

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 14, 2021

Ray B. Ortiz
Regulatory Tariff Manager
Southern California Gas Company
555 West Fifth Street, GT14D6
Los Angeles, CA 90013-1011

Dear Mr. Ortiz,

This disposition letter serves as a notice of approval of Southern California Gas Company's (SoCalGas) third-party advice letter for its Statewide Foodservice Point-of-Sale Program solicitation (advice letter #5739), effective January 14, 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 commission review.¹ On December 15, 2020, SoCalGas filed advice letter #5739 as part of its SW Foodservice Point-of-Sale Program solicitation.

In operationalizing the review of these third-party advice letters, EE 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. Approval of this advice letter is not evidence of Commission approval of future program implementation. It is the IOU's responsibility to manage its portfolio to ensure it remains in compliance with its approved business plan and all Commission Decisions.

Implementation Plan Development

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 Commission 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 March 15, 2021.

Please direct any questions regarding Energy Division's findings in this non-standard disposition to Christie Torok (christina.torok@cpuc.ca.gov).

Sincerely,

Handwritten signature of Edward Randolph in black ink, with the initials "(for)" written below it.

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

¹ D.18-01-004, pg. 57

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December 15, 2020

Advice No. 5739

(U 904 G)

Public Utilities Commission of the State of California

Subject: Southern California Gas Company's Request for Approval of a Third-Party Contract from the Statewide Foodservice Point-of-Sale 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 California Foodservice Instant Rebates Program, resulting from the Statewide Foodservice Point-of-Sale (SW-FS) Solicitation.

Purpose

Pursuant to D.18-01-004, Ordering Paragraph (OP) 2, program administrators (PAs)¹ 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.²

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 (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

¹ In OP 2, the utility PAs are Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), and SoCalGas.

² D.18-01-004, at 61.

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.

D.18-05-041 assigned lead PAs to specific statewide (SW) programs and downstream pilot programs, and vested each Lead PA with full authority, including assignment of personnel to manage the program on behalf of the Commission.³ The Commission identified the various areas of sole responsibility as the lead PA.⁴ Among these responsibilities is the “procurement and contract administration” of the SW program.⁵ As the designated SW lead PA for the SW-FS Program,⁶ SoCalGas is submitting this Advice Letter for the new SW-FS Program to be implemented on behalf of PG&E, SCE, SoCalGas, and SDG&E (California’s four IOUs).

The California Foodservice Instant Rebates Program works with midstream market actors to offer point-of-sale (POS) rebates to California IOU end use customers. All customers with a commercial rate structure served by one of the four IOUs are eligible for POS rebates. Foodservice equipment dealers, manufacturers, contractors, distributors (collectively, Participants) who make sales directly to end use customers are eligible to enroll in the Program.

The California Foodservice Instant Rebates Program is expected to contribute 18,104,200 net kWh and 5,552,532 net therms over three years. Four percent of the savings will target hard-to-reach (HTR) customers and 40 percent of the savings will target disadvantaged communities (DACs). The total resource cost (TRC) ratio for this program is forecasted to be 1.43. As such, it is a cost-effective program offered at the SW level. This contract will also be counted by the California’s four IOUs towards meeting individual obligations to have a minimum of 60 percent third-party designed and delivered programs in their portfolio by 2022. In particular for SoCalGas, this program will be part of its 40 percent requirement by December 31, 2020.⁷

Third-Party Contract Solicitation

The California Foodservice Instant Rebates Program is the only third-party contract resulting from the SW-FS Solicitation and has a budget that meets the threshold requiring Commission approval of the contract. The California Foodservice Instant Rebates Program contract is listed in Table A, below.

³ D.18-05-041, at 80.

⁴ *Id.*, Conclusion of Law (COL) 13 at 172-173.

⁵ *Id.*, COL 13 at 172.

⁶ D.18-05-041 Table 3 at 92.

⁷ D.18-01-004 OP 1b.

Table A: Contracts in the Statewide Food Service Point of Sale Solicitation			
Contract		Budget	Duration
Statewide			
1.1	California Foodservice Instant Rebates Program	See Appendix B	36 months

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

Table B: General Contract Summary – Energy Solutions		
1	Solicitation name	Statewide Food Service Point of Sale
2	Type of program: local, regional, or statewide	Statewide
3	Delivery Type – specify the delivery type (i.e., direct install, upstream, midstream, or downstream).	Midstream
3.1	A. Direct Install/ Downstream Customer Targeting (Yes or No)	No
3.2	B. Customer Targeting brief description, if applicable.	The program will deliver natural gas, electric and water savings by offering midstream POS incentives for the sale and installation of high-efficiency commercial foodservice equipment via turnkey implementation services including participant enrollment and engagement such as; identify eligible program participants and advocates and leverage established relationships to enroll them in the program, and perform direct customer outreach to the chain restaurant, education, and grocery sectors along with HTR/DAC customers.
3.3	C. Midstream/ Upstream Market Actors receiving incentives (i.e., manufacturers, distributors, contractors, or other (specify)).	Midstream – Vendor/Distributor
4	Market/Sector(s)	Commercial

Table B: General Contract Summary – Energy Solutions		
5	Customer Segment(s)	Foodservice – including, but not limited to: restaurants, hospitality, grocery, education, entertainment. Sub-segments: independent and chain restaurants, bakery/catering, lodging, worship, hospital/nursing, entertainment, grocery, institutions, and education.
6	Third-Party Implementer/ Subcontractor name	Cohen Ventures Inc. DBA Energy Solutions/ Energy Outlet Cook + Schmid American Printing GC Green Ask Energy, Inc.
7	Name of program or service	California Foodservice Instant Rebates Program
8	Brief description of program or service (2-3 sentences).	The Program works with midstream market actors to offer POS rebates to California IOU end use customers. All customers with a commercial rate structure served by one of the four IOUs are eligible for POS rebates. Foodservice equipment dealers, manufacturers, contractors, distributors (collectively, Participants) who make sales directly to end use customers are eligible to enroll in the Program.
9	Total kWh Energy Savings (First year, net)	18,104,200
10	Total MW Energy Savings (First year, net)	N/A
11	Total therms Energy Savings (First year, net)	5,552,532
12	HTR Customers. ¹ 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.	Program Year (PY) 2021 – 161 customers, 29,893 forecasted net therms and 77,776 forecasted net kWh PY2022 – 204 customers, 46,387 forecasted net therms and 161,905 forecasted net

Table B: General Contract Summary – Energy Solutions		
		kWh PY2023 – 269 customers, 62,534 forecasted net therms and 212,924 forecasted net kWh
13	DAC Customers. ² 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.	PY2021 – 161 customers, 29,893 forecasted net therms and 77,776 forecasted net kWh PY2022 – 204 customers, 46,387 forecasted net therms and 161,905 forecasted net kWh PY2023 – 269 customers, 62,534 forecasted net therms and 212,924 forecasted net kWh
14	Forecasted Number of Customers Served by PY	N/A
15	Area(s) Served (including service territory, climate zones, cities, and/or counties, as applicable).	Statewide
16	Program TRC ratio [Cost Effectiveness Tool (CET) output]. ⁸	1.43
17	Program Administrator Cost (PAC) ratio (CET output)	1.67
18	Program \$/kWh (TRC levelized cost, CET output)	\$0.06
19	Program \$/kWh (PAC levelized cost, CET output)	\$0.05
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)	\$0.57
23	Program \$/therm (PAC levelized cost, CET output)	\$0.49
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

Table B: General Contract Summary – Energy Solutions		
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)	Electric Commercial Fryers, Griddles, Ovens, Refrigerators, Hand Wrap Machines, Freezers, Ice Machines, Dishwashers, Condensing Units, Sandwich Prep Tables, Induction Soup Wells, and Conveyor Toasters; Gas Steam Tables, Pizza Deck Ovens, Rotisseries, Pasta Cookers, Range Ovens, Fryers, and Convection Ovens; New measures, workpapers to be developed by Contractor during Program Implementation
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 - Midstream
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 SW-FS 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 MCR Consulting (MCR). 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 July 12, 2019. 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 46 days to develop RFA documents, which were required to be submitted to PowerAdvocate on September 27, 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 January 23, 2020.

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 January 29, 2020. Bidder submissions were due through PowerAdvocate on March 4, 2020.

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 May 15, 2020. Negotiation of contracts followed, with execution of the contract requiring Advice Letter approval occurring on December 9, 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 SW-FS 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 August 19, 2019. During the RFP stage, a pre-bid conference was held on February 10, 2020.

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 SW-FS Solicitation, SoCalGas received a total of 41 questions from the bidding community. In the RFA stage, overarching themes included clarification on the scope of work and contractor qualifications. In the RFP stage, overarching themes included explanation of CET requirements, SoCalGas Enhanced Support Services available, and saving goals.

1.c) Independent Evaluator Participation

The SW-FS IE, MCR, 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 public version of the IE report is provided in Attachment A.

RFA Development:

- Participated in biweekly check-in calls with SoCalGas solicitation staff to review solicitation status, review and discuss evaluations and recommendations, and confirm solicitation timelines.
- Reviewed final RFA document packages.
- Provided comments/recommendations to SoCalGas.
- Confirmed SoCalGas' revisions in response to IE recommendations and previous PRG recommendations.
- Affirmed that the RFA package was ready for launch as scheduled on August 12, 2019.

Consensus/Calibration Scoring Meetings:

- IE attended SoCalGas' SW abstract calibration meetings. The purpose of the calibration meetings was for SoCalGas' evaluators to discuss those questions in each abstract for which the range of scores among all SoCalGas evaluators was 2 or more.
- SoCalGas evaluators had effective, robust conversations in which all evaluators participated without anyone taking over the discussions. The evaluators took their time and were methodical about findings and coming to a conclusion for each question.

RFA Shortlist Process:

- IE participated in SW solicitation shortlist meeting. SoCalGas evaluation teams met to discuss which abstracts in each solicitation were worthy of advancing to the proposal phase.

RFP Development:

- SoCalGas' EE PRG requested in August 2019 that SoCalGas reduce the number of documents associated with its RFP templates. IEs agreed that there were too many documents in the RFP package, making it difficult and time-consuming for Bidders to use. At SoCalGas' request, MCR coordinated the efforts of SoCalGas' IEs towards that goal.
- IEs and SoCalGas completed three rounds of document consolidations based on the IEs' collective recommendations and SoCalGas' responses. Most consolidation solutions involved:
 - Merging related attachments/exhibits
 - Merging attachments/exhibits into RFP Main Document
 - Merging attachments/exhibits into new Proposal Guide and Template
- The final collection of RFP template documents contained 16 documents:
 - RFP Main Document
 - 9 Attachments
 - 6 Exhibits
- IE Observation: The RFP Scorecard (and Scorecard Criteria) is arranged such that it is consistent with the sequence suggested by the PRG rubric. However, the RFP template is not organized in that same order. As a result, evaluators must jump back and forth in the abstract because the Scorecard questions are not in the same order as the proposal sections to which they refer. Recommendation: Order the questions in the Scorecard and Scorecard Criteria so they follow the order of the proposal sections.

RFP Stage:**Schedule & Timing**

- Issue: The PRG is concerned that SoCalGas is not taking control of the solicitation and, instead, letting the PRG establish solicitation milestones. This has the effect of allowing important dates to slide, which puts SoCalGas in danger of missing its savings goal deadlines.

- Recommendation: The IE recommends that SoCalGas clearly define its solicitation timeline and immediately inform the PRG should any changes become necessary. In this way, PRG members can plan accordingly in reaction to requests from SoCalGas to review solicitation documents.
- RFP Bidder Conference IE Monitored Bidder Web Conference on February 10, 2020.
 - As is often the case, the conference moved through the initial part of the agenda faster than planned, but not so fast as to cause confusion.
 - Section on “CET Training & Process” moved much more slowly and took its full allotted time, which was necessary and appropriate given the technical nature of the topic.

Calibration Meeting

- SoCalGas conducted a Calibration Meeting for the SW-FS Solicitation RFP. The purpose of the Calibration Meeting is to discuss those questions for which the range of SoCalGas evaluators’ scores was 2 or greater. It is not necessary for the evaluators to come to consensus, only that all can express how they came to score the Bidder’s response the way they did. This process increases the opportunity to apply consistent evaluation across Bidders and improves efficiency and consistency in proposal evaluation & scoring.
- The number of questions needing calibration for the solicitation was relatively small, compared to other solicitations. Also, the maximum range of scores was 2. Both details should indicate that SoCalGas’ evaluators are being trained well and understand the scoring criteria and how to apply them to the Bidders’ responses.
- The evaluators were more engaged than the IE assumed they would be, and they were able to give their full time and attention to the task. It was also apparent that each evaluator was qualified to participate as evaluators and there were no conflicts of interest. Additionally, there were few, if any, references by evaluators to past involvement with any Bidders that might have clouded the issue and introduced bias.
- The IE was involved occasionally in the Calibration Meeting to suggest another interpretation of a question or a Bidder’s response or to respond to the moderator’s request for clarification or the IE’s interpretation.

RFP Shortlist Process:

- SoCalGas evaluators conducted additional discussions of the Bidders’ proposal with management present to select which Bidders would be invited for contract negotiations, with IE oversight. The management representative asked questions about the Bidders’ proposals that prompted deeper discussion among the evaluators and helped solidify the choices for finalist.

Contract Negotiations:

- SoCalGas held Negotiation Kick-Off Meetings with its selected SW-FS solicitation implementer.
- SoCalGas scheduled recurring weekly Negotiations Meetings for the SW-FS solicitation. All parties also agreed that ad hoc meetings are anticipated as issues or additional discussion points arise.
- Issues handled during negotiations include:
 - Serial Number Collection: A significant amount of time was spent early in the negotiations on the need for collecting equipment serial numbers as a safeguard against double-dipping. The proposed implementer presented a compromise plan for mitigating double-dipping to SoCalGas in August, which SoCalGas agreed to. The compromise – the process for which will be finalized during the development of the implementation plan – involves a phased-in approach to collecting serial numbers. Serial numbers will be collected if available from program launch and Energy Solutions will develop an approach to making serial number collection a mandatory program requirement as the program progresses into Program Years 2 and 3.
 - Redlines in Standard Terms and Conditions: The proposed implementer provided redlines to the CPUC's standard terms and conditions. The IE pointed out to SoCalGas that because they were standard terms and conditions, they could not be modified. SoCalGas agreed that the redlines were not allowed and informed the proposed implementer that they would not accept the redlines.
 - Tiered Rate Structure Proposal: The proposed implementer proposed a tiered rate structure to allow it to capture the increased costs associated with program ramp-up in Program Year 1. SoCalGas requested a revised flat rate structure. SoCalGas stated that tiered rates are not in the best interest of its ratepayers and introduce additional risk for the utility. The proposed implementer agreed to revise its rate structure accordingly.
- The final draft contract was finalized on October 2, 2020 after over 15 weeks of negotiations.

2. Marketing and Outreach

To increase public and potential Bidder awareness of the SW-FS 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 IOU's, under the auspices of the CPUC. The PEPMA announcement directed the Bidders to PowerAdvocate, SoCalGas' sourcing platform.

3. Solicitation Event Schedule

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

Table C: Solicitation Event Schedule		
Activities		Date
Stage 1 RFA Events		
1	RFA issued	8/12/19
2	Pre-Bid Conference (optional)	8/19/19
3	Bidder's deadline to submit written questions	8/23/19
4	IOU response due to Bidder questions	9/4/19
5	Bidder's abstract submission due	9/27/19
6	Shortlist notification	1/23/20
Stage 2 RFP Events		
1	RFP issued	1/29/20
2	Pre-Bid Conference (optional)	2/10/20
3	Bidder's deadline to submit questions to IOU (two rounds)	2/14/20, 2/26/20
4	Bidder's deadline to submit CET to IOU for preliminary review (optional)	N/A
5	IOU responses due to Bidder questions (two rounds)	2/21/20, 3/4/20
6	IOU responses due to preliminary CET review	N/A
7	Bidder's proposal submission due	3/18/20
8	Bidder interviews conducted by IOU	N/A
9	Bidder shortlist notification	5/15/20
10	Contract negotiations and execution	12/9/20
11	Tier 2 Advice Letter submission	12/15 /20

4. Independent Evaluator

As required by D.18-01-004, SoCalGas selected an IE for oversight and consultation throughout the process. The IE for the SW-FS Solicitation was MCR.

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 public version of the IE Report.

The IE provided findings to the EE PRG on:

- Final RFA Package - 7/2/19, 8/6/19
- RFA Evaluation Results and Shortlist Recommendations - 1/7/20

- Final RFP Package - 12/3/19
- RFP Evaluation Results and Shortlist Recommendations - 5/5/20
- Contract Update report-outs - 7/7/20, 8/4/20, 9/1/20, 10/6/20

Transition Plan from Pre-Existing Program to New Program

The California Foodservice Instant Rebates Program will replace SoCalGas' existing Commercial Instant Rebates! Foodservice POS program, SCG3793 Com. The California Foodservice Instant Rebates Program's "Effective Date" will be the date that the CPUC issues its written approval ("Written Approval") of the Advice Letter, which will also begin shutdown activities for the current Commercial Instant Rebates! Foodservice POS program. 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.

The Implementation Plan will be drafted by Energy Solutions, the Third-party Implementer responsible for the design and delivery of the California Foodservice Instant Rebates Program. SoCalGas will work with the implementer to ensure that the final implementation plan and overall program design aligns with the scope of work in the implementer's contract. The final implementation plan will be posted on the California Energy Data and Reporting System (CEDARS) no later than 60 days after Commission approval of the Third-party contract.

With respect to the SW ramp-up activities, upon Written Approval, SoCalGas will provide the program details to the SW IOU team, which includes program management staff from each IOU. In addition, the Implementer will develop and maintain a catalog of measures and distribution channels (e.g., participating distributors, retailers, etc.) that are included in the SW program to manage double-dipping (i.e., paying duplicate incentives and energy savings credit for the same installed equipment). This catalog will be published and provided to the other IOUs to assist in their program planning and management of their local programs. SoCalGas will inform the SW team that SoCalGas will not monitor double-dipping at each IOU's local service territory and that it is the responsibility of each IOU to monitor and manage the double-dipping at a local level.

SoCalGas will manage double-dipping in its own service territory by working with its local implementers to notify them of the new SW program and provide them with the SW catalog. This should enable each local implementer to identify overlapping program measures and take steps to avoid double-dipping. Specifically, SoCalGas will instruct its implementers that they are not to purchase or install the specific products listed in the SW catalog based on specific identifiable parameters (e.g., manufacturer, make, model numbers, etc.) that are offered through the SW channels. SoCalGas will recommend that if the local implementers include energy efficient measures, they will need to purchase outside of the Statewide Foodservice Point-of-Sale Program delivery channels and measures, as noted in the SW catalog. Further, SoCalGas will be monitoring its local programs to ensure there is no overlap.

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.

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

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

Protest

Anyone may protest this Advice Letter to the Commission. The protest must state the grounds upon which it is based, including such items as financial and service impact, and should be submitted expeditiously. The protest must be made in writing and must be received within 20 days of the date of this Advice Letter, which is January 4, 2021. The address for mailing or delivering a protest to the Commission is:

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

A copy of the protest should also be sent via e-mail to the attention of the Energy Division Tariff Unit (EDTariffUnit@cpuc.ca.gov). Due to the COVID-19 pandemic and the shelter at home orders, SoCalGas is currently unable to receive protests or comments to this Advice Letter via U.S. mail or fax. Please submit protests or comments to this Advice Letter via e-mail to the address shown below on the same date it is mailed or e-mailed to the Commission.

Attn: Ray B. Ortiz
Tariff Manager - GT14D6
555 West Fifth Street
Los Angeles, CA 90013-1011
Facsimile No.: (213) 244-4957
E-mail: ROrtiz@socalgas.com

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 January 14, 2021, which is 30 calendar days from the date 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 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.

/s/ Ronald van der Leeden
Ronald van der Leeden
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 proposed¹:

Pending advice letters that revise the same tariff sheets:

¹Discuss 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

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:

ATTACHMENT A

Advice No. 5739

Individual Energy Efficiency Independent Evaluator's Final Report (Redacted)

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.

**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:

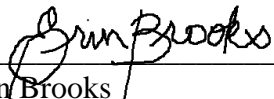
1. I am Erin Brooks, Customer Programs Policy & Support Manager in the Customer Programs and Assistance Department of Southern California Gas Company (“SoCalGas”). I was delegated authority to sign this declaration by Jeffery Walker, in his role as Vice President of Customer Solutions at SoCalGas. I have reviewed the confidential information included within SoCalGas’ Energy Efficiency Solicitations SharePoint regarding the *CONFIDENTIAL Energy Efficiency Statewide Food Service Point-of-Sale 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 15th day of December 2020, at Los Angeles.



Erin Brooks
Customer Programs Policy & Support Manager

ATTACHMENT A

SoCalGas Request for Confidentiality of its Statewide Food Service Third-Party Point-of-Sale 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"> • Vendor bid and pricing information (including rates and invoices) • Customer and/or vendor proprietary information 	<p>CPRRA 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"> • See, e.g., D.11-01-036, 2011 WL 660568 (2011) (agreeing that confidential prices and contract terms specifically negotiated with a program vendor 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) 	<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, trade secret, and other content not intended for public disclosure.</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.</p>

Individual Energy Efficiency Independent Evaluator's Final Report

Southern California Gas Company
Statewide Point-of-Sale Food Service

Prepared by:



December 15, 2020

Table of Contents

1. Background	1
2. Solicitation Overview	2
2.1 Overview	2
a. Solicitation Scope	2
b. Solicitation Objective	2
2.2 Timing	2
2.3 Key Observations	3
3. Solicitation Outreach and Bidder Response	5
3.1 Bidder Response to Solicitation	5
3.2 Bidders' Conference and Q&A	6
3.3 Solicitation Design Assessment	7
4. RFA and RFP Design and Materials Assessment	7
4.1 RFA Design Requirements and Materials	7
4.2 RFP Design Requirements and Materials	7
4.3 Response to PRG and IE Advice	8
5. Bid Evaluation Methodology Assessment	8
5.1 Bid Screening Process	8
a. Threshold Assessment	9
a. Scoring	9
b. Calibration	10
c. Shortlisting	10
5.2 Scoring Rubric Design	10
5.3 Evaluation Team Profile	12
5.4 Response to PRG and IE Advice	13
6. Final Bid Selection Assessment	14
6.1 Conformance with Established Evaluation Processes	14
6.2 Management of Deficient Bids	14
6.3 Shortlist and Final Selections	15
a. Final Selection Process	15
b. Portfolio Fit	15
6.4 Affiliate Bids and Conflict of Interest	16

6.5	Response to PRG and IE Advice.....	16
7.	Assessment of Selected Bid.....	17
7.1	Bid Selection Responds to Portfolio Needs.....	17
7.2	Bid Selection Provides Best Overall Value to Ratepayers	17
	a. Brief Program Description	17
	b. Quantitative Program Information	17
	c. Measurement and Verification	19
	d. Compensation.....	19
	e. Supports Portfolio and Applicable Sector Metrics Achievements ...	20
8.	Reasonableness of Contracting Process	20
8.1	Collaboration on Final Program Design and Scope.....	20
8.2	Fairness of Negotiations.....	21
8.3	Changes to Contract Terms & Conditions.....	21
8.4	Conformance with CPUC Policies and Objectives	21
9.	Conclusion	24

1. Background

This Independent Evaluator Final Solicitation Report (Report) provides an assessment of the Southern California Gas Company (SoCalGas) Statewide Point-of-Sale Food Service (POS Food Servicer) third-party energy efficiency program solicitation process and associated outcomes. The Report is provided by the assigned Independent Evaluator (IE) for the solicitation, MCR Performance Solutions, LLC (MCR). The Report provides a record of the entire solicitation in compliance with the California Public Utilities Commission (CPUC) direction.¹

In August 2016, the CPUC adopted Decision (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. In January 2018, the CPUC adopted D.18-01-004 directing the four California Investor-Owned Utilities (IOUs) – SoCalGas, San Diego Gas & Electric (SDG&E), Pacific Gas & Electric (PG&E), and Southern California Edison Company (SCE) – to ensure that their energy efficiency portfolios contain a minimum percentage of third-party designed and implemented programs by predetermined dates over the next three years.

For energy efficiency programs to be delivered uniformly throughout the service territories of the four IOUs, Ordering Paragraph (OP) 5 of D.16-08-019 ordered that a single Lead Program Administrator oversee the program. SoCalGas was appointed in D.18-05-041 as the Lead Program Administrator for the Statewide Midstream Water Heating program.²

The CPUC concluded in D.18-01-004 that “all utilities should utilize a two-stage solicitation process for third party programs unless there is a specific schedule-related reason only one stage is possible. The two-stage process should be the predominant approach,”³ with the two-stage process consisting of a Request for Abstract (RFA) stage, followed by a full Request for Proposal (RFP) stage.

In response to the CPUC requirement, the IOUs began releasing solicitations in 2018 and expect to continue releasing solicitations through at least 2021, with the desired result of contracting with third-parties to propose, design, implement, and deliver new energy efficiency programs.

In October 2019, all four IOUs sought extensions of the minimum percentage requirements of D.18-01-004 because of the additional time needed to establish new solicitation process protocols and procedures. On November 25, 2019, the CPUC granted the IOUs timeline extensions to meet the minimum percentage thresholds. The extensions granted to SoCalGas include:⁴

- At least 25 percent by September 30, 2020,
- At least 40 percent by December 31, 2020, and
- At least 60 percent by December 31, 2022.

The CPUC requires each IOU to assemble an Energy Efficiency Procurement Review Group (PRG). The IOU’s PRG, a CPUC-endorsed entity, is comprised of non-financially interested parties such as advocacy groups, utility-related labor unions, and other non-commercial, energy-related special interest groups. The PRG is charged with overseeing the IOU’s energy efficiency program

¹ Decision 18-01-004, OP 5.c.

² Decision 18-05-041, Table 3, p. 92.

³ Decision 18-01-004, p. 31.

⁴ 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.

procurement process (both local and statewide), reviewing procedural fairness and transparency, 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.

Each IOU is also required to select and utilize a pool of IEs to serve as consultants to the PRG. SoCalGas assigns one IE to each solicitation. For any assigned solicitation, the IE reviews and monitors the solicitation process, valuation methodologies, selection processes, and contracting to confirm an unbiased, fair, and transparent competitive process that is devoid of market collusion or manipulation. The IE is privy to viewing all submissions, is invited to participate in the IOU's solicitation-related discussions and is bound by confidentiality obligations.

This Report covers the activities associated with the Statewide POS Food Service solicitation process from development of the RFA through execution of the resulting third-party contract. Many of the activities described in this Report also pertain to the Statewide Midstream Water Heating solicitation that occurred concurrently. The Statewide Midstream Water Heating solicitation is reported separately.

2. Solicitation Overview

2.1 Overview

a. Solicitation Scope

The scope of the Statewide POS Food Service solicitation is the non-residential food service segment throughout the four IOU service territories in California. The food service segment is primarily comprised of office buildings, stores, restaurants, warehouses, schools, hospitals, and public buildings and facilities, and is served by commercial food service (CFS) equipment dealers, manufacturers, contractors, and distributors.

b. Solicitation Objective

The objective of the Statewide POS Food Service solicitation is to increase the sales of high efficiency CFS equipment by engaging midstream market actors – such as CFS equipment dealers, manufacturers, contractors, and distributors – to stock and actively market high efficiency CFS equipment.⁵

2.2 Timing

SoCalGas conducted this solicitation using the two-stage process, as recommended in D.18-01-004. Table 1 details the key milestones for this solicitation.

⁵ SoCalGas Statewide POS Food Service RFP, at p. 10.

Table 1: Key Milestones	
Milestones	Completion Date
RFA	
RFA Released	August 12, 2019
Bidder Conference	August 19 & 21, 2019*
Abstracts Due	September 27, 2019
Abstract Scoring	September 28 to October 25, 2019
Calibration Meetings	November 4, 2019
Shortlist Presented to PRG	January 7, 2020
Bidders Notified	January 23, 2020
RFP	
RFP Released	January 29, 2020
Bidders Conference	February 10, 2020
Proposals Due	March 18, 2020
Proposal Scoring	March 25 to April 15, 2020
Calibration Meeting	April 21, 2020
Shortlist Meeting	April 27, 2020
Bidder Interviews	N/A
Shortlist Presented to PRG	May 5, 2020
Bidders Notified	May 15, 2020
Contract Negotiations	
Contract Negotiations	June 18 to September 24, 2020
Contract Presented to PRG	October 6, 2020
Contract Executed	December 9, 2020
Advice Letter Filed	December 15, 2020

*A second Bidder Conference was held due to technical difficulties during the first conference (see Section 3.2).

2.3 Key Observations

Table 2 identifies key issues and observations, the IE recommendations for each, and SoCalGas's response to each recommendation. The key issues are detailed in the appropriate sections of the Report.

Table 2: Key Issues and Observations			
Topic	Observations	IE Recommendations	Outcome (IOU Action/Response)

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Table 2: Key Issues and Observations			
Topic	Observations	IE Recommendations	Outcome (IOU Action/Response)

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3. Solicitation Outreach and Bidder Response

3.1 Bidder Response to Solicitation

SoCalGas conducted outreach through the standard channels, resulting in [redacted] registered bidders as of the abstract due date (September 27, 2019), [redacted].

SoCalGas received [redacted] abstracts in response to the RFA released via PowerAdvocate on August 12, 2019. [redacted]

The RFP was launched via PowerAdvocate on January 29, 2020, and [redacted] bidders submitted proposals by the March 18, 2020 deadline. [redacted]

Table 3: Solicitation Response	
Item	Count
RFA Stage	
Registered Bidders	
Abstracts Received	
Abstracts Disqualified	
RFP Stage	
Proposals Expected	
Proposals Received	
Proposals Disqualified	

3.2 Bidders' Conference and Q&A

SoCalGas held online RFA Bidder Conferences for the two statewide solicitations on August 19 and 21, 2019. The August 19 Conference was marred by a loss of functionality in the web meeting application for over 30 minutes. Fearing that bidders would drop off the Conference without full information, SoCalGas quickly scheduled and announced a second RFA Bidder Conference for August 21 before the August 19 Conference even ended. The second Bidder Conference on August 21 was completed without any technical issues.

Bidders asked eight questions during the two RFA Bidder Conferences, which were all answered in real-time during the Conferences. Additionally, bidders submitted four questions via PowerAdvocate in the following week. SoCalGas provided written responses to all 12 twelve questions to all registered bidders within a week of the second Bidder Conference.

SoCalGas held a single RFP Bidder Conference for the two statewide solicitations on February 10, 2020. Attendees asked nine questions during the RFP Bidder Conferences, again answered in real-time, and nine more before the first round of questions closed February 14, 2020. SoCalGas responded to all 18 first round questions on February 21, 2020. SoCalGas received 11 additional questions during the second round of bidder questions that ran through February 26, 2020. SoCalGas provided answers to the second-round questions on March 4, 2020.

Even though SoCalGas answered bidder questions during the Bidder Conferences, it always followed-up with written responses to all bidders. SoCalGas made it clear to the bidders that its written responses were its “official” responses. The approach of answering questions in real-time, followed by official written responses worked well because it kept bidders from having to wait for an answer. Although it never had to retract a verbal answer given during a Bidder Conference, SoCalGas could have quickly informed the bidder had it determined its verbal answer was incorrect.

SoCalGas' approach of having two rounds of bidder questions was well received by bidders because it ensured that bidders had a second chance at clarifying SoCalGas' solicitation.

The IE recommends that both these features (real-time responses to questions followed by written responses and two rounds of bidder questions) be considered as Best Practices for all solicitations.

Table 4 summarizes key characteristics of the RFA and RFP Bidder Conferences.

Table 4: Bidder Conferences	
Item	Date / Count
RFA	
Bidder Conference Dates	August 19 & 21, 2019
Number of Attendees	Unknown
Number of Bidder Questions Received	12
RFP	
Bidder Conference Date	February 10, 2020
Number of Attendees	Unknown
Number of Bidder Questions Received	Round 1: 18 Round 2: 11

3.3 Solicitation Design Assessment

The IE judges that SoCalGas met the program portfolio need as presented in its Business Plan, Solicitation Plan, energy efficiency energy savings goals, and applicable portfolio/sector metrics.

SoCalGas conducted this solicitation using the two-stage process, as recommended. The entire duration of the solicitation was monitored by the IE for oversight by the PRG.

4. RFA and RFP Design and Materials Assessment

4.1 RFA Design Requirements and Materials

The IE reviewed a final RFA document package that had already been vetted and approved in its draft form by other IEs and the PRG. Despite the previous reviews, the IE felt that the package needed additional study, since it had been significantly revised following its earlier reviews by other the IEs and PRG.

SoCalGas felt that the IE’s additional review of the final documents should have been limited to ensuring that directives regarding statewide solicitations were followed and that the documents should not have been viewed as newly created. Consequently, SoCalGas did not adopt many of the IE’s recommendations.

4.2 RFP Design Requirements and Materials

Prior to the development of the POS Food Service RFP package, SoCalGas embarked on an effort to consolidate its RFP template package. The package had grown to 29 separate documents, which was generally agreed to be too many. SoCalGas’ IEs were asked to lead this effort but were initially hampered by the edict from SoCalGas’ Legal Department that all 29 documents were necessary. Therefore, no documents could be eliminated.

The resulting final RFP template package contained just 16 files – accomplished without eliminating files or changing the contents of any files – just changing how the materials were presented.

SoCalGas based its POS Food Service RFP package (and the simultaneous statewide Midstream Water Heating solicitation RFP package) on the new RFP template package, which saved time, but the package still needed to be reviewed. SoCalGas' improvements to the RFP resulting from the IE's review were straightforward.

SoCalGas' POS Food Service RFP documents and solicitation process were well-designed, struck an appropriate balance between obtaining sufficient information and not overburdening bidders, and they successfully fostered a robust evaluation process.

4.3 Response to PRG and IE Advice

During RFA development phase, the IE received pushback from SoCalGas on many of its recommendations to modify RFA documents that had previously been reviewed and approved in a draft form. Subsequently, the documents were modified to more of a template format, which made the differences of opinion over the IE's recommendations moot.

SoCalGas asked MCR to lead a cooperative effort by SoCalGas' IEs to consolidate SoCalGas' RFP document package. The IEs reviewed all the package's documents and made many recommendations to simplify and consolidate the package. SoCalGas agreed with and adopted more than one-half of the IEs' recommendations. Most of the recommendations with which SoCalGas disagreed and did not adopt conflicted with SoCalGas legal policy or were deferred to later solicitations for adoption.

SoCalGas subsequently developed the POS Food Service RFP package using the newly consolidated template. The IE and PRG together made 37 recommendations for improving the RFP package (not including the Scoring Criteria, which are discussed in Section 5.2). Of those, SoCalGas accepted and adopted, at least partially, 33. Of the four recommendations not adopted, one was considered, but not adopted. The other three were comments or questions, rather than recommendations for change, so no action was requested or taken. Examples of the IE's and PRG's recommendations (both made regarding SoCalGas' request that bidders indicate what, if any, program support services they request from SoCalGas) included:

- "Provide bidder with some guidance on the type of information they should be providing (e.g., hours/customer, hours/year, High/Med/Low, etc)."
- "The enhanced services section does not appear to have been customized to statewide administration."

Overall, SoCalGas was more amenable to accepting IE and PRG recommendations about solicitation design and materials for the two statewide solicitations than in earlier solicitations.

5. Bid Evaluation Methodology Assessment

5.1 Bid Screening Process

For both the abstract and proposal stages of the solicitation, SoCalGas' bid screening consisted of two parts: 1) a threshold assessment to determine if the bidder's submission met minimum requirements (assessed on a pass/fail basis) and 2) scoring. Only bidder submissions that passed the minimum threshold requirements (part 1 of the evaluation) were scored.⁶ Following scoring,

⁶ SoCalGas RFP, at pp. 20-21.

SoCalGas calibrated its evaluators' scores and then determined which bidders should advance (shortlisted).

a. Threshold Assessment

SoCalGas disseminated and received all bid-specific information and submissions through PowerAdvocate. PowerAdvocate enabled SoCalGas to assess the following about each bidder's submission:

- Did the bidder submit materials on-time?
- Did the bidder follow instructions by:
 - Complying with page limits?
 - Submitting mandatory schedules (attachments)?
 - Completing key tables?
 - Providing an abstract and proposal that could be reasonably scored?
 - Complete and upload all required documents and attachments?

Additionally, in the proposal stage, SoCalGas also considered whether the proposal differed too much from the abstract on which it was based, in terms of:

- Program theory, expected outputs, and expected outcomes;
- Approach to targeting and enrolling customers;
- Use of upstream, midstream, or downstream delivery channels;
- Types of incentives and financing offered to participants; and
- Other features that the bidder identified as key distinguishing features in their abstract.

a. Scoring

Abstracts and proposals were scored by a team of SoCalGas staff representing several functional areas. SoCalGas trained its evaluators with the goal "To provide the Scoring Team an overview of the Request for Abstracts (RFA) and Request for Proposals (RFP) scoring processes and to explain the Scorecard used in the evaluation of bidder abstracts and proposals."

SoCalGas provided its evaluators with a "Scoring Team Guidance" document that provided an overview of the RFA and RFP scoring processes and explained the scorecard tool used in the evaluation of bidder abstracts and proposals. This document was a very effective training and reference tool, and the IE recommends it be considered a Best Practice by the IOUs. SoCalGas also instructed the evaluators on the process to follow before, during, and after scoring and reminded them of the importance of bidder confidentiality.

Separately but concurrent with proposal scoring, SoCalGas reviewed each bidder's CET submissions to determine whether the information met SoCalGas' requirements. If necessary, SoCalGas asked the bidders clarifying questions. It is important to note that SoCalGas did not seek any corrections

and/or improvements to the bidder’s proposal after the close of the solicitation, except related to the CET inputs.⁷

b. Calibration

Upon the completion of scoring, questions on the Scorecard for which the range of evaluators’ scores was two or greater (called a “variance”) were discussed during Calibration Meetings. The purpose of the Calibration Meetings was to confirm consistency among the evaluators’ application of scoring criteria definitions by encouraging the evaluators to discuss the rationale behind their scores. Reducing the range of evaluators’ scores was not a necessary result. However, scorers could change their scores if, because of the discussions, they felt it necessary to do so.

A total of six variances were discussed at the POS Food Service Calibration Meeting. The IE added nine more questions for discussion for which the IEs’ scores varied from those of SoCalGas’ evaluators (by 1 or more) to assist the IE in understanding how SoCalGas’ evaluators interpreted the scoring criteria.

c. Shortlisting

Shortlisting reduces the number of bidders for the next stage of the solicitation. It involved SoCalGas evaluators meeting to discuss the plusses and minuses of each submission. Abstracts were shortlisted to invite only those bidders to the RFP stage whose submissions would likely result in viable programs. Proposals were shortlisted to determine which bidder(s) will advance to contract negotiations.

The results of the POS Food Service calibration and shortlisting are described in Section 6.3.a.

5.2 Scoring Rubric Design

Table 5 details the four major categories in the POS Food Service abstract scoring rubric, along with their component subcategories and weights. Abstract scoring was more heavily weighted towards

[REDACTED]

Table 5: Abstract Scoring Rubric			
Category	Sub-Category	Sub-Category Weight	Category Weight
[REDACTED]			

⁷ Technical deficiencies could include, but were not limited to, measure assumptions (costs, savings, effective useful measure life, climate zone), workpaper applicability, and measure type. SoCalGas did not, otherwise, seek corrections and/or improvements to the Bidder’s Proposal. (SoCalGas RFP, at p. 21.)

Table 5: Abstract Scoring Rubric			
Category	Sub-Category	Sub-Category Weight	Category Weight
TOTALS			100%

Table 6 details the five major categories in the POS Food Service Program proposal scoring rubric, along with their component subcategories and weights. The focus of the proposal scoring changed from the abstract to weigh more heavily towards [REDACTED].

Table 6: Proposal Scoring Rubric			
Category	Sub-Category	Sub-Category Weight	Category Weight

Table 6: Proposal Scoring Rubric			
Category	Sub-Category	Sub-Category Weight	Category Weight
TOTALS			100%

Both the abstract and proposal scoring rubrics and associated weighting balanced SoCalGas’ needs and CPUC direction regarding third-party programs.

5.3 Evaluation Team Profile

Table 7 lists the abstract evaluators and the areas of the abstract (corresponding to the subcategories presented in Table 5) they each scored. The IE reviewed the experience of all seven SoCalGas POS Food Service evaluators and concluded that they were all qualified to score the POS Food Service abstracts.

Table 7: Abstract Evaluation Team		
Position Title	Position Role	Categories Scored

Table 8 lists the proposal evaluators and the areas of the proposal (corresponding to the subcategories presented in Table 6) they each scored. The IE reviewed the experience of all [REDACTED]

SoCalGas proposal evaluators and concluded that they were all qualified to score the POS Food Service proposals.

Table 8: Proposal Evaluation Team		
Position Title	Position Role	Categories Scored
[Redacted Content]		

5.4 Response to PRG and IE Advice

The IE and PRG made many recommendations for improving SoCalGas’ POS Food Service Program abstract and proposal package documents. Overall, SoCalGas accepted and adopted the great majority, but there were exceptions.

During RFA development phase, the IE received pushback from SoCalGas on many of its recommendations to improve several of the RFA documents. As mentioned above, SoCalGas’ reasoned that the documents had already been reviewed and approved in draft form by other IEs and the PRG.

The IE and PRG made two dozen recommendations for improving the proposal Scoring Criteria. Of those, the only recommendation SoCalGas did not accept was to reorder the questions in the Scorecard and Scorecard Criteria so they followed the order of the proposal. SoCalGas did not change the order because the question order facilitated Calibration Meeting discussions. Having participated in Calibration Meetings, the IE understood the importance of this benefit and withdrew its recommendation.

SoCalGas created detailed abstract scoring criteria that guided its evaluators and reduced the amount of subjectivity in evaluator scoring. These criteria were initially a concern for the IE because the IE thought that the detail would result in homogeneous scores among evaluators. However, in practice this was not the case as evaluators still had enough leeway to score differently. This was proven by

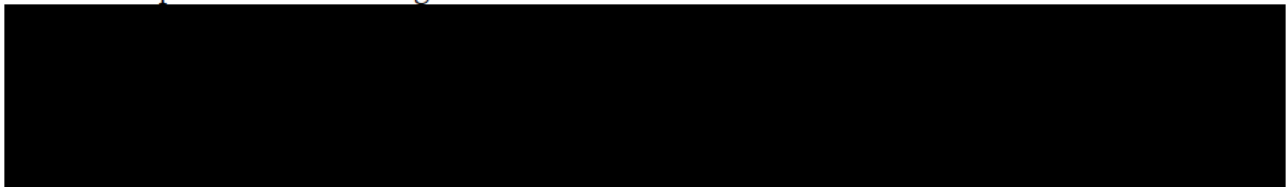
the number of questions where the range of scores was at least two, which was many more than expected.

The proposal scoring rubric was developed as part of the RFP template consolidation effort described in Sections 4.2 and 4.3. Most of the recommendations provided by the IEs during the development of the proposal scorecard focused on making the scorecard easier to use and improving consistency.

6. Final Bid Selection Assessment

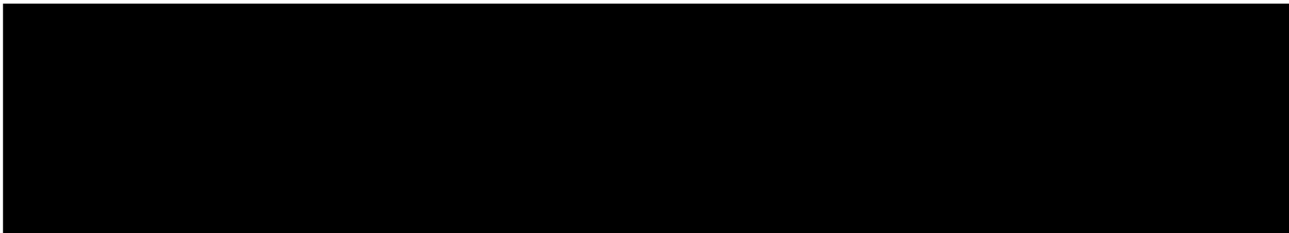
6.1 Conformance with Established Evaluation Processes

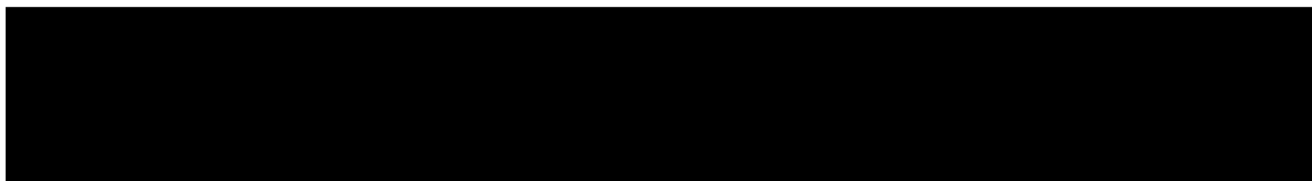

SoCalGas conducted its abstract and proposal screening and evaluations in conformance with its established processes and scoring criteria.

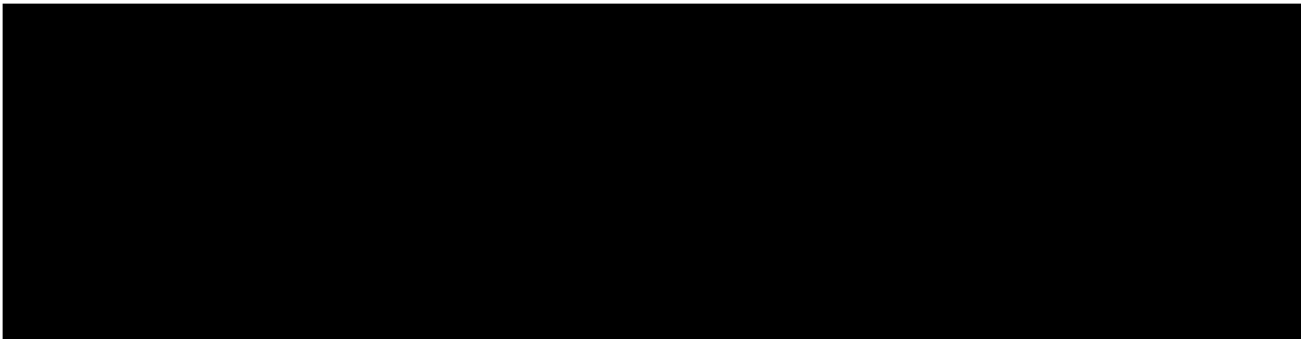


6.2 Management of Deficient Bids

SoCalGas found no non-conforming bids during the RFA stage.

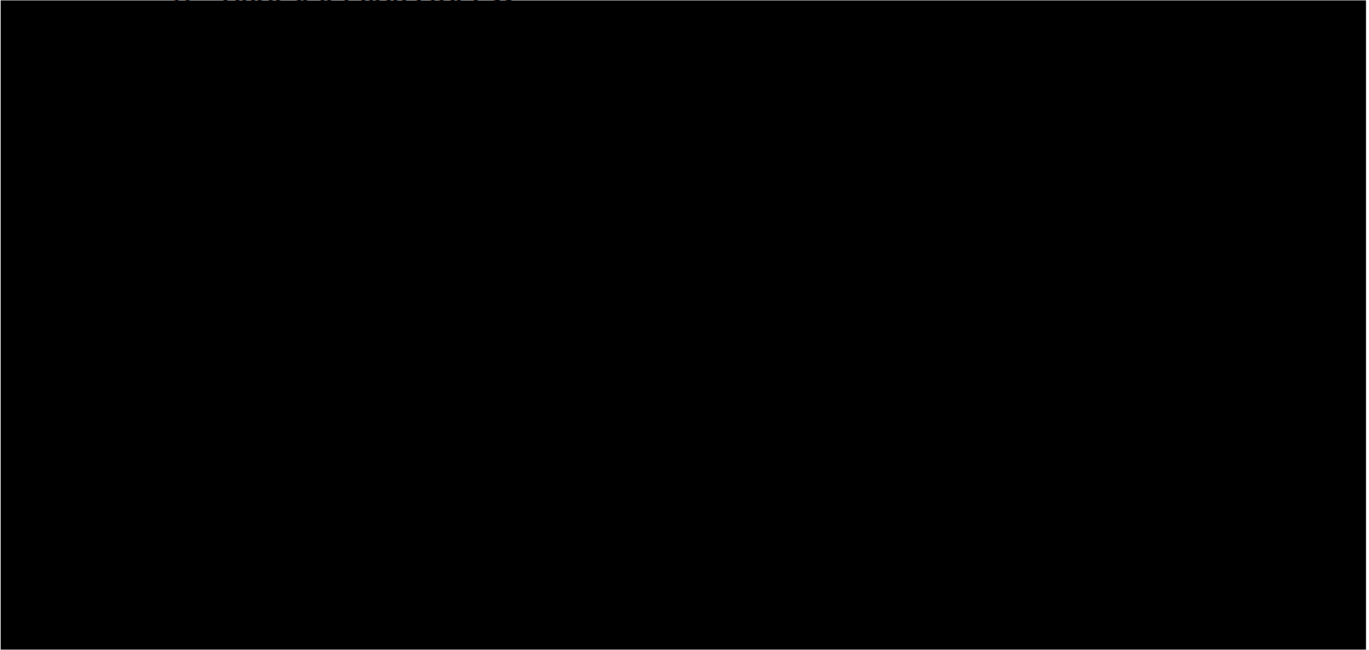






6.3 Shortlist and Final Selections

a. Final Selection Process



b. Portfolio Fit

Due to this being a statewide solicitation, SoCalGas was not able to select the program based solely on how the program would fit within SoCalGas' portfolio and address SoCalGas' portfolio needs. SoCalGas, acting as the lead IOU, selected [REDACTED] program because it best met the goals established cooperatively by the four IOUs at the outset of the solicitation.



Table 10 summarizes some of the characteristics of the California Foodservice Instant Rebates Program, as proposed by [REDACTED].

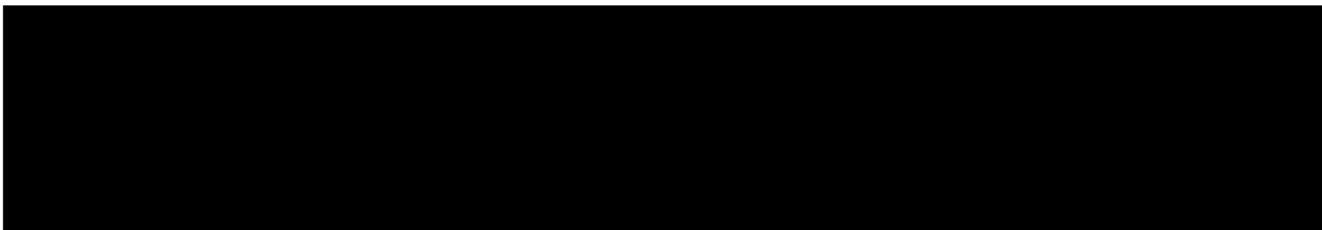
Table 10: “California Foodservice Instant Rebates Program” (as Proposed)	
Customer Segments	<ul style="list-style-type: none"> • Bakery (NAICS 311) • Catering (NAICS 722) • Education (NAICS 611) • Entertainment (NAICS 71) • Foodservice – Restaurants (NAICS 722) • Grocery (NAICS 445) • Hospital/Nursing (NAICS 62) • Hospitality (NAICS 721) • Worship (NAICS 813)
Delivery Type	Midstream
Geographic Area Served	Statewide (Climate Zones 1–16)
Hard-to-Reach Goal	3%
Disadvantaged Communities Goal	35%
Total Program Budget (\$)	[REDACTED]
Total First Year Annualized Energy Savings (Therms)	Gross: 10,252,344 Net: 6,317,633
Total First Year Annualized Energy Savings (kWh)	Gross: 19,790,454 Net: 11,874,272
TRC	1.675
Savings Calculation Method	Deemed
Assumed Program Launch	January 1, 2021

6.4 Affiliate Bids and Conflict of Interest

SoCalGas asked bidders during both the abstract and proposal stages to declare whether they were a SoCalGas affiliate. SoCalGas received no abstracts or proposals from affiliated bidders.

SoCalGas also screened its abstract and proposal evaluators to ensure that they had no potential conflicts of interest with any of the known bidders. SoCalGas identified no employees associated with the solicitation that possessed conflicts of interest.

6.5 Response to PRG and IE Advice



7. Assessment of Selected Bid

7.1 Bid Selection Responds to Portfolio Needs

SoCalGas' objective for the POS Food Service solicitation was to increase the sales of high efficiency CFS equipment by engaging midstream market actors. [REDACTED] California Foodservice Instant Rebates Program seeks to accomplish that by increasing the stocking and selling of high-efficiency gas and electric equipment by offering midstream incentives to equipment dealers and influential market actors.

SoCalGas adhered to the selection review recommendations in the PRG Solicitation Guidelines document (Version 1.0, August 2020).

7.2 Bid Selection Provides Best Overall Value to Ratepayers

SoCalGas selected [REDACTED] California Foodservice Instant Rebates Program for contracting after a long, intensive, and comprehensive solicitation process. To make its final decision, SoCalGas considered all aspects of the bidders' submittals. In addition to program economics and impacts, SoCalGas' evaluators looked at more difficult to assess qualities, such as program innovation, the ability and plan for engaging the necessary market actors, and whether the program addressed the State's policy initiatives. The IE is satisfied with the process taken by SoCalGas in selecting [REDACTED] California Foodservice Instant Rebates Program and feels that the program, in addition to being consistent with the goals stated in SoCalGas' Business Plan, provides the best overall value to ratepayer.

a. Brief Program Description

[REDACTED] California Foodservice Instant Rebates Program is a POS foodservice program designed to increase stocking and selling of high-efficiency gas and electric equipment by CFS dealers by offering midstream incentives to CFS dealers and influential market actors. By the end of 2023, the program will increase commercial foodservice gas savings by 62% and electricity savings by 230% above 2015 levels.

b. Quantitative Program Information

Table 11 summarizes the attributes of the California Foodservice Instant Rebates Program as contracted.

Table 11: California Foodservice Instant Rebates Program Attributes	
Metric	Value
NPV of Net Lifecycle Benefits	[REDACTED]
[REDACTED]	
Total Resource Cost test (TRC)	[REDACTED]
Program Administrator Cost test (PAC)	[REDACTED]
Realized Energy Savings (net first-year Therms)	[REDACTED]
Realized Energy Savings (net lifecycle Therms)	[REDACTED]
Realized Energy Savings (net first-year kWh)	[REDACTED]
Realized Energy Savings (net lifecycle kWh)	[REDACTED]
Realized Energy Savings (net first-year kW)	[REDACTED]

SoCalGas currently offers two midstream programs within its own service area, one of which is the “Instant Rebates! Point-of-Sale Foodservice Rebate Program” (Instant Rebates!). Like the proposed California Foodservice Instant Rebates Program, the current Instant Rebates! Program provides end-use customers with rebates for high efficiency commercial kitchen equipment purchased at the point-of-sale. However, there are two major differences with the California Foodservice Instant Rebates Program: 1) the larger number of eligible measures offered and 2) the inclusion of a large, largely untapped market.

Table 12 compares the SoCalGas’ current Instant Rebates! Program to the California Foodservice Instant Rebates Program (CFIRP).

Table 12: Comparison of Current and Proposed Programs		
Metric	Current Program (Instant Rebates!) ⁸	Contracted Program (CFIRP)
Program Implementer	SoCalGas	[REDACTED]
Planned program expenditures	[REDACTED]	[REDACTED]
Program duration (years)	[REDACTED]	[REDACTED]
Average annual expenditures	[REDACTED]	[REDACTED]
Gas Savings (Therms) Net Lifecycle	[REDACTED]	[REDACTED]
Gas Savings (Therms) Net First Year	[REDACTED]	[REDACTED]
Electric Savings (kWh) Net Lifecycle	[REDACTED]	[REDACTED]
Electric Savings (kWh) Net First Year	[REDACTED]	[REDACTED]
Electric Savings (kW) Net First Year	[REDACTED]	[REDACTED]
TRC	1.49	1.44
PAC	1.75	1.67

c. Measurement and Verification

[REDACTED] will develop the Measurement and Verification (M&V) Plan for the California Foodservice Instant Rebates Program in conjunction with its development of the Program Implementation Plan.⁹ SoCalGas did not request bidders to provide a preliminary M&V Plan or describe specific details about M&V approaches they might use. [REDACTED] provided an outline of its savings estimation approach; data collection, tracking, verification, and reporting; equipment validation; performance metrics; and quality inspection and services in its proposal.

d. Compensation

[REDACTED] will be compensated as set forth in Table 13. The program’s compensation structure is [REDACTED]. SoCalGas will pay [REDACTED] per net therm and [REDACTED] per net kWh installed through the program. The payment triggers are 1) for the deemed measures, upon payment to participants and advocates, and 2) for measures selected for inspection, upon verified installation of measure.

⁸ “Instant Rebates! Point-of-Sale Foodservice Rebate Program,” administered by SoCalGas. Program data for 2016 through Q2 2020. Source: CEDARS (Prog ID: SCG3793); <https://cedars.sound-data.com/>.

⁹ The Program Implementation Plan will be developed after acceptance of SoCalGas’ Advice Letter for this solicitation.

Table 13: Contract Summary		
Budget	Contracted	
Administration	[REDACTED]	
Marketing & Outreach		
Direct Implementation – Non-Incentive		
Direct Implementation – Incentive		
Total Program Budget	[REDACTED]	100%
Compensation Structure		
Time & Materials	[REDACTED]	
Fixed Unit Pricing		
Fixed Fee Deliverable		
Incentives to Customers		
Total	100%	
Compensation Rates		
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

e. Supports Portfolio and Applicable Sector Metrics Achievements

The measure list of this program expands greatly beyond that of the program it replaces.

The program’s KPIs align well with SoCalGas’ portfolio and sector metrics. The program’s KPIs will be the primary means of assessing program performance on an ongoing basis with tracking of some KPIs monthly. If [REDACTED] should report a KPI with a score of 1 (“below expectations”) or below (on a scale of 0 - 4, with “0” being “unsatisfactory”) for three consecutive months, SoCalGas may take standard corrective actions, up to and including closing the program.

8. Reasonableness of Contracting Process

8.1 Collaboration on Final Program Design and Scope

From start to finish, the contract negotiations between SoCalGas and [REDACTED] were cooperative, positive, and open. The two parties held on-going weekly negotiation meetings, so progress was being made continuously, albeit slow initially. Later, as it became evident that the deadline for presenting the draft contract to the PRG was approaching, the pace of negotiations accelerated.

In the last weeks of negotiations, several new issues arose that needed to be dealt with quickly, due to the imminent contract finalization date, including:

- [REDACTED] provided redlines to the CPUC’s standard terms and conditions. The

IE recommended that SoCalGas reject [REDACTED] redlines, since the CPUC's standard terms and conditions are non-modifiable. SoCalGas followed the IE's recommendation and [REDACTED] agreed to withdraw the redlines.

- [REDACTED] worked with SoCalGas' Engineering group to resolve a reporting miscalculation in the Compensation Workbook to align with CET values.
- [REDACTED] proposed a tiered rate structure to capture the cost of program ramp up in Program Year 1. SoCalGas asked [REDACTED] to revise its rate structure to a flat rate structure. [REDACTED] complied with SoCalGas's request and returned to a flat rate structure.

8.2 Fairness of Negotiations

Overall, the IE observed nothing during the negotiation process to indicate that the negotiations were anything other than fair and transparent. Both parties worked cooperatively and diligently to settle the few differences that arose, which resulted in the negotiations being completed in 107 days.

The only "issue" was the collection of serial numbers on equipment sold through the program. SoCalGas wanted [REDACTED] to collect serial numbers of measures sold through the program as a safeguard against double-dipping. [REDACTED] felt this was unnecessary and would have a negative impact on program participation. [REDACTED] presented a compromise phased-in approach for mitigating double-dipping, which SoCalGas agreed to.

8.3 Changes to Contract Terms & Conditions

[REDACTED] provided redlines to the CPUC's modifiable terms and conditions, as follows:

- Added language to KPI section (B2) that allows agreement to be extended if contractor meets or exceeds KPI expectations during term of agreement;
- Added contractor requirement to M&V section (F) for NMEC research plan;
- Deleted text stating that all materials, information, or other work product resulting from the program shall be jointly owned by SoCalGas and the customer (H2b); and
- Added [REDACTED] intellectual property rights section to data collection requirements (H2d).

8.4 Conformance with CPUC Policies and Objectives

The California Foodservice Instant Rebates Program offers POS rebates to CFS equipment dealers, manufacturers, contractors, distributors who make sales directly to end use customers. [REDACTED] recognized the importance of aligning incentives offerings with the policy guidance in CPUC D.18-05-041 and designed the program's incentives utilizing those guidelines, including:

- Offering tiered incentives to promote increasing degrees of efficiency.
- Incentives strategically targeted at commercially available products that offer higher and highest degrees of efficiency and quality.
- Incentive structure should take into consideration the variation in barriers to efficiency upgrades faced by different customer segments.

The program does not include NMEC savings, but the contract states that [REDACTED] will provide a NMEC Research plan, to be reviewed and approved by SoCalGas.

To address the key challenges for national market actors, chain customers, and special-order equipment, the program offers several “delivery approach” innovations that will increase participation beyond the strategies currently utilized by California POS programs:



Table 14 summarizes the alignment of the California Foodservice Instant Rebates Program with CPUC Policies and Objectives. Table 15 for a comparison of the proposed and contracted compensation structure.

Table 14: California Foodservice Instant Rebates Program – Alignment with CPUC Policies and Objectives			
Element / Requirement	Yes	No	IE Comments
The contract includes all CPUC standard and modifiable contract terms	✓		The only omission was to eliminate text which stated that all work products were jointly owned by SoCalGas and the customer.
No modifiable contract terms and conditions (or Term Sheet) proposed by SoCalGas conflicted or otherwise undermined the meaning or intent of the CPUC terms and conditions for TPI energy efficiency programs.	✓		No modifications proposed by SoCalGas conflicted with undermined CPUC terms and conditions.
As required, SoCalGas included standard contract language requiring [REDACTED] to coordinate with other program administrators in the same geographic area.	✓		Included Section G from Required Modifiable Terms and Conditions.
As required, SoCalGas incorporated all applicable CPUC decisions and direction, and considered PRG RFA/P Guidelines, in the development of the contract.	✓		SoCalGas incorporated all applicable CPUC decisions and direction, and considered PRG RFA/P Guidelines, in the development of the contract.
Does the contract include an assignability clause (stating that winning bidders will	✓		Included in Section 26 of Schedule A.

**Table 14: California Foodservice Instant Rebates Program
– Alignment with CPUC Policies and Objectives**

Element / Requirement	Yes	No	IE Comments
contract with the IOU or its successors and assignees) to ensure that programs can continue to operate smoothly in the event of a restructuring or bankruptcy?			
Does the contract comply with state law and the Contractors State License Board requirements that [REDACTED] and its subcontractors hold valid contractor’s licenses applicable to their program for contract execution and advice letter approval?	✓		Included in Section 12.3 of Schedule A.
Does the contract address: Key Performance Indicators, other performance matrix (e.g., innovation, etc.), payment terms, program-level M&V requirements (including the use of NMEC), and include a disadvantaged worker plan?	✓		Included in Section B.2 of Schedule A1, Part B; Section 4.1.14 of Schedule B; Section 2.3 of Attachment 1; and Section 1.1 of Attachment 8.
During contract negotiations, did SoCalGas stay true to its established process?	✓		Overall, SoCalGas stayed true to its established process.
Was the final contract based on the proposed program?	✓		The final contract was based on the proposed program.
Does the final compensation structure match the proposed structure?	✓		The proposed and final compensation structures are very close, as illustrated in Table 15.

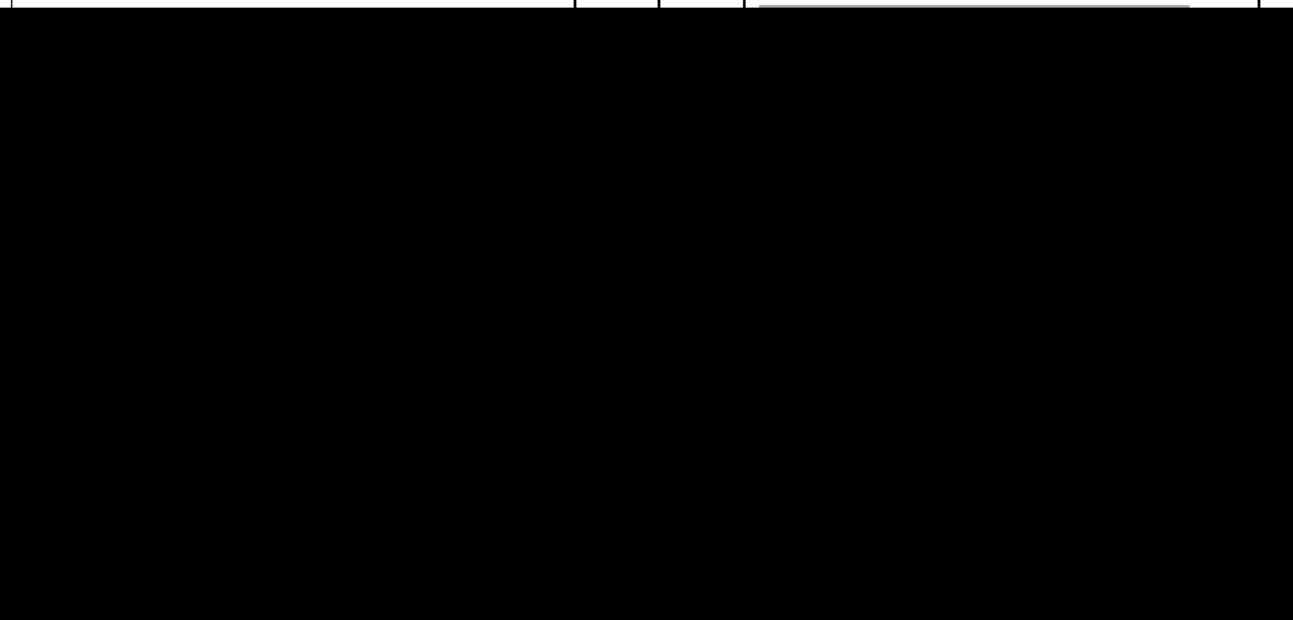


Table 14: California Foodservice Instant Rebates Program – Alignment with CPUC Policies and Objectives			
Element / Requirement	Yes	No	IE Comments
Were negotiations transparent? (For example, SoCalGas set clear expectations with bidder, all negotiations were monitored by the IE, and no conflict of interest issues were raised.)	✓		Expectations were discussed at the Negotiations Kick-Off Meeting and all subsequent communications were proper and conducted with the IE monitoring.

Table 15: Compensation Structure Comparison		
Compensation Structure	As Proposed	As Contracted
Time & Materials		
Fixed Unit Pricing		
Fixed Fee Deliverable		
Incentives to Customers		

9. Conclusion

SoCalGas conducted the Statewide POS Food Service solicitation fairly, transparently, and without bias. As noted in this report, the overall process for the solicitation from RFA documents to contract negotiations was transparent and effectively run. SoCalGas effectively ran the internal processes for internal bid scoring as well as PRG and IE review of all steps in the process.

There were some issues raised by the IE and PRG raised during the solicitation process, which were largely resolved. SoCalGas also used lessons learned to improve future solicitations.

Overall, the Statewide POS Food Service solicitation resulted in a program that will enable California’s four IOUs, their commercial customers, and the State to benefit from the more efficient energy use in non-residential food preparation. [REDACTED] California Foodservice Instant Rebates Program will help the four IOUs cost effectively achieve their energy savings goals while also fulfilling the metrics documented in each IOU’s Annual Budget Advice Letter filing.