFA. Additionally, several required and mandatory fields needed to be completed by the Bidder in PowerAdvocate. All required fields and schedules were identified in the RFA Checklist section of the RFA.

Determination of which Bidders would move to Stage Two was based on the evaluation criteria including the Bidder's proposed program design, implementation approach, and demonstrated ability to implement a successful program.

### *Stage Two – Requests for Proposals*

Based on abstracts submitted in Stage One, SoCalGas selected a limited number of respondents to move to the RFP stage. The Stage Two RFP release was issued through PowerAdvocate on July 31, 2019. Bidder submissions were due through PowerAdvocate on September 11, 2019.

The RFP requested Bidders to provide more details about their proposed abstract(s), including cost-effectiveness calculations, measurement and verification (M&V) information, and other documents to assist SoCalGas in making its selection. Bidders were encouraged to maximize the program's cost-effectiveness as measured by the CPUC's TRC and PAC tests. The Bidders' Stage Two proposals were required not to offer a program that was materially different than the program described in the Bidders' Stage One abstracts. Failure to comply with this requirement would have resulted in immediate rejection and disqualification of the Bidder's Stage Two proposal.

After scoring the proposals, with oversight by the IE, and presenting to the EE PRG, SoCalGas notified the selected shortlist of Bidders on January 22, 2020. Negotiation of contracts followed, with execution of the contract requiring Advice Letter approval occurring on September 25, 2020.

### **1.b) Communications With Respondents**

SoCalGas managed all solicitation activity through PowerAdvocate. All interested Bidders were required to register in PowerAdvocate to access the respective RFA and RFP documents, submit questions to SoCalGas, and ultimately submit their abstracts and proposals. SoCalGas hosted optional Bidder conferences for both the RFA and RFP stages. Any communication with respondents outside the Optional Bidder Conference, until negotiation with the selected Bidder, was required to be sent in the messaging tab via PowerAdvocate. No questions from respondents were to be directed to any SoCalGas employees and any direct contact with any SoCalGas employees regarding the Res M-F solicitation may have resulted in disqualification.

In addition to the formal bidding process through PowerAdvocate, SoCalGas also conducted optional Bidder conferences to explain the process and answer potential Bidder inquiries. During the RFA stage, a pre-bid conference was held on December 5, 2018. During the RFP stage, a pre-bid conference was held on August 8, 2019.

In the RFA stage, SoCalGas held one round of questions and answers (Q&A), and in the RFP stage, SoCalGas held two rounds of Q&A, allowing respondents to ask questions about the specific solicitation.

Over the course of the Res M-F solicitation, SoCalGas received a total of 20 questions from the bidding community. In the RFA stage, overarching themes included clarification on budget and licensing requirements. In the RFP stage, overarching themes included explanation of budgets, financing, contractor licensing, insurance requirements, and SoCalGas Enhanced Support Services.

### **1.c) Independent Evaluator Participation**

The Res M-F IE, The Mendota Group, was involved in the preparation and review of the RFA and RFP Packages. The IE reviewed all Bidder communication prior to SoCalGas issuance, including Bidder shortlisted communications, Bidder webinar notifications, Q&A responses, CET technical review bidder feedback, and finalist notifications. Following RFA and RFP release, the IE reviewed the respective optional Bidder conference presentation materials and attended the optional Bidder conferences. The IE also reviewed the composition of the scoring team prior to the commencement of the evaluation period. Once Bidder submittals were received, the IE conducted independent scoring of all Bidder abstracts and proposals and participated in the calibration and shortlist meetings. The IE also monitored the entire contract negotiation process.

The RFA and RFP scoring processes consisted of the following key steps with IE oversight:

#### **A. Pre-screening:**

- RFA and RFP: After the bids were due, SoCalGas Supply Management conducted a Threshold Assessment to see if all required documents were submitted on-time. SoCalGas provided the results of the threshold review to the assigned IE for IE's agreement/feedback.
- RFP: A CET technical review was conducted by SoCalGas to identify any discrepancies in the assumptions. Meanwhile, an eligible programs criteria review was conducted by SoCalGas, based on the program eligibility criteria identified in the RFP. SoCalGas provided the results of both to the assigned IE for IE's agreement/feedback.
- RFP: An RFA/RFP consistency review was conducted by SoCalGas to confirm whether the proposal was significantly different from the abstract,

- based on the criteria identified in the RFP. At the end of the evaluation period, the assessment was presented for further discussion with the IE.
- B. Scoring Training: SoCalGas conducted scoring team training to help inform the scoring team about the scoring process and answer any immediate questions. The IE reviewed the training materials and guidance document, and observed the scoring training meeting.
  - C. Individual Scoring: SoCalGas distributed the RFA and RFP bid submissions that passed pre-screening to the scoring team and IE, with a due date/time. The IE conducted “shadow scoring” to better understand the way the scoring team was conducting its scoring and to help ensure the results were fair. IE scores were not part of SoCalGas’ official scores.
  - D. Calibration Meeting: The meeting was held after individual scoring was completed. IEs also participated in calibration meetings and offered observations.
  - E. Shortlists Meetings: The SoCalGas scoring team, including SoCalGas management and IE, met to discuss the results of the bids and recommendations.
  - F. Contract Negotiations: The IE oversaw the entire negotiation process and was included on all e-mail communications and invited to observe all meetings between SoCalGas and contractors.

The following section summarizes IE recommendations and input. The full IE report is provided in Attachment A.

***RFA/RFP and Contract Template Development:***

- Early on, SoCalGas introduced the use of a spreadsheet-based tracker to compile and track comments from internal staff, the IE, and the EE PRG. IE viewed this as a very good way of cataloguing and responding to comments. In total, SoCalGas responded to more than 223 individual comments and suggestions from the IE and EE PRG members.
- The IEs sought to ensure that RFA documents presented requested information clearly to bidders and the solicitation informed bidders about expectations regarding what would be required for the RFP phase, in contracting, and during implementation. EE PRG members wanted solicitation documents and the scorecard to reflect CPUC requirements and priorities. SoCalGas was receptive and incorporated most of the proposed changes.
- During RFP packet development, the IE’s provided extensive feedback that was well-addressed by SoCalGas. Similar to the RFA stage, the Company involved its entire IE pool in the development of the template documents. SoCalGas was very responsive to stakeholder feedback, incorporating approximately 90 percent of the over 100 comments received.

***RFA/RFP Shortlist Process:***

- IE found the RFA and RFP shortlisting processes to be fair and transparent and that SoCalGas involved the IE in all discussions relevant to selections.
- It is important for IOUs to clearly communicate to bidders about technologies or areas of focus that are not permitted (so bidders do not waste their time on disqualifying bids) and about other programs that that will continue to serve the target customer segment (so bidders can adjust their responses to ensure they do not overlap with other programs).
- The Multi-family Solicitation and the selected programs are consistent with SoCalGas' Business Plan and the selected contractors meet the objectives outlined in the Business Plan. Therefore, the selected programs and contractors are good fits for SoCalGas' portfolio.

***Contract Negotiations:***

- Collaboration on Final Program Design & Scope:
  - SoCalGas and Contractor collaborated on the final program design both in terms of ensuring that the program works actively with SoCalGas' multi-family single point-of-contact (SPOC), including referrals, where applicable, to the SoCalGas whole building program, encouraging customers to use SoCalGas benchmarking services, and adding measures to the Direct Install portion of the program.
- Fairness of Negotiations:
  - IE believes the contract negotiations were fair and the process did not require the bidder to incur any uncompensated costs other than delayed revenue opportunities resulting from a protracted contracting process.

**Marketing and Outreach**

To increase public and potential Bidder awareness of the Res M-F solicitation process, SoCalGas posted a notification to the California Energy Efficiency Coordinating Committee (CAEECC) website and hosted a webinar on August 29, 2018 in preparation for the Rolling Portfolio Program solicitations. The webinar included information regarding RFAs. SoCalGas also posted a notice on the CAEECC website and conducted a Bidders' conference with potential Bidders on December 5, 2018 at SoCalGas' Energy Resource Center in Downey, California.

Furthermore, SoCalGas announced the RFA event on the PEPMA website, which is administered by California's four IOUs, under the auspices of the CPUC. The PEPMA announcement directed the Bidders to PowerAdvocate: SoCalGas' sourcing platform.

**2. Solicitation Event Schedule**

The event schedule for the solicitation is presented in Table C.



<b>Table C: Solicitation Event Schedule</b>		
<b>Activities</b>		<b>Date</b>
<b>Stage 1 RFA Events</b>		
1	RFA issued	11/26/2018
2	Pre-Bid Conference (optional)	12/5/2018
3	Bidder's deadline to submit written questions	12/10/2018
4	IOU response due to bidder questions	12/17/2018
5	Bidder's abstract submission due	1/7/2019
6	Shortlist notification	6/3/2019
<b>Stage 2 RFP Events</b>		
1	RFP issued	7/31/2019
2	Pre-Bid Conference (optional)	8/8/2019
3	Bidder's deadline to submit questions to IOU (two rounds)	8/13/2019, 8/23/2019
4	Bidder's deadline to submit CET to IOU for preliminary review (optional)	N/A
5	IOU responses due to bidder questions (two rounds)	8/20/2019, 8/28/2019
6	IOU responses due to preliminary CET review	N/A
7	Bidder's proposal submission due	9/11/2019
8	Bidder interviews conducted by IOU	N/A
9	Bidder shortlist notification	1/22/2020
10	Contract negotiations and execution	9/25/2020
11	Tier 2 AL 5729 submission	11/20/2020
12	Supplemental AL 5729-A submission	1/20/2021
13	Supplemental AL 5729-B submission	4/2/2021

### **3. Independent Evaluator**

As required by D.18-01-004, SoCalGas selected an IE for oversight and consultation throughout the process. The IE for the Res M-F solicitation was The Mendota Group.

A full description of the IE's involvement, recommendations, and input is provided in Section 1 - IOU Solicitation Process, above. Please see Appendix A in Attachment A for the full IE Report.

The IE provided findings to the EE PRG on:

- Final RFA Package - 11/6/18

- RFA Evaluation Results and Shortlist Recommendations – 3/5/19
- Final RFP Package – 7/2/19
- RFP Evaluation Results and Shortlist Recommendations - 11/5/19
- Contract Update report-outs – 3/3/20, 4/7/20, 5/5/20, 6/2/20, 7/7/20, 8/4/20, 9/1/20

### **Transition Plan from Pre-Existing Program to New Program**

The MEA Program will replace SoCalGas' existing Multi-family Direct Therm Savings program, SCG3763. The MEA program's "Effective Date" will be the date that the CPUC issues its written approval ("Written Approval") of the Advice Letter. Shutdown activities for the current program will start at the end of 2020. Shut down activities include direction that all services must be complete, all projects and measures installed, all incentives paid, along with the issuance of a Final Program Report.

### **Interaction Between MEA Program and SoCalGas' ESA Program**

SoCalGas is committed to achieving its goals across all customer programs. SoCalGas is adopting the MEA program to contribute to its residential sector EE goals, while remaining committed to achieving its separate, aggressive goals in its ESA program. To facilitate this, the original MEA program contract requires that in delivery of the MEA program, any customers determined to be eligible for income-qualified programs and services will be referred by the implementer to a designated SoCalGas representative for participation in the income-qualified program. SoCalGas has amended the contract to reference the ESA program by name, so that this explicit coordination between the two programs is required, and the MEA program will not cannibalize or undermine the success of the ESA program to meet the aggressive goals of serving all willing and eligible customers. The amended contract is provided in Appendix E.

### **Confidentiality**

Due to the confidential nature of the information in Appendices A-E of Attachment A, a declaration requesting confidential treatment is included. The unredacted version of Appendices A-E of Attachment A is only being provided to Energy Division under the confidentiality provisions of General Order (GO) 66-D, Section 583 of the Public Utilities Code, and D.17-09-023. Pursuant to the Advice Letter template provided by Energy Division per D.18-01-004,<sup>5</sup> the third-party contract is provided confidentially in its entirety as Appendix E, however the CPUC's Standard and Modifiable Terms & Conditions, which are included in the contract, are publicly available on SoCalGas' website at [www.socalgas.com/regulatory/efficiency](http://www.socalgas.com/regulatory/efficiency).

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<sup>5</sup> D.18-01-004, Conclusion of Law 10.

All information marked for redaction is subject to non-disclosure agreements, confidentiality agreements, and/ or other confidentiality restrictions. Such information includes:

- Vendor bid and pricing information (including rates and invoices)
- Customer and/or vendor proprietary information
- Information submitted in connection with a RFA or RFP with expectations of confidentiality on the part of the bidders.
- Negotiated draft contract resulting from the solicitation process.

Please see attached declaration of confidentiality in support of these designations.

### **Protest**

In accordance with GO 96-B, Section 7.5.1 and at the direction of Commission Staff, SoCalGas hereby requests that the protest period be waived.

### **Effective Date**

SoCalGas believes this Advice Letter is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. This submittal is consistent with D.18-01-004. Therefore, SoCalGas respectfully requests that this submittal be approved on May 2, 2021, which is 30 calendar days from the date this Advice Letter was submitted.

### **Notice**

A copy of this Advice Letter is being sent to SoCalGas' GO 96-B service list and the Commission's service lists in R.13-11-005 and A.17-01-013. Address change requests to the GO 96-B service list should be directed via e-mail to [Tariffs@socalgas.com](mailto:Tariffs@socalgas.com) or call 213-244-2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or via e-mail at [Process\\_office@cpuc.ca.gov](mailto:Process_office@cpuc.ca.gov).

*/s/ Joseph Mock*  
Joseph Mock  
Director – Regulatory Affairs

Attachments



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



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

Company name/CPUC Utility No.:

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person:

Phone #:  
E-mail:  
E-mail Disposition Notice to:

### EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas      WATER = Water  
 PLC = Pipeline      HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

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

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes  No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

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:

Service affected and changes proposed<sup>1</sup>:

Pending advice letters that revise the same tariff sheets:

<sup>1</sup>Discuss in AL if more space is needed.

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

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

**BEFORE THE PUBLIC UTILITIES  
COMMISSION OF THE STATE OF CALIFORNIA**

**DECLARATION OF ERIN BROOKS  
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS  
PURSUANT TO D.17-09-023**

I, Erin Brooks, do declare as follows:

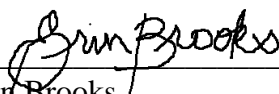
1. I am Erin Brooks, Customer Programs Policy & Support Manager in the Customer Programs and Assistance Department of Southern California Gas Company (“SoCalGas”). I was delegated authority to sign this declaration by Sandra Hrna, in her role as Vice President of Customer Solutions at SoCalGas. I have reviewed the confidential information included within SoCalGas’ Energy Efficiency Solicitations SharePoint regarding the *CONFIDENTIAL Energy Efficiency Residential Multi-Family Third-Party Solicitation Advice Letter* submitted concurrently with this Declaration. I am personally familiar with the facts in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or information and belief.

2. I hereby provide this Declaration in accordance with Decision (“D.”) 17-09-023 and General Order (“GO”) 66-D to demonstrate that the confidential information (“Protected Information”) provided in the Response is within the scope of data protected as confidential under applicable law.

3. In accordance with the narrative justification described in Attachment A, the Protected Information should be protected from public disclosure.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 2nd day of April 2021, at Los Angeles.

  
\_\_\_\_\_  
Erin Brooks  
Customer Programs Policy & Support Manager

# ATTACHMENT A

## SoCalGas Request for Confidentiality of its Residential Multi-Family Energy Efficiency Third-Party Solicitation Advice Letter

Location of Protected Information	Legal Citations	Narrative Justification
<p>All information marked for redaction in the documents provided to SoCalGas by bidders are subject to non-disclosure agreements, confidentiality agreements, and/ or other confidentiality restrictions. Such information includes:</p> <ul style="list-style-type: none"> <li>• Vendor bid and pricing information (including rates and invoices)</li> <li>• Vendor proprietary information</li> <li>• Information submitted in connection with a Request For Abstract or Request For Proposal with expectations of confidentiality on the part of the bidders.</li> <li>• Negotiated draft contract resulting from the solicitation process.</li> </ul>	<p>CPRA Exemption, Gov't Code § 6254(k) ("Records, the disclosure of which is exempted or prohibited pursuant to federal or state law")</p> <ul style="list-style-type: none"> <li>• <i>See, e.g.</i>, D.18-01-004, 2018 WL 555610 (2018) (allowing for confidential treatment of bid information submitted in the Energy Efficiency Solicitation process);</li> <li>• <i>SCC Acquisitions, Inc. v. Superior Court</i>, 243 Cal. App. 4<sup>th</sup> 741, 756 (2015) (corporations have right to privacy over their financial information);</li> <li>• <i>See, e.g.</i>, D.20-03-021, 2020 WL 1807503 (2020) (allowing for confidential treatment of applicants' agreements and financial information);</li> <li>• <i>See, e.g.</i>, D.20-02-054, 2020 WL 1667279 (2020) (agreeing that non-public proprietary financial information should remain confidential);</li> <li>• 15 U.S.C. § 1, <i>et. seq.</i> prohibits price fixing between competitors;</li> <li>• Section 5 of the Federal Trade Commission Act prohibits "unfair methods of competition" and has been applied to a broad range of pricing and contracting practices;</li> <li>• <i>See, e.g.</i>, D.20-12-021, 2020 WL 7862639(2020) (agreeing that risk of exposure of proprietary information should outweigh public interest in disclosure of information).</li> </ul> <p>CPRA Exemption, Gov't Code § 6255(a) (Balancing Test)</p>	<p>Based on input received by bidders, and based on SoCalGas' concurring position, the produced documents are proprietary, and represent and contain proprietary, commercially sensitive, and other content not intended for public disclosure. This information includes budgets, compensation, program design, and personnel profiles.</p> <p>All bidders engage in work product that is intended only for access by designated members. Public disclosure would pose potential negative impacts to bidder and the bidding process. Failure to protect the bidder's investment of time and resources during the solicitation process could result in loss of competitive advantage, and result in less competition in the marketplace, which may lead to higher program prices or less innovative program elements. The public's interest is best served when energy-efficiency programs deliver the largest amount of savings in the most cost-effective manner. Bidders invest knowledge and time, and determine an acceptable level of risk and compensation, to deliver increasingly energy-efficient programs. Public disclosure of proprietary methods before contracts are executed would discourage investment into the solicitation</p>

		<p>process and result in less participation in the process, less competition and higher prices. Thus, the public's interest is better served by not disclosing the information as opposed to disclosing the information.</p> <p>The contract is provided confidentially in its entirety per the advice letter template provided by Energy Division.</p>
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## **ATTACHMENT A**

**Advice No. 5729-B**

### **Energy Efficiency Third-Party Solicitation**

- Appendix A – (Redacted) Energy Efficiency Independent Evaluator’s Final Report
- Appendix B – (Confidential) Solicitation Process Overview
- Appendix C – (Confidential) Selection Spreadsheets
- Appendix D – (Confidential) Third-Party Contract Summary
- Appendix E – (Confidential) Contract

The unredacted versions of Appendices B through E are only being provided to Energy Division under the Confidentiality and Protected Materials Provisions Pursuant to Public Utilities Code Section 583, General Order 66-D, and D.17-09-023

November 1, 2020

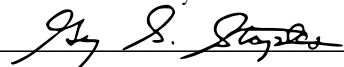
**Topic: Declaration of Grey Staples Regarding Confidentiality of Certain Data/Documents Pursuant to Decision 19-01-028.**

I, Grey Staples, do declare as follows:

1. I am an Energy Efficiency Independent Evaluator (IE) under contract with Southern California Gas Company (SoCalGas). I have the authority to sign this declaration as Managing Director of The Mendota Group, LLC (SoCalGas' IE). I have reviewed the confidential information included within the Energy Efficiency Independent Evaluator's Final Report on SoCalGas' Third-Party Solicitation Process for its Residential Multifamily Energy Efficiency Program (IE Final Solicitation Report), dated November 1, 2020, submitted concurrently herewith. I am personally familiar with the facts in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or information and belief.
2. I hereby provide this Declaration in accordance with Decision 19-01-028 and General Order (GO) 66-D Revision 1 to demonstrate that the confidential information (Protected Information) provided in the IE Final Solicitation Report, dated November 1, 2020, is within the scope of data protected as confidential under applicable law.
3. The information highlighted in black within the IE Final Solicitation Report is proprietary to SoCalGas, its customers, and its bidders to their solicitations, and as such it could result in a competitive disadvantage or a breach of privacy if disclosed publicly. The information is to be treated as Confidential Protected Information for the reason(s) provided in the attached table titled: Confidentiality Matrix, (specifically Project Information, Market Sensitive Business Practices, and Contract Information).
4. In accordance with the narrative justification described in Paragraph 3, the Protected Information should be protected from public disclosure and be deemed Confidential.
5. In accordance with Decision 19-01-028 and GO 66-D Revision 1, the Commission should contact the following individuals regarding questions about Confidentiality and/or the potential release of information by the Commission per Section 5 of this GO:
  - (1) Grey Staples; (651) 253-8171; gstaples@mendotagroup.com
  - (2) Brian Johnston; (213) 244-4419; BJohnston@socalgas.com

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 1<sup>st</sup> day of November 2020, at Mendota Heights, Minnesota.

By:  \_\_\_\_\_

Name: Grey Staples  
Energy Efficiency Independent Evaluator

Compliance Table				
Data Element Included Y/N	Data Element(s)	Location	Justification	Legal Citation
Y	<b>Market Sensitive Business Practices:</b> EE Solicitation Documents	Energy Efficiency Independent Evaluator’s Final Report, dated November 1, 2020, all information highlighted in gray.	SoCalGas’ business decision making processes and results of these processes are proprietary to SoCalGas and could result in a competitive disadvantage if disclosed publicly.	<b>Market Sensitive Information:</b> Gov’t Code §§ 6254(k), 6254.7(d); Evid. Code §1060; Civil Code §3426 et seq.; Gov’t Code §§ 6254(k), 6254.7(d); Evid. Code §1060; Civil Code §3426 et seq.
Y	<b>Contracts:</b> Documents provided to utilities subject to non-disclosure, confidentiality agreements, or other confidentiality restrictions. Contracts between the utility and third-party vendors that contain confidentiality clauses, Vendor bid and pricing information (including rates and invoices), Customer and vendor proprietary information, Copyright materials obtained by the utility pursuant to license or other agreement.	Energy Efficiency Independent Evaluator’s Final Report, dated November 1, 2020, all information highlighted in gray.	Based on input received by third-party bidders and based on SoCalGas’ concurring position, the produced documents are proprietary and represent and contain proprietary, commercially sensitive, trade secrets, and content not intended for public disclosure. Third party bidders’ efforts involve communications which are intended only for access by designated members. Public disclosure would pose potential negative impacts and/or harm to third party bidders.	CPRA Exemption, Gov’t Code § 6254(k) (“Records, the disclosure of which is exempted or prohibited pursuant to federal or state law”). See, e.g., D.11-01-036, 2011 WL 660568 (2011) (agreeing that confidential prices and contract terms specifically negotiated with a program is proprietary and commercially sensitive and should remain confidential). Valley Bank of Nev. v. Superior Court, 15 Cal. 3d 652, 658 (1975) (financial information is protected – especially of non-parties).

# Energy Efficiency Independent Evaluator's Final Report

## Southern California Gas Company

### Local Residential Multifamily Solicitation

Contract: ICF Resources, LLC's Multifamily Energy Alliance (MEA) Program

*Prepared by:*



Independent Evaluator

November 4, 2020

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## Executive Summary

Southern California Gas Company (SoCalGas or the Company) conducted its Residential Multifamily Solicitation to select one or more third-party contractors to implement local energy efficiency programs targeted to serve the Company’s Residential Multifamily customer segment.<sup>1</sup> This Solicitation contributes to SoCalGas’ efforts to comply with the requirements of the California Public Utility Commission’s (CPUC) Decision (D.) 16-08-019 and to fulfill commitments as presented in the Company’s Business Plan and Solicitation Plan. The program selected to serve the Company’s Multifamily customers, the subject of this report, is ICF Resources LLC’s Multifamily Energy Alliance (MEA) program.

In our view, SoCalGas conducted the solicitation fairly, transparently, and without bias. As this was one of the first solicitations launched in compliance with D.16-08-019, the Company needed to create new processes, develop template documents, and navigate interactions with stakeholder groups. This delayed the overall process. Despite these challenges, the solicitation was successful in procuring a program that will help meet its regulatory obligations and provide energy efficiency benefits to its customers and the State.

As described in the program’s contract, ICF’s MEA program will “utilize a One-Stop Shop (OSS) approach to perform the following goals and activities on behalf of the Program:

- Drive EE upgrades in all building and ownership categories by serving Company’s MF market from large, corporate-owned portfolios to small, individually owned, and managed MF properties, focusing on tenant units and, common areas;
- Move as many projects as possible to a comprehensive approach both in tenant units and common areas, in coordination with Company’s other multifamily program offerings; and
- Implement turnkey EE retrofits using financial incentives and a direct installation business model to achieve energy and cost savings for both tenants and property owners/managers.”

A summary of the program’s contracted goals follows:

Table 1: Contract Summary	
Item	Amount
Contract Term	36 months
Budget	\$5,999,990
Net Therms (Program Total, First Year)	
Net Therms (Program Total, Lifecycle)	
Net kWh Savings (Program Total, First Year)	
Net kW Savings (Program Total, First Year)	
Total Resource Cost (TRC) Test	
Program Administrator Cost (PAC) Test	

<sup>1</sup> This report uses the terms “contractor” and “implementer” interchangeably.



## 1. Background

The Energy Efficiency Independent Evaluator Final Solicitation Report (Report) provides an assessment of Southern California Gas Company’s third-party energy efficiency (EE) program solicitation process and progress by SoCalGas’ assigned Independent Evaluators (IEs) for the solicitation, The Mendota Group. The Report is intended to reflect and provide a record of the entire solicitation in compliance with the California Public Utilities Commission (CPUC) direction.<sup>2</sup>

### a. Regulatory Context

In August 2016, the CPUC adopted D.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.<sup>3</sup> In January 2018, the CPUC adopted D.18-01-004 directing the four California Investor Owned Utilities (IOUs)—Pacific Gas & Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas)—to ensure that their EE portfolios contain a minimum percentage of third-party designed and implemented programs by predetermined dates over the next three years. Further direction and extensions to deadlines were included in D.18-05-041, which states:

*The third-party requirements of Decision (D.) 16-08-019 and D.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.*

### b. Two Stage Solicitation Approach

The CPUC requires that IOUs conduct a two-stage solicitation approach for soliciting third party program design and implementation services as part of the energy efficiency portfolio “unless there is a specific schedule-related reason only one stage is possible”.<sup>4</sup> The Decision further states that the “two-stage process should be the predominant approach.” The typical two stages include a higher-level Request for Abstract (RFA), followed by a more detailed Request for Proposal (RFP).

The CPUC also requires each IOU to assemble an Energy Efficiency Procurement Review Group (EE PRG or PRG). The IOU’s EE 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 EE PRG is charged with overseeing the IOU’s EE solicitation process (both local and statewide), reviewing procedural fairness and transparency. This oversight includes examining overall procurement prudence and providing feedback during all solicitation stages. Each IOU briefs its PRG on a periodic basis throughout the process on topics including RFA and RFP language development, abstract and proposal evaluation, and contract negotiations.

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<sup>2</sup> Decision 18-01-004, “Decision Addressing Third Party Solicitation Process for Energy Efficiency Programs”, California Public Utilities Commission, January 11, 2018, OPN 5.

<sup>3</sup> Decision 16-08-019, “Decision Providing Guidance for Initial Energy Efficiency Rolling Portfolio Business Plan Filings”, California Public Utilities Commission, August 18, 2016, OPN 10.

<sup>4</sup> D.18-01-004, COL 5.

Each IOU is required to select and utilize a pool of EE IEs to serve as consultants to the PRG. The IEs are directed to observe and report on the IOU's entire solicitation, evaluation, selection, and contracting process. The IEs review and monitor the IOU solicitation process, valuation methodologies, selection processes, and contracting to confirm that the process has been unbiased, fair, transparent, and competitive. The IEs are privy to viewing all submissions. The IEs are invited to participate in the IOU's solicitation-related discussions and are bound by confidentiality agreements.

*c. Extension Request*

In October 2019, SoCalGas, along with the other utilities, requested an extension to allow additional time to complete contracting for its first phase of new solicitations. On November 25, 2019, the CPUC granted the IOUs an extension of time to meet the minimum percentage thresholds as shown below:<sup>5</sup>

- At least 25 percent by June 30, 2020 (for SDG&E and PG&E),
- At least 25 percent by September 30, 2020 (for SoCalGas and SCE),
- At least 40 percent by December 31, 2020, and
- At least 60 percent by December 31, 2022.

The CPUC also stated that it would not grant any further extensions of time for meeting the third-party percentage requirements specified in Ordering Paragraph 4 of D.18-05-041. SoCalGas in a September 30, 2020 letter to the CPUC's Energy Division confirmed that it had met the 25 percent requirement.

## 2. Solicitation Overview

### 2.1 Overview

SoCalGas' first set of solicitations focused on the Residential Sector. According to the Company's Business Plan, by customer count (2015), 33 percent of its residential customers are multifamily and these customers account for approximately 28 percent of the sector's gas consumption.<sup>6</sup> The Business Plan explains that "multifamily buildings vary widely in terms of heating, ventilation, and air-conditioning (HVAC) systems, building size, tenant incomes, finance structures, and ownership structures". It goes on to say that these "characteristics make the multifamily sector extremely diverse in their decision-making and thus require innovative energy efficiency strategies. suite of electric and gas measures."<sup>7</sup>

The Multifamily Solicitation resulted in SoCalGas engaging in contract negotiations with two bidders. The contracts were negotiated independently and the ICF contract was completed first. The other contract negotiation is ongoing. Although this Final Solicitation Report covers the solicitation as a whole, discussions of specific contract elements apply to the ICF Resources, LLC Multifamily Energy Alliance (MEA) program. Due to its budget (greater than \$5 million), this contract requires a Tier 2 Advice Letter filing. Therefore, per Ordering Paragraph 5 of CPUC D.18-

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<sup>5</sup> CPUC Letter to IOUs regarding the "Request for Extension of Time to Comply with Ordering Paragraph 4 of Decision 18-05-041", November 25, 2019.

<sup>6</sup> "Energy Efficiency Business Plan," Southern California Gas Company, January 17, 2017, p. 60.

<sup>7</sup> "Energy Efficiency Business Plan," p. 63.



01-004, this report will be attached to SoCalGas' Advice Letter filing that seeks Commission approval for its contract. We will also submit the report to SoCalGas' PRG.

SoCalGas ran its Multifamily and Single Family solicitations in parallel, used similar template documents, and followed similar processes. The Mendota Group was the assigned IE for both Single Family and Multifamily solicitations. Therefore, many of the items discussed in this report are similar to our report for the Single Family Solicitation.<sup>8</sup>

#### *a. Solicitation Scope*

This solicitation encouraged the exploration of all relevant delivery channels to produce a cost-effective program to maximize natural gas, electric, and water efficiency savings for Residential multifamily customers. According to the RFA, utilization of various delivery channels, such as, but not limited to, direct install, can facilitate the delivery of energy efficiency retrofits to reduce energy and water use, thereby resulting in comprehensive energy efficiency savings from the residential multifamily segment.

This resource program solicitation aimed to solicit program ideas to address various segment barriers identified in SoCalGas' Business Plan through comprehensive strategies such as, but not limited to:

- Providing simple / low cost EE retrofits;
- Customer co-pays for comprehensive / higher cost EE retrofits;
- Leveraging available financing options to fund project co-pays (e.g. REEL, PACE, OBF etc.);
- Including ways to use local contractors and vendors;
- Benchmarking;
- Enhancing the single point-of-contact concept, and
- Split-incentive structure.

The solicitation anticipated that the selected program(s) would be available to all Residential multifamily customers throughout SoCalGas' service territory but requested that bids consider targeting specific customers based on criteria such as specific climate zones, income levels, transmission/distribution system needs, hard-to-reach (HTR) status, and location in disadvantaged communities (DACs).

#### *b. Solicitation Objectives*

The objective of this solicitation was to invite the energy efficiency industry to collaborate with SoCalGas in offering an innovative program for the Residential multifamily market segment. This solicitation was based on the needs and strategies provided in SoCalGas' Business Plan as a tactic to achieve deeper energy efficiency savings.

## **2.2 Timing**

Table 2 provides the Residential Multifamily Solicitation's key milestones.

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<sup>8</sup> "Southern California Gas Company's Request for Approval of a Third Party Contract from the Residential Single-Family Program Solicitation, Pursuant to Decision (D.)18-01-004," (Advice No. 5709), Southern California Gas Company, October 12, 2020.

Table 2: Key Milestones	
Milestones	Completion Date
<b>RFA Stage</b>	
RFA Released	November 26, 2018
Optional RFA Bidder Conference	December 5, 2018
Questions on RFA Due from Bidders	December 10, 2018
Responses Provided by Company	December 17, 2018
Bidder Abstracts Due in PowerAdvocate <sup>9</sup>	January 7, 2019
Abstract Scoring Ends	January 31, 2019
Calibration Meetings Held	March 6 & 7, 2019
Shortlist Meeting Held	March 22, 2019
RFA Shortlist Presented to PRG	March 29, 2019
Bidders Notified	June 3, 2019
<b>RFP Stage</b>	
RFP Released	July 31, 2019
Optional RFP Bidder Conference	August 8, 2019
Questions Due from Bidders – Round 1	August 13, 2019
Responses Provided by SoCalGas – Round 1	August 20, 2019
Questions Due from Bidders – Round 2	August 23, 2019
Responses Provided by SoCalGas – Round 2	August 28, 2019
Bidder's Proposal Due in PowerAdvocate	September 11, 2019
Shortlist Meeting	October 21, 2019
Bidder(s) Selected for Contracting Presented to PRG	November 1, 2019
<b>Contracting &amp; Implementation</b>	
Selected Bidder Notified	January 22, 2020
Contracting Process Begun	March 11, 2020
Contract Signed	September 21, 2020
Advice Letter Approved	Expected: December 2020
Contract Begins	Upon Advice Letter Approval
Implementation Plan Due	Expected: February 2021

The overall solicitation timeline experienced a significant delay relative to the schedule IOUs published on December 31, 2018. That schedule originally envisioned program launch by the fourth quarter of 2019. Although delays were due to a variety of factors, most prominent was that this

<sup>9</sup> PowerAdvocate is SoCalGas' online solicitation tool.



solicitation was one of the first conducted to comply with CPUC D.16-08-019. As such, SoCalGas needed to develop new solicitation template documents, navigate a new stakeholder process that involved incorporating a Procurement Review Group and Independent Evaluators into the process, and run simultaneous solicitations to enable the Company to procure programs with sufficient budget to meet the CPUC’s third-party contracting requirements.

### 2.3 Key Issues and Observations

Key issues and observations from each stage of the solicitation are identified in Table 3 below. In brief, although both stages ran fairly smoothly, they were marked by issues related to establishing the framework for conducting third-party solicitations. Though it was a fairly standard solicitation process, issues arose associated with ensuring that IEs were able to observe aspects of the solicitation process (e.g. shortlist and contracting decisions), understanding how best to educate third parties on using the CPUC’s online Cost Effectiveness Tool (CET), and utilizing the scorecard as the basis for program selection. As previously discussed, this two-stage process was complicated by the addition of a PRG and IEs and the IOU’s need to address input. Although we believe this input improved the process and contracting outcomes, it did add time and complexity to the process. The Company’s processes evolved during this solicitation and adopted many of the improvements suggested by IEs and the PRG.

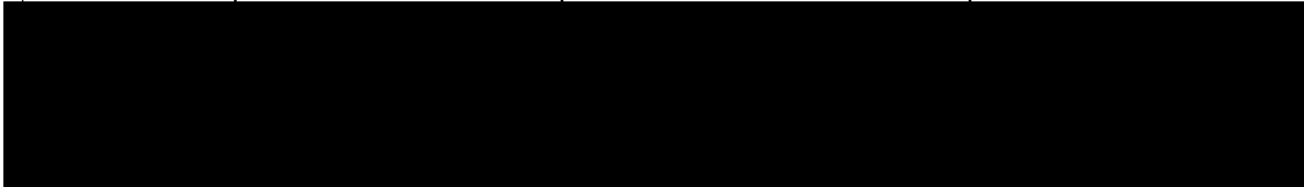
The following table generally compiles observations and recommendations developed by SoCalGas’ entire IE Pool for the previously published IE Semi-Annual Reports. We have adapted the table as appropriate to correlate with the Residential Multifamily Solicitation.

Table 3: Key Issues and Observations			
Topic	Key Observation	Potential Remedy	Outcomes/ Lessons Learned
<b>RFA Stage</b>			
Attracting Bidders	In general, there are challenges associated with attracting and engaging bidders to narrowly defined customer segments that historically have been difficult to serve cost-effectively, especially when offered as a gas-only program. This issue is not unique to SoCalGas.	SoCalGas should consider creative ways to engage potential bidders beyond the traditional avenues currently utilized.	In later solicitation rounds, SoCalGas has incorporated different approaches to attracting bidders, including more active outreach, consolidating segments to create larger scopes (and higher budgets), and streamlining bid documents.
Reviewer Training	SoCalGas developed scorer guidelines, which were very good, and held scorer training, but did not initially include the IE in the training.	Include the IE in reviewer trainings	SoCalGas has made substantial improvements to its process and has included IEs in reviewer trainings.
Reviewer Support	SoCalGas did not provide reviewers a clear way to	Provide reviewers a clear way to dialog with solicitation team	SoCalGas has since incorporated review team



**Table 3: Key Issues and Observations**

Topic	Key Observation	Potential Remedy	Outcomes/ Lessons Learned
	ask questions during their review of bids. This can reduce the quality of reviews because reviewers may not score bids consistently.	during scoring process and to document outcomes. SoCalGas did provide reviewers a Scorecard Guide which helped improve scoring consistency.	check-ins into its solicitation process.



Shortlisting Process	For the Single Family and Multifamily solicitations, SoCalGas did not involve the IE in its shortlisting decisions to advance bidders from RFA to RFP, but instead presented a “management-reviewed” shortlist to the IE for feedback.	The IE should be invited to observe discussions and decisions that develop the shortlist to help ensure that there is no bias involved in the decision-making process.	SoCalGas corrected this approach for subsequent solicitations.
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**RFP Stage**

CET Training & Feedback	SoCalGas provided a CET Training as part of its Bidder Conference and the training seemed well-received by bidders.  SoCalGas provided feedback to bidders on whether their CET inputs were correct, yet CETs still included errors.	Although SoCalGas incorporated an opportunity to provide bidders direct feedback about errors in their CETs, since errors remained it would be good to revisit ways that the CET aspect of the process could be further improved.	The CET training, review, and feedback process used by SoCalGas in this solicitation was unbiased and helpful for bidders, but more likely needs to be done. This burden likely shouldn’t fall on a single IOU but should be a collective effort among IOUs to raise the level of bidder knowledge about CETs and cost effectiveness assumptions.
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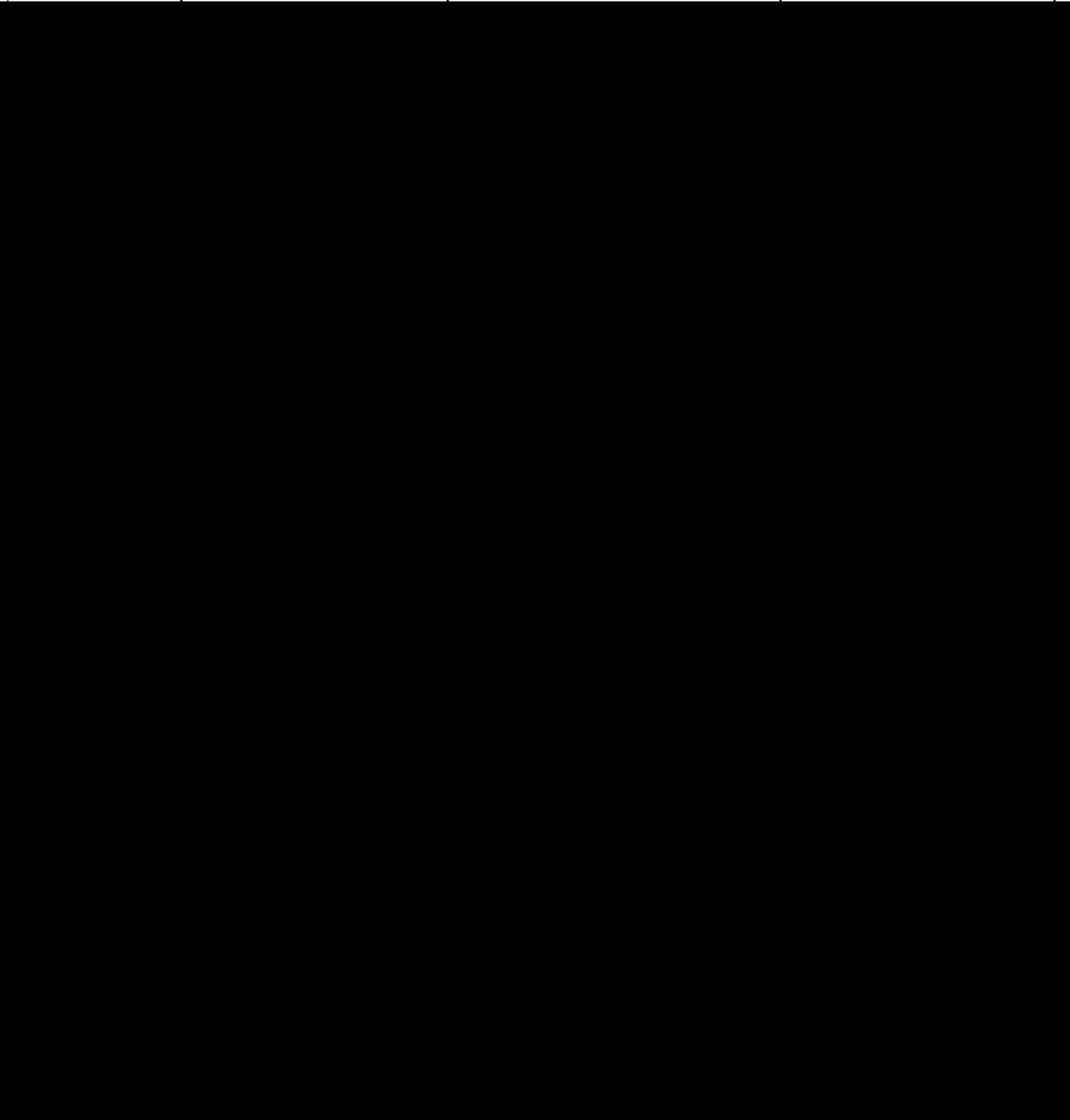


**Table 3: Key Issues and Observations**

Topic	Key Observation	Potential Remedy	Outcomes/ Lessons Learned
<b>Contracting</b>			

**Table 3: Key Issues and Observations**

<b>Topic</b>	<b>Key Observation</b>	<b>Potential Remedy</b>	<b>Outcomes/ Lessons Learned</b>
Delays	There was a significant delay from the end of the RFP stage to when the utility provided draft contract templates for IE review.	SoCalGas ultimately provided the contract templates for IE review in mid-February	It is important for the IOU to adhere to timelines. SoCalGas appears to be improving in shortening the timeframes for solicitation stages.



### 3. Solicitation Outreach and Bidder Response

#### 3.1 Bidder Response to Solicitation

SoCalGas’ outreach strategy focused on two primary methods of informing and educating bidders about the solicitation opportunity, via the web and email.

- Web-based: SoCalGas set-up a dedicated Third-Party Energy Efficiency Solicitations web site, Energy Efficiency Third Party Solicitations, which includes a solicitation schedule, links to training materials and the Company’s Business Plan, information about the Procurement Review Group and Independent Evaluators, and utility contact information.<sup>10</sup> Solicitation Notifications were posted to the Proposal Evaluation & Proposal Management Application (PEPMA), a dedicated IOU site for third-party solicitations.<sup>11</sup> Solicitation information was also posted to the California Energy Efficiency Coordinating Committee (CAEECC) web site.<sup>12</sup>
- Email: SoCalGas sent messages to over a thousand contractors registered in PEPMA and sent messages directly to a list of bidders registered with SoCalGas’ Supply Management organization.

The IE was not actively involved in solicitation outreach, but we tracked the progress of the outreach efforts to assess whether they were sufficient. One of the key indicators for successful outreach is the response from the bidder community. This solicitation received a good response from the bidder community, indicating that the outreach efforts were appropriate. With respect to fairness, transparency, and equity, SoCalGas was fair in its selection of bidders who received information about the bid and transparent in terms of the ways the utility sought to engage potential bidders.

Table 4 provides statistics on the bidder response to the Multifamily Solicitation.

Stage	Items	Number
RFA	Abstracts Expected	
RFA	Abstracts Received (including Disqualified/Failed)	
RFA	Abstracts Disqualified/Failed	
RFP	Proposals Invited	
RFP	Proposals Received (including Disqualified/Failed)	
RFP	Proposals Disqualified/Failed	
Contracting	Proposals Selected for Contracting	

<sup>10</sup> <https://www.socalgas.com/regulatory/efficiency>.

<sup>11</sup> <https://pepma-ca.com/Public/Default.aspx>.

<sup>12</sup> <https://www.caeecc.org/third-party-solicitation-process>.



SoCalGas received [REDACTED] in response to its RFA. [REDACTED]

### 3.2 Bidder Conference and Q&A

At the RFA stage, SoCalGas held a joint bidder conference for the Single Family and Multifamily Solicitations. The conference was broadcast live via YouTube, which did not allow for bidders to ask questions during the actual conference. Bidders were able to submit questions for a period after the web conference. SoCalGas requested that attending bidders register their names and identify themselves in the YouTube chat window. This posed issues for any bidders who might want to participate anonymously. SoCalGas subsequently changed the platform used to run its Bidder conferences. The new system allows bidders to participate anonymously.

For the RFP, SoCalGas again conducted a combined Single Family and Multifamily bidder conference but used Skype for audio and visual and the Sli.do platform for bidders to ask questions in real time. Sli.do allowed bidders to “up vote” questions to elevate questions in importance or indicate that more than one viewer had the same question. SoCalGas also provided bidders a recording of the conference after it was completed.

SoCalGas responded to the bidders’ questions at both the RFA and RFP stages in a complete, accurate, and timely manner consistent with their solicitation schedules. At the IE’s suggestion, SoCalGas added a second round of questions during the RFP stage to allow bidders more opportunities to request clarifications. Table 5 provides a summary of RFA Bidder Conference attendance and Q&A.

Table 5: Bidder Conferences	
Topic	Date/Number
RFA Bidder Conference	December 5, 2018
Number of RFA Questions	5
RFP Bidder Conference	August 8, 2019
Number of RFP Questions	7

We believe that SoCalGas responded to bidders’ questions at both the RFA and RFP stages in a complete, accurate, and timely manner consistent with their solicitation schedules. The Company provided the IE an opportunity to review and comment on its draft bidder conference presentation documents and responses to questions submitted during the Q&A period.

### 3.3 Solicitation Design Assessment

SoCalGas’ solicitation design—to segment the Residential Sector into Single Family and Multifamily Solicitations—met the program portfolio need as presented in the IOU’s CPUC-approved Business Plan, Solicitation Plan, and Annual Budget Advice Letter (ABAL) filing. The solicitation requested that bidders propose programs that would help achieve SoCalGas’ savings goals and applicable portfolio and sector-level metrics as incorporated into the Annual Budget Advice Letter. Specifically, the Multifamily Solicitation sought to obtain program ideas to address various segment barriers identified in the Business Plan, with a focus on: simple/low-cost EE retrofits, incorporating customer copays for comprehensive/higher-cost EE retrofits, leveraging available financing options



to fund project copays, including ways to use local contractors and vendors, benchmarking, reflecting a single point-of-contact concept, and proposing strategies to overcome split-incentives (multifamily residents not paying the utility bill and, thus, having little incentive to improve efficiency).

The Residential Multifamily Solicitation was conducted as a straightforward two-stage process (RFA followed by an RFP), consistent with the requirements of D.18-01-004 and SoCalGas' Solicitation Plan. The IOU actively involved both the PRG and IE at every stage.

#### **4. RFA, RFP, and Contract Template Design and Materials Assessment**

##### **4.1 RFA Design Requirements and Materials**

The RFA stage of the SoCalGas' Multifamily Solicitation included 12 documents: the RFA itself, three attachments for the bidder to populate, and eight exhibits for bidder reference. We believe this was a reasonable and manageable number of documents in the RFA packet.

The RFA primarily used Microsoft Word as the format for presentation of bid information with the lone exception use of a Microsoft Excel spreadsheet in which bidders provided high-level descriptions of proposed measures and associated technical assumptions (but not detailed cost effectiveness information). We considered this an appropriate format for SoCalGas' RFA solicitation documents and supported the IOU's request to bidders for general measure and cost effectiveness information as this can ensure that bidders are aware of the requirements for detailed cost effectiveness information if they advance to the RFP stage.

SoCalGas took a novel approach to developing its RFA solicitation template documents by involving the entire IE pool (including those IEs who were not assigned to solicitations in the initial round). Although this likely slowed the process to develop documents, it offered the IOU an opportunity to leverage insights from its entire pool and reduced the required time to develop RFA solicitation packages for subsequent solicitations. As part of our review, the IEs sought to ensure that RFA documents presented requested information clearly to bidders and the solicitation informed bidders about expectations regarding what would be required for the RFP phase and in contracting.

##### **4.2 RFP Design Requirements and Materials**

SoCalGas' RFP included a total 29 documents, including 13 attachments to be completed by the bidder, and 15 exhibits for bidder reference. After release, SoCalGas amended the RFP instructions to provide some small clarifications.

Like the RFA, SoCalGas relied upon Microsoft Word as the primary means by which bidders would present their bid information. Bidders were asked to incorporate into a Microsoft Excel spreadsheet information about their proposed approach to compensation. We supported this formatting approach although recommended that SoCalGas seek to collect the more quantitative and tabular information in the spreadsheet format. SoCalGas subsequently adopted this balanced approach in revisions to its solicitation templates.

We believe that the RFP packet was designed well in terms of the instructions and guidance provided to bidders and the Proposal Guide/Template offered for bidder response. However, as discussed with the IOU and PRG, the IEs suggested that SoCalGas reduce the number of documents and the quantity of information provided as part of its RFP packet for future

solicitations. The excessive volume of information can be burdensome for bidders as they develop proposals. SoCalGas was responsive to this request and, as a process improvement, re-engaged IEs to develop a revised and streamlined set of RFP templates for solicitations released in mid-2020.

### 4.3 Contract Template Design Requirements and Materials

The contract template is made up of a Standard Services Requirement combined with a series of schedules and attachments. Schedule B serves as the program's Scope of Work. The contract template includes the following elements:

- Standard Services Agreement;
- Schedule A—General Terms and Conditions
- Schedule A1—Standard and Modifiable Terms and Conditions
- Schedule B—Scope of Work
  - Attachment 1—Reporting Requirements
  - Attachment 1a—Reporting Requirements - Allowable Costs
  - Attachment 2—Company Support Services
  - Attachment 3—Reserved
  - Attachment 4—Information Security Requirements
  - Attachment 4a—Network Diagram
  - Attachment 5—Reserved
  - Attachment 6—Invoicing Requirements
  - Attachment 7—KPIs, Performance Monitoring & Corrective Actions
  - Attachment 8—Staffing Plan
  - Attachment 9—Program Measures & Services
  - Attachment 10—Water Measures
  - Attachment 11—Program Process Flow
- Schedule C—Compensation
- Schedule D—Supplier Code of Conduct
- Schedule E—Marketing & Co-Branding Guidelines
- Schedule F—Diverse Business Enterprise Subcontracting Goal and Reporting Requirement

The overall contract package is a good length, at approximately 103 pages. It does a good job of clearly spelling out both SoCalGas' and the implementer's obligations for implementing the program. The Schedule C—Compensation Schedule is the only document that uses a spreadsheet. As discussed below, SoCalGas incorporated a significant number of changes to its templates based on IE and PRG input. We believe this improved the package.

#### 4.4 Response to PRG and IE Advice

At the RFA stage, SoCalGas involved the IE in every step of the development process and was very responsive to IE and PRG suggestions. The process was transparent. Early on, SoCalGas introduced the use of a spreadsheet-based tracker to compile and track comments from internal staff, the IE, and the PRG. We viewed this as a very good way of cataloging and responding to comments. In total, SoCalGas responded to more than 223 individual comments and suggestions from the IE and PRG members.



We sought to ensure that RFA documents presented requested information clearly to bidders and the solicitation informed bidders about expectations regarding what would be required for the RFP phase, in contracting, and during implementation. PRG members wanted solicitation documents and the scorecard to reflect CPUC requirements and priorities. SoCalGas was receptive and incorporated most of the proposed changes.

It should be noted that the PRG developed its “PRG Checklist” for RFPs after the RFA stage of this solicitation was complete.<sup>14</sup> The PRG Checklist serves as a means to confirm that the solicitation process and solicitation documents comply with CPUC requirements and PRG priorities (e.g. ensure that bidders know how to access documents and submit proposals, allows appropriate time for bidders to prepare proposals, etc.). The PRG’s RFP Checklist was used in the RFP stage.

During RFP packet development, the IEs provided extensive feedback that was well-addressed by SoCalGas. Similar to the RFA stage, the Company involved its entire IE pool in the development of the template documents. The PRG, Public Advocates, the Energy Division, and Small Business Utility Advocates (SBUA) all provided feedback on RFP packet drafts. SoCalGas was very responsive to stakeholder feedback, incorporating approximately 90 percent of the over 100 comments received. The Company also completed the PRG’s RFP Checklist, with more than 99 percent of items confirmed.

Though there was a delay in the release of their contract template, SoCalGas actively engaged its entire IE pool and the PRG in developing its contract templates. The IEs provided the initial feedback to SoCalGas, with the Company recording comments and recommendations in a spreadsheet tracker. There were over 90 such comments with the majority focused on clarifying what was being requested of contractors, contract definitions and the general contracting process. The Company addressed or partially accepted more than 95 percent of the recommendations. The PRG also submitted several clarifying questions, all which SoCalGas addressed in its final contract templates.

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<sup>13</sup> SoCalGas decided to cancel the Whole Building Solicitation. The Manufactured Mobile Home Solicitation was reissued in early 2020.

<sup>14</sup> The PRG issued its first version of the RFA Checklist spreadsheet in early April 2019 and its RFP Checklist in May 2019. The spreadsheet checklist was accompanied by a narrative “PRG Recommendation for RFAs”. SoCalGas issued its Residential Multifamily Solicitation on November 26, 2018.

## 5. Bid Evaluation Methodology Assessment

### 5.1 Bid Screening Process

As described in the Residential Multifamily Solicitation documents, at both the RFA and the RFP stages, SoCalGas performed a threshold assessment in which they evaluated abstracts and proposals for responsiveness, including whether bidders followed solicitation instructions, submitted mandatory schedules, provided all required information as requested in PowerAdvocate, and provided a submission that could be reasonably scored. In each stage, the general scoring criteria categories were presented in the solicitation materials.

### 5.2 Scoring Rubric Design

SoCalGas' evaluation criteria (scoring rubric) and associated weightings for the RFA and RFP stages were generally consistent with CPUC direction and the Company's approved Business and Solicitation Plans.

Table 6 provides the RFA scoring rubric for the Multifamily Solicitation.

Table 6: RFA Scoring Rubric			
Category	Weighting	Subcategory	Weighting
Program Objective			
Innovation			
Compliance			
Marketing and Outreach Opportunities			
Program Approach			
Cost			

Table 6: RFA Scoring Rubric			
Category	Weighting	Subcategory	Weighting
Experience and Knowledge			

Tables 7 provides the RFP scoring rubric for the Multifamily Solicitation.

Table 7: RFP Scoring Rubric			
Category	Weighting	Subcategory	Weighting
Social Responsibilities			
Program Implementation and Feasibility			
Measurement & Verification (M&V)			
Cost and Energy Savings			

Table 7: RFP Scoring Rubric			
Category	Weighting	Subcategory	Weighting
Skills and Experience			

There were no differences in evaluation methods for specific technologies, program strategies, measure types, market channels, or other unique characteristics for either the RFA or the RFP.

### 5.3 Review Team Profile

At the RFA stage, SoCalGas developed scorer guidelines, which were very good, and held scorer training, but did not include the IE in the training. SoCalGas committed to ensure that the IE would be included in future trainings. We did, though, review the training materials and found that they covered the relevant issues, including ensuring that members of the team did not have any conflicts of interest with bidders, and explaining the code of conduct related to sharing bid information outside of the review team.

The RFA Evaluation Team represented a diverse set of perspectives and included those with the appropriate expertise to evaluate the abstracts. One concern the IE expressed to SoCalGas after the scoring process was the need to incorporate individuals to score from outside of the existing program implementation group or, at the very least, provide strict guidance to reviewers that they should not discuss their scores with one another outside of scoring meetings. The reasons for adding review team diversity and/or limiting non-scoring meeting conversations is to ensure that each reviewer is independently reviewing bids. For the RFP stage, SoCalGas did incorporate individuals from outside the primary organization into the review team and restricted reviewers from discussing bids outside of scoring meetings and review team check-ins).

Table 8 describes the roles of, and areas scored by the Multifamily RFA Review Team.

Table 8: IOU RFA Review Team			
Number of Reviewers	Position Title	Position Role	Area(s) Scored

At the RFP stage, we believe that SoCalGas reviewers received sufficient training on how to score the Single Family proposals. SoCalGas included the IE in the training process. SoCalGas also made



sure to request that reviewers attested that they possessed no Conflicts of Interest with respect to any bidders.

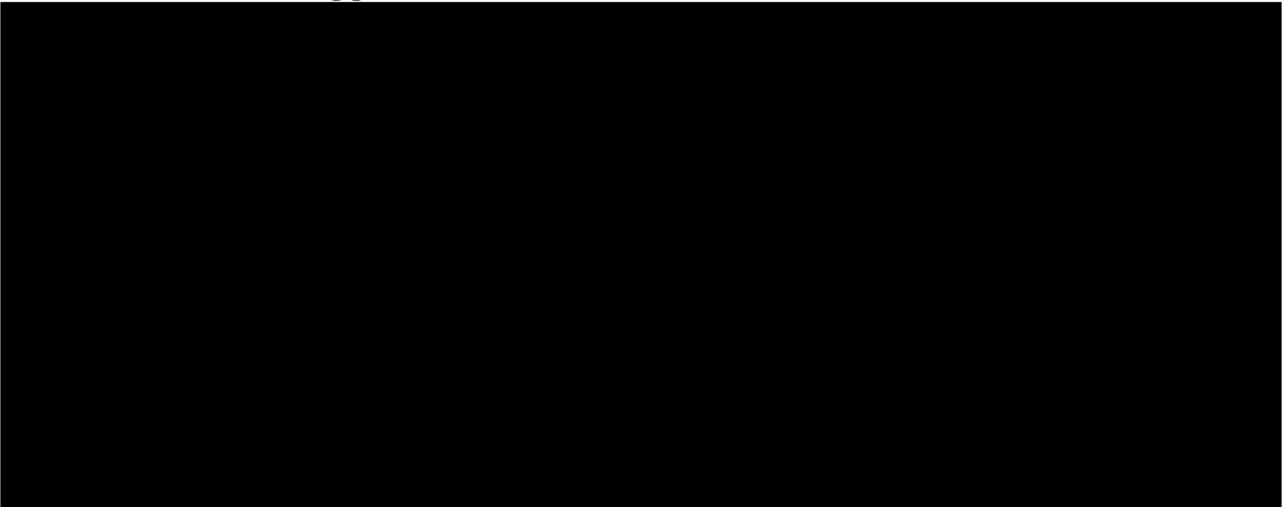
During the training, SoCalGas described their Code of Conduct policies to ensure that reviewers understood their responsibilities and obligations to maintain the confidentiality of bidder submissions, as well as to prevent the sharing of sensitive information between SoCalGas staff and third-party program implementers. SoCalGas also expanded the review team from six to nine individuals to ensure that bids would be thoroughly reviewed in all aspects.

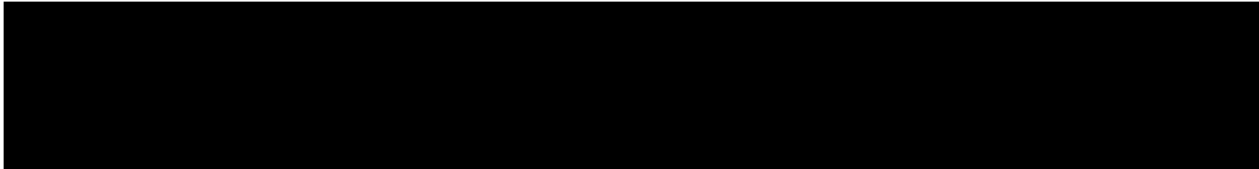
Table 9 describes the roles of, and areas scored by the Multifamily RFP Review Team.

Table 9: IOU RFP Review Team			
Number of Reviewers	Position Title	Position Role	Area(s) Scored
[Redacted Content]			

#### 5.4 Scoring Process

For both the RFA and the RFP stages, SoCalGas’ approach to scoring involved having scorers complete their assigned reviews, pose any questions about scoring items to solicitation team leads, and meet to “calibrate” scoring differences. The IE also “shadow scored” each of the abstracts and proposals and participated in calibration meetings, although the IE scores were not considered in the IOU’s decision making process.

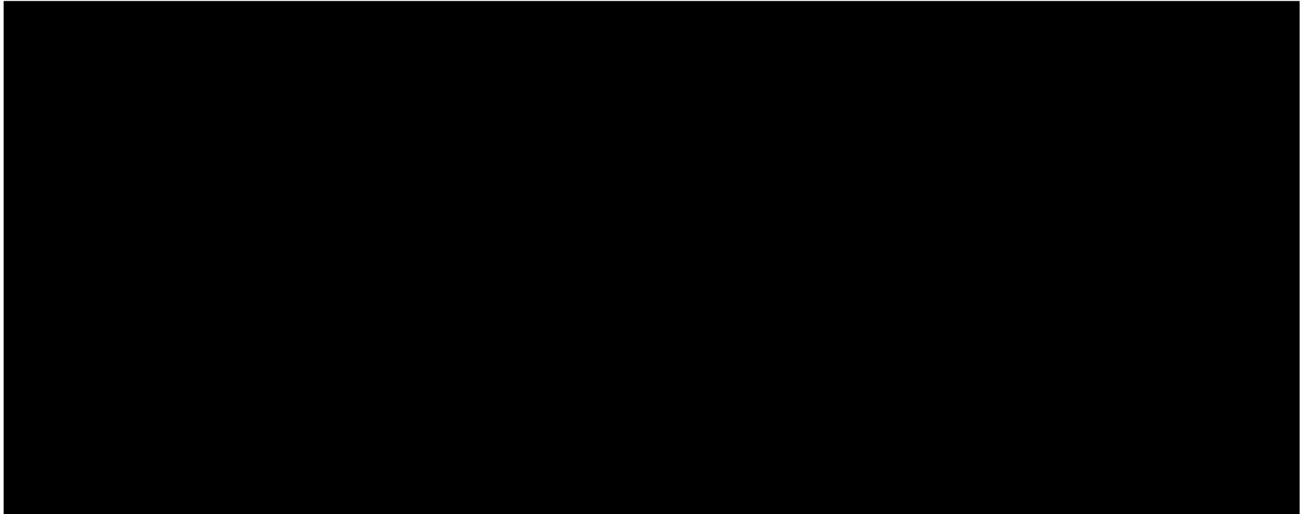




## 5.5 Response to PRG and IE Advice

The main feedback provided by the PRG and IE regarding the bid evaluation design and process was related to the scoring rubric weightings. [REDACTED]

[REDACTED] SoCalGas adjusted its scorecard to accommodate these requests. There were no significant areas of disagreement between SoCalGas and the IE or PRG in terms of the bid evaluation methodology or process at the RFA stage.



## 6. Final Bid Selection Assessment

### 6.1 Conformance with Established Evaluation Processes

For both the RFA and RFP stages, SoCalGas generally conducted its evaluation in conformance with its established scoring criteria and process. [REDACTED]



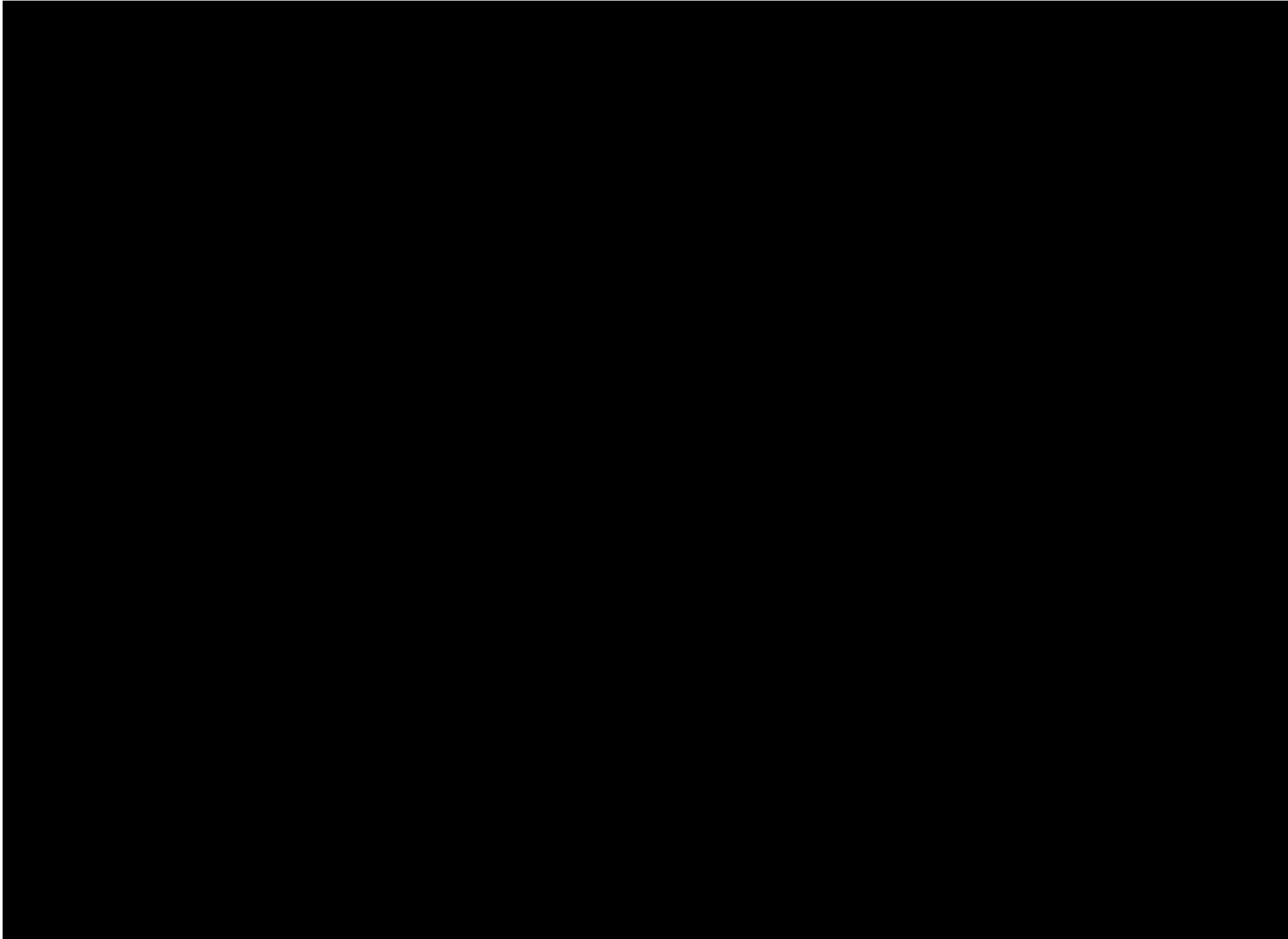
The RFA and RFP review teams carefully reviewed abstracts and proposals and conducted respectful and thorough discussions during calibration sessions. The information requested of bidders in both the RFA and RFP stages was actively used to evaluate bids. There were no differences in evaluation method used for specific technologies, program strategies, measure types, market channels, or other characteristics.

### 6.2 Shortlist and Final Selections

#### *a. Final Selection Process*

We found the RFA and RFP shortlisting processes to be fair and transparent and that SoCalGas involved the IE in all discussions relevant to selections. [REDACTED]





The contract term for the ICF program runs through March 31, 2024. According to the ICF contract, the Effective Date is the date on which the CPUC approves the Advice Letter.



Table 10: Final Contract Awards			
Company	Program Name	Contract NTE	Date Executed
ICF Resources, LLC	Multifamily Energy Alliance Program	\$5,999,990	September 21, 2020

*b. Portfolio Fit*

In selecting ICF’s MEA program, SoCalGas obtains a program that meets the objectives outlined in the solicitation, namely,



15

Contractor will utilize a One-Stop Shop OSS approach to perform the following goals and activities on behalf of the Program:

- Drive EE upgrades in all building and ownership categories by serving Company’s MF market from large, corporate-owned portfolios to small, individually owned, and managed MF properties, focusing on tenant units and, common areas;
- Move as many projects as possible to a comprehensive approach both in tenant units and common areas, in coordination with Company’s other multi-family program offerings; and
- Implement turnkey EE retrofits using financial incentives and a direct installation business model to achieve energy and cost savings for both tenants and property owners/managers.

The program will be a very good fit for SoCalGas’ portfolio.

### **6.3 Affiliate Bids and Conflict of Interest**

SoCalGas did not receive a bid from an affiliate and there were no identified conflicts of interest during the solicitation process.

### **6.4 Response to PRG and IE Advice**

SoCalGas presented its selections at the November 1, 2019 PRG meeting. [REDACTED]

[REDACTED] The length of time between the meeting during which the contracts are discussed and completion of contracting is presented in Table 3, and Sections 8.2 and 8.3.

## **7. Assessment of Selected Bids**

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

The selection of ICF’s Multifamily Energy Alliance Program is consistent with SoCalGas’ portfolio needs as identified in its Business Plan, its Solicitation Plan, and its ABAL filings. As discussed in Section 6.2(b), the MEA program will play an important role in serving SoCalGas’ Residential customers. [REDACTED]

### **7.2 Bid Selections Provide Best Overall Value to Ratepayers**

#### *a. Introduction*

Assessing best overall value to ratepayers is challenging for Independent Evaluators because our primary roles, as defined by the California Public Utilities Commission, are to “monitor the entire process from RFA design to contract execution”, “serve as a consultant to the PRGs”, “provide assessments of the overall third party solicitation process and progress”, and “lend arms-length expertise evaluating the fairness of the conduct and results of the solicitation process by the IOUs.”<sup>16</sup> During the solicitation process, the IEs’ roles expanded to include providing IOUs and

<sup>16</sup> D.18-01-004, pages 37-38.



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

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

A critical component of the solicitation process is the scorecard that is used to assess bids and, in turn, the way the IOU uses the scorecard to make its selections. IOUs design scorecards to balance the IOU’s many priorities and, if implemented correctly, produce outcomes consistent with those priorities. Therefore, it is important that IEs and the PRG thoroughly review the scorecards and that IEs actively monitor the scoring process to ensure that the scorecard is applied in a fair and unbiased manner.

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

In the interest of providing context for the selected bids, we have compared quantitative aspects of the selected program to SoCalGas’ existing Residential portfolio to understand whether, if successfully implemented according to plan, the program will improve the portfolio metrics and help enable the Company to meet its energy savings goals. We also include discussions of the program’s compensation structure, how the program aligns with or diverges from reasonable EE planning principles, and whether the program conforms to CPUC policies and objectives.

*b. Brief Program Description*

[REDACTED] . As described in its contract, the MEA program will “provide services to property owners/managers in common areas and within tenant units. Services in tenant units will be as approved and authorized by property owner or property manager. Contractor will not conduct transactions directly with tenants.

Contractor will offer a deemed incentive structure for the customer measures and primarily a fixed unit price structure for Contractor compensation. Incentive payments are made to the customer (property owners/managers), and the customer may assign the payment to their trade ally at their discretion. Services will include:

- Education on the benefits of EE upgrades beyond utility cost savings with an emphasis on building relationships with MF portfolio owners as part of the education process;
- Assessment: Evaluation of properties directly with MF customers and advising them on EE solutions that best meet their needs allowing for multiple paths and a layered approach to upgrade MF properties over time;
- Measure Installation: Program measures will be installed via direct installation or through trade allies;

- Verification/Commissioning: MEA will verify completion of work to ensure all measures are installed and operational before payment of incentive to customer or trade ally;
- Incentive Payment: MEA will follow necessary Company procedures to ensure timely and accurate payment of incentives to Customer;
- Evaluation of financing and other program options and assistance with acquiring capital and funding potential EE upgrades; and
- Referral of customer to Company Benchmarking services.”

*c. Quantitative Program Information*

The following table shows a summary of the quantitative goal information extracted from the Multifamily Energy Alliance program contract. We have also provided for comparison ex-ante metric information from a combination of Appendix D of SoCalGas' 2019 Annual Report and 2019 end-of-year claims from CEDARS.<sup>17</sup> The Residential Sector information does not include results or budget for the Company's Behavioral program or its low-income Energy Savings Assistance program, as these two programs represent almost 90 percent of the sector's therms savings and are not directly comparable to the programs selected in this solicitation.<sup>18</sup>

Table 11: ICF's MEA Program Contract Attributes		
Item	ICF Resources MEA Program <sup>19</sup>	SoCalGas Residential Sector <sup>20</sup>
<b>Summary Data</b>		
Single-Year Budget	\$1,999,997	\$28,045,341
IDSM Budget		N/A
Gas Savings (Net first-year therms)		1,896,085
Gas Savings (Net lifecycle therms)		18,699,513
Electric Savings (Net first-year kWh)		6,325,889
Net-to-Gross (therms)		0.64
NPV of Net Lifecycle Benefits <sup>21</sup>		-\$16,756,333
<b>Metrics</b>		
Total Resource Cost (TRC) Test		0.56
Program Administrator Cost (PAC) Test		0.79

<sup>17</sup> The Annual Report is accessible from: <https://www.socalgas.com/regulatory/efficiency> and the 2019 claims are accessible from <https://cedars.sound-data.com/reports/summary/>.

<sup>18</sup> SoCalGas' Behavioral program primarily consists of Home Energy Reports (HERs). The ESA program's TRC is not reported in the Residential Sector's overall TRC.

<sup>19</sup> We used an average program single year to match with the single year of SoCalGas' Residential Sector results (excludes Behavioral program and ESA). We took the total goals and budgets and divided by three.

<sup>20</sup> Information from SoCalGas' entire portfolio is designated with an asterisk (\*).

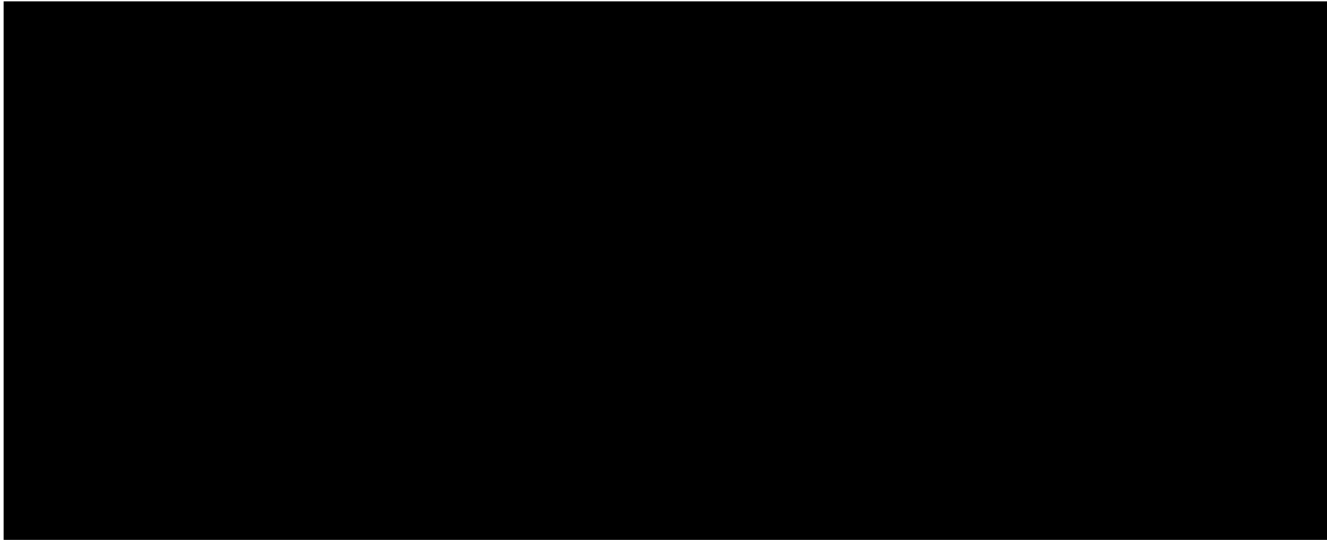
<sup>21</sup> Net supply and other costs avoided minus participant and program costs.



Table 11: ICF's MEA Program Contract Attributes		
Item	ICF Resources MEA Program <sup>19</sup>	SoCalGas Residential Sector <sup>20</sup>
Lifecycle Acquisition Cost/therm (PAC levelized cost) <sup>22</sup>		\$0.77
Lifecycle Acquisition Cost/kWh (PAC levelized cost) <sup>23</sup>		Not Available
Simple Acquisition Cost (\$/therm) <sup>24</sup>		\$14.79
Simple Acquisition Cost (\$/lifecycle mmBTU) <sup>25</sup>		\$13.50
Disadvantaged Communities (% of savings from)		4.4%
Hard-to-Reach Customers (% of savings from)		3.6%

*d. Alignment with EE Planning Principles*

The MEA program aligns with California energy policies in helping achieve energy savings and other benefits in SoCalGas' Residential Sector. Specifically, the program aligns with Senate Bill 350's pursuit of doubling statewide energy efficiency savings by 2030.<sup>26</sup> The MEA program offers direct install measures at no cost to the property owners/managers. The program also offers incentives for deemed measures (non-direct install) on a payment per measure basis (\$/measure installed). Measure packages (bundles) comprised of both direct install and deemed/rebate measures will include co-pays.



<sup>22</sup> PAC levelized cost is calculated using total Program Administrator Costs from the CET, weighting the portion of net benefits attributable to the fuel (gas or electric), and then dividing by the program's total lifecycle net kWh.  
<sup>23</sup> PAC levelized cost is calculated using total Program Administrator Costs from the CET, weighting the portion of net benefits attributable to the fuel (gas or electric), and then dividing by the program's total lifecycle net therms.  
<sup>24</sup> Simple acquisition cost per lifecycle therm divided the total budget by the program's total lifecycle energy savings.  
<sup>25</sup> Simple acquisition cost per lifecycle mmBTU provides a better way to show total savings relative to cost since a BTU calculation captures both electric and gas savings.  
<sup>26</sup> SB 350 is the Clean Energy and Pollution Reduction Act of 2015.  
<sup>27</sup> The study documents are available at: <https://www.cpuc.ca.gov/General.aspx?id=6442461220>, while the interactive web-based analytics are available at: <http://acp.analytica.com/acpbeta/shared/#dash/fca42209-b98d-4e83-852f-3d075f99ce9b>.



[REDACTED]

*e. Measurement and Verification*

The program primarily consists of deemed measures and, therefore, its measurement and verification requirements are limited to confirmation of installations, ensuring that measures are working properly, and inspections of a sampling of installations.

*f. Compensation*

[REDACTED]

Performance-based refers to compensation that is associated with deemed or non-meter based custom measures in which savings are not verified during the program term.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Table 12: ICF MEA Compensation Scenarios						
Scenario	Percentage of Savings Goal	1 <sup>st</sup> Year Savings (therms)	1 <sup>st</sup> Year Savings (kWh)	Payments	Simple Acquisition Cost (\$/therm)	Simple Acquisition Cost (\$/Lifecycle mmBTU)
1						
2						
3						
4						
5						

*g. Supports portfolio and applicable sector metrics achievements*

The Program’s Key Performance Indicators (KPIs) align well with SoCalGas’ portfolio and sector metrics. Table 13 below shows the KPIs from the contract and how each aligns with the Company’s Portfolio and Residential Sector (Multifamily Segment) metrics. The metrics are referenced on page 16 of Southern California Gas Company’s “Request for Approval of Annual Energy Efficiency Budget Filing for Program Year 2020” (Annual Budget Advice Letter U904-G/5510-E).

Table 13: Contract KPIs and SoCalGas Metrics		
KPI	Portfolio Metric	Multifamily Segment Metric

Table 13: Contract KPIs and SoCalGas Metrics		
KPI	Portfolio Metric	Multifamily Segment Metric
[Redacted Content]		

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

## 8. Reasonableness of Contracting Process

### 8.1 Collaboration on Final Program Design and Scope

[Redacted Content]

Overall, the bidder’s proposed program design did not change substantially from what was proposed.

We believe the collaboration with ICF met the CPUC’s definition of a third-party program per OPN 10 of Decision 16-08-019: “the program must be proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator.” Conclusions of Law 57 from the same Order clarifies that “utilities may consult and collaborate, using their expertise, on the ultimate program design implemented by the third party.” The collaboration and consultation between ICF and SoCalGas did not result in a violation of the requirement that the program be designed by the third party.

[Redacted Content]



## 8.2 Fairness of Negotiations

We believe the contract negotiations were fair and the process did not require the bidder to incur any uncompensated costs other than delayed revenue opportunities resulting from a protracted contracting process. There was no evidence of positive or negative bias towards ICF during contract negotiations.

[REDACTED]

This period included PRG review. From start of negotiations to final signature, the overall contracting process took approximately 180 days or more than 6 months.

## 8.3 Changes to Contract Terms & Conditions

There were no issues with respect to changes to the CPUC’s Modifiable Contract Terms and Conditions. The CPUC’s Standard Contract Terms and Conditions were also adopted, unchanged.

## 8.4 Conformance with CPUC Policies and Objectives

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

Table 14: ICF Contract Alignment with CPUC Policies and Objectives	
Item	Program
Changes to any aspects of Terms and Conditions (no changes to CPUC Standard, limited changes to Company Ts&Cs and CPUC Modifiable Contract Ts&Cs)	[REDACTED]
Contract is consistent with CPUC incentive guidelines	[REDACTED]
Contract is consistent with M&V Plan with NMEC guidelines	[REDACTED]
Reasonable number of KPIs	[REDACTED]



**Table 14: ICF Contract Alignment with CPUC Policies and Objectives**

Item	Program
KPIs make sense in terms of what they are measuring, the scale applied to them, and the timeframe on which they are monitored	
Contract includes appropriate performance issue remedies	
Contract clearly addresses Support Services	
Innovative aspects of program are retained	
If applicable, IDSM components incorporated	
If applicable, program considerations for HTR customers and DACs are incorporated	
Business Enterprise (DBE)/Committed DBE Spend	
Changes proposed by SoCalGas or Contractor were reasonable and fair	



## 8.5 Uniformity of Contract Changes

SoCalGas advanced two contractors to contract negotiations to serve the Residential Multifamily segment. [REDACTED]

## 9. Conclusion

Overall, SoCalGas conducted the Residential Multifamily solicitation fairly, transparently and without bias. Importantly, the selected program, ICF's Multifamily Energy Alliance Program, will provide important and valuable services to multifamily customers, and greatly enhance their efficient use of energy. The program will enable SoCalGas and the state to achieve energy-use reduction goals and reduce greenhouse gases.

[REDACTED]