

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



April 7, 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 Agricultural Program solicitation (advice letter #5773), effective April 7, 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 February 26, 2020, SoCalGas filed advice letter #5773 as part of its Agricultural 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 these advice letters is not evidence of Commission approval of future program implementation. It is the SoCalGas' 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 June 6, 2021.

Please direct any questions regarding Energy Division's findings in this non-standard disposition to Lisa Paulo (lisa.paulo@cpuc.ca.gov).

Sincerely,

Handwritten signature of Edward Randolph, with the initials "(FOI)" written next to it.

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

¹ D.18-01-004, pg. 57

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



Cc: Service List R.13-11-005
Pete Skala, Energy Division
Jennifer Kalafut, Energy Division
Alison LaBonte, Energy Division
Scott Kjorlien, Energy Division
Lisa Paulo, Energy Division



Joseph Mock
Director
Regulatory Affairs

555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Tel: 213.244.3718
Fax: 213.244.4957
JMock@socalgas.com

February 26, 2021

Advice No. 5773
(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 Agricultural 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) third-party contracts for the Agricultural Energy Efficiency (AgEE) Program, resulting from the Agricultural (Ag) Program 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 to be submitted via a Tier 2 Advice Letter for those contracts that are valued at \$5

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

² D.18-01-004, OP 2 at 61.

million or more and/or with terms of longer than three years.

SoCalGas' AgEE Program will educate SoCalGas agricultural customers, as well as offer deemed measure rebates, custom measure incentives, and meter-based savings to participants. It will provide a direct installation option for Disadvantaged Communities (DACs) and Hard-to-Reach (HTR) customers. The AgEE Program will also search, apply, and implement a research grant to increase knowledge of EE opportunities within the agriculture sector.

The AgEE Program is expected to contribute 1,192,195 net therms over three years. Twenty percent of the savings will target HTR customers and thirty-five percent of the savings will target those in 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 1.26. This contract represents approximately 2 percent of SoCalGas' 40 percent third-party solicitation requirement.

Third-Party Contract Solicitation

SoCalGas' AgEE Program is the only third-party contract resulting from the Ag Program solicitation, and this contract meets the threshold requiring Commission approval. All executed and anticipated contracts are listed in Table A, below.

Table A: Contracts in the Agricultural Solicitation			
Contract		Budget	Duration
1.1	The AgEE Program	See Appendix B	36 months

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

Table B: General Contract Summary – ICF Resources, LLC		
1	Solicitation name	Agricultural
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, Custom, Normalized Metered Energy Consumption (NMEC)
3.1	A. Direct Install/Downstream Customer Targeting (Yes or No)	Yes
3.2	B. Customer Targeting brief description, if applicable.	The program will utilize analytics-based customer targeting to identify and engage customers in DACs and HTR customers to assist them in saving energy. Contractor will leverage the extended Agricultural community,

Table B: General Contract Summary – ICF Resources, LLC		
		provide in-language sales and promotion materials (including Spanish and Hmong), and establish strategic partnerships aligned with unique Agricultural customer segments.
3.3	C. Midstream/Upstream Market Actors receiving incentives [i.e., manufacturers, distributors, contractors, or other (specify)].	N/A
4	Market/Sector(s)	Agriculture
5	Customer Segment(s)	Small, Medium, and Large Agriculture
6	Third-Party Implementer/Subcontractor name	ICF Resources, LLC Subcontractors: EnSave, Energy Resource Integration (ERI), EEM Advisors
7	Name of program or service	Agricultural Energy Efficiency (AgEE) Program
8	Brief description of program or service (2-3 sentences).	AgEE Program will educate SoCalGas agriculture customers, as well as offer deemed measure rebates, custom measure incentives, and meter-based savings to participants. It will provide a direct installation option for DACs and HTR customers. AgEE will also search, apply, and implement a research grant to increase knowledge of EE opportunities within the agriculture sector.
9	Total kWh Energy Savings (First year, net)	271,729
10	Total MW Energy Savings (First year, net)	N/A
11	Total therms Energy Savings (First year, net)	1,192,195
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.	16 HTR Customers kWh – 3,757 kW – 0 Therms – 78,521

Table B: General Contract Summary – ICF Resources, LLC		
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.	26 DAC Customers kWh – 85,683 kW – 17 Therms – 384,390
14	Forecasted Number of Customers Served by PY	PY2021 – 5 PY2022 – 30 PY2023 – 40
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]. ³	1.26
17	Program Administrator Cost (PAC) ratio (CET output)	1.45
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)	\$4.14
23	Program \$/therm (PAC levelized cost, CET output)	\$3.58
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"> • Greenhouse Heat Curtains • Greenhouse Infrared Film • Tank Insulation • Fitting Insulation

Table B: General Contract Summary – ICF Resources, LLC		
		<ul style="list-style-type: none"> • Pipe Insulation • Commercial Storage Heaters • Condensing Boilers • Faucet Aerators • Steam Traps
29	Savings Determination Type (i.e., custom, deemed, Normalized Metered Energy Consumption, or randomized Control Trial).	Custom, Deemed, NMEC
30	Savings Calculation Method(s) (Meter-Based, Deemed, Calculated, Multiple and/or Other). If Multiple or Other, please specify.	Meter-Based, Calculated, Deemed
31	Contract start date and end date.	Contract will commence for 48 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 Ag Program solicitation was conducted in a two-stage process in accordance with D.18-01-004. The two-stage solicitation consisted 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 February 6, 2020. 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 42 days to develop RFA documents, which were required to be submitted to PowerAdvocate on April 3, 2020. 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 8, 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 June 12, 2020. Bidder submissions were due through PowerAdvocate on July 24, 2020.

The RFP requested Bidders to provide more details about their proposed abstract(s), including cost-effectiveness calculations, measurement and verification 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 October 13, 2020. Negotiation of contracts followed, with execution of the contract requiring Advice Letter approval occurring on December 14, 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 Ag Program 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 March 3, 2020. During the RFP stage, a pre-bid conference was held on June 23, 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 Ag Program solicitation, SoCalGas received a total of 38 questions from the bidding community. In the RFA stage, overarching themes included clarification on the scope of work, contractor licensing and submission requirements. In the RFP stage, overarching themes included explanation of budgets, NAICS codes, affiliate relationships, confidentiality of submission, contractor licensing and SoCalGas Enhanced Support Services.

1.c) IE Participation

The Ag 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 redacted 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 PRG. IE viewed this as a very good way of cataloguing and responding to comments. In total, SoCalGas responded to more than 106 individual comments and suggestions from the IE and PRG members.
- The Scope of Work for the Ag Program solicitation was expanded to include the entire sector instead of focusing on a smaller piece as previously done with the Small and Med Ag Program solicitation. SoCalGas’ objective is to entice bidders for a worthwhile program without contracting with a program that overlooks certain segments which have been proved to be HTR. Therefore, IE recommended language that indicates SoCalGas’ preference and is clear that offers should provide a strategy to not overlook these HTR customers.
- During a meeting with the IEs and SoCalGas on January 29, 2020, these packages were discussed, and it was a consensus recommendation from the IEs to SoCalGas that they should take time to address these and improved the documents. Although, these packages are adequate for release, SoCalGas should strive to apply the lessons learned from previous solicitations.

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.
- During evaluator training, SoCalGas Solicitations Team should be specific about which questions each evaluator is to score. Make it clear that each evaluator's scorecard may appear to be missing questions due to the possibility that they may not be scoring every question. Further, SoCalGas' Solicitations Team should present and discuss the evaluator assignment table on the "SM" sheet in the Scorecard, so each evaluator knows in advance that they may be skipping some questions.
- IOU's RFA/RFP evaluators should receive the list of questions needing calibration at least one-day prior to the respective Calibration Meeting. This would allow them time to review and prepare prior to the meeting, which would make the Calibration Meetings more efficient. SoCalGas used this approach for its Ag Program solicitation. It was unclear whether the subsequent Calibration Meeting was more efficient.
- The IE participated in SoCalGas' final selection discussion as required in Section 5.8.6 of the PRG Solicitation Guidelines and is satisfied with how SoCalGas conducted the final selection discussion.

Contract Negotiations:

- Aggressive Contract Negotiations Schedule:
 - IOUs need to avoid situations where the implementer is forced to bend to the IOU's schedule. Implementers should be made aware that they can challenge overly aggressive IOU schedules.
 - Considering the fast pace of negotiations, the process went rather smoothly, even if it did not go according to plan.
- Fairness of Negotiations:
 - Overall, the negotiations were professional, transparent, and fair. SoCalGas' decision to provide contractor with contract documents and a series of clarifying questions one week before the kick-off meeting served to kick-start the negotiations by driving both parties to address the most important issues right away. Once those issues were settled, it was easier for both parties to concentrate on the smaller details needed to align the budget and goals with the program plan.

Marketing and Outreach

To increase public and potential Bidder awareness of the Ag Program 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.

Table C: Solicitation Event Schedule		
Activities		Date
Stage 1 RFA Events		
1	RFA issued	2/21/2020
2	Pre-Bid Conference (optional)	3/3/2020
3	Bidder's deadline to submit written questions	3/10/2020
4	IOU response due to bidder questions	3/17/2020
5	Bidder's abstract submission due	4/3/2020
6	Shortlist notification	6/8/2020
Stage 2 RFP Events		
1	RFP issued	6/12/2020
2	Pre-Bid Conference (optional)	6/23/2020
3	Bidder's deadline to submit questions to IOU (two rounds)	6/26/2020, 7/8/2020
4	Bidder's deadline to submit CET to IOU for preliminary review (optional)	N/A
5	IOU responses due to bidder questions (two rounds)	7/2/2020, 7/15/2020
6	IOU responses due to preliminary CET review	N/A
7	Bidder's proposal submission due	7/24/2020
8	Bidder interviews conducted by IOU	N/A
9	Bidder shortlist notification	10/13/2020
10	Contract negotiations and execution	12/14/2020
11	Tier 2 Advice Letter submission	2/26/21

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 Ag Program 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 full IE Report.

The IE provided findings to the EE PRG on:

- Final RFA Package – 2/4/2020
- RFA Evaluation Results and Shortlist Recommendations – 6/2/2020
- Final RFP Package – 6/2/2020
- RFP Evaluation Results and Shortlist Recommendations – 10/6/2020
- Contract Update report-outs – 11/3/2020, 12/1/2020

Transition Plan from Pre-Existing Program to New Program

The AgEE Program will replace the existing Agricultural Calculated Incentives Program (SCG 3719). The AgEE Program "Effective Date" will be the date that the CPUC issues its written approval ("Written Approval") of the Advice Letter, which will also begin shut-down activities for the current Agricultural Calculated Incentives Program. Shut-down activities include completing all services, installation of all projects and measures, payment of all incentives, and issuance of a Final Program Report.

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 March 18, 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 March 28, 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/ 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 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. 5773

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:

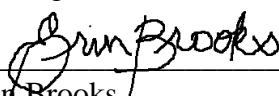
1. I am Erin Brooks, Customer Programs Policy & Support Manager in the Customer Programs and Assistance Department of Southern California Gas Company (“SoCalGas”). I was delegated authority to sign this declaration by Sandra Hrna, in her role as Vice President of Customer Solutions at SoCalGas. I have reviewed the confidential information included within SoCalGas’ Energy Efficiency Solicitations SharePoint regarding the *CONFIDENTIAL Energy Efficiency Agricultural 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 26th day of February 2021, at Los Angeles.



Erin Brooks
Customer Programs Policy & Support Manager

ATTACHMENT A

SoCalGas Request for Confidentiality of its Agricultural 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"> • Vendor bid and pricing information (including rates and invoices) • Vendor proprietary information • Information submitted in connection with a Request For Abstract or Request For Proposal with expectations of confidentiality on the part of the bidders. 	<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"> • <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); • <i>Valley Bank of Nev. v. Superior Court</i>, 15 Cal. 3d 652, 658 (1975) (financial information is protected – especially of non-parties); • <i>SCC Acquisitions, Inc. v. Superior Court</i>, 243 Cal. App. 4th 741, 756 (2015) (corporations have right to privacy over their financial information); • <i>See, e.g.</i>, D.20-03-021, 2020 WL 1807503 (2020) (allowing for confidential treatment of applicants' agreements and financial information); • <i>See, e.g.</i>, D.20-02-054, 2020 WL 1667279 (2020) (agreeing that non-public proprietary financial information should remain confidential); • 15 U.S.C. § 1, <i>et. seq.</i> prohibits price fixing between competitors; • 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; <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>

		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.
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Individual Energy Efficiency Independent Evaluator's Final Report

Southern California Gas Company Agricultural

Prepared by:



December 31, 2020

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1. Background

This Independent Evaluator Final Solicitation Report (Report) provides an assessment of the Southern California Gas Company (SoCalGas) Agricultural 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.

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,”² 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:³

- 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 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.

¹ Decision 18-01-004, OP 5.c.

² Decision 18-01-004, p. 31.

³ 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.

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 Agricultural solicitation process from development of the RFA through execution of the resulting third-party contract.

2. Solicitation Overview

2.1 Overview

a. Solicitation Scope

The scope of the Agricultural solicitation was all agricultural customers throughout SoCalGas' service territory. As of 2015, there were 1,969 agricultural customers within SoCalGas' territory concentrated in the southern San Joaquin Valley, Central Coast, and Southern California growing regions. These customers range from very small family farms to large commercial operations, and includes greenhouses, wineries, dairies, field crops, and represent about 2% of natural gas consumed by all SoCalGas customers.

b. Solicitation Objectives

The purpose of this solicitation was to invite the EE industry to collaborate with SoCalGas in offering a resource-based, innovative, comprehensive, third-party EE program(s) for the agriculture customer market in SoCalGas' service territory.⁴ This solicitation was based on the needs and customer group profiles identified in SoCalGas' approved Business Plan; the solicitation was designed to achieve more comprehensive and long-term energy efficiency savings. Bidders were encouraged to review and propose innovative programs to assist SoCalGas in achieving related portfolio and sector-level metrics.

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.

⁴ SoCalGas Business Plan, Pg. 200 (Agricultural Sector Vision) & Pg. 211 (Agricultural Sector Energy Usage).

Table 1: Agricultural Key Milestones	
Milestones	Completion Date
RFA	
RFA Released	February 21, 2020
Bidder Conference	March 3, 2020
Abstracts Due	April 3, 2020
Abstract Scoring	April 8 – May 1, 2020
Calibration Meetings	May 13, 2020
Shortlist Presented to PRG	June 2, 2020
Bidders Notified	June 8, 2020
RFP	
RFP Released	June 12, 2020
Bidders Conference	June 23, 2020
Proposals Due	July 24, 2020
Proposal Scoring	July 31 – August 21, 2020
Calibration Meeting	September 2, 2020
Shortlist Meeting	September 9, 2020
Bidder Interviews	N/A
Shortlist Presented to PRG	October 6, 2020
Bidders Notified	October 13, 2020
Contract Negotiations	
Contract Negotiations	October 21 – November 25, 2020
Contract Presented to PRG	December 1, 2020
Contract Executed	December 14, 2020
Advice Letter Filed	February 26, 2021

2.3 Key Issues and 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: Agricultural Key Issues and Observations			
Topic	Observations	IE Recommendations	Outcome (IOU Action/Response)
Bidder's Conference	SoCalGas provided excellent background on the solicitation and the process.	This should be considered best practice. It is very helpful information and provides a good foundation for any new market entrants.	No Response Required.
Scoring Criteria	Bidders asked to respond to specific questions that SoCalGas did not intend to score.	Align the scoring criteria to the RFA template. If bidders are asked to provide something, it should be evaluated.	SoCalGas is evaluating and considering all responses in their evaluation.
	One aspect of the scoring criteria for Staffing Plans is the number of "Key Personnel" designated as "TBD" in the proposal.	Change the scoring criteria for the Staffing Plan to reflect the proportion of total program hours represented by those identified as "TBD," rather than simply the number of TBDs.	This recommendation is new, so there has not yet been a response from SoCalGas.
RFA Design	SoCalGas includes a statement to reserve its right to request clarifications. However, the RFA also states: "SoCalGas will not seek corrections and/or improvements to the bidder's Proposal."	SoCalGas' language is vague and needs to be detailed and consistent. SoCalGas should develop a process that specifies under what conditions SoCalGas would seek, or not, clarifications.	SoCalGas has indicated they will only have a curing process for the CET files and not for the proposal package.
Evaluator Training	Evaluator training was remote due to the shelter in place. Mock exercises were not designed to be done remotely so adjustments had to be made.	Develop a mock exercise that is designed for remote training for future solicitations in case training needs to continue to be conducted remotely.	SoCalGas adjusted its training process to conduct a meaningful mock exercise and has accepted the action item to work on a mock exercise that can be completed remotely

Table 2: Agricultural Key Issues and Observations			
Topic	Observations	IE Recommendations	Outcome (IOU Action/Response)
Calibration Meetings	Evaluators sometimes needed time to read and review the question, the bidder's response, and their own notes before they could effectively discuss a question. While this caused no problems with the process or biased results, it did slow the process.	IOU evaluators should receive the list of questions needing calibration at least one-day prior to the respective Calibration Meeting, to allow time to review and prepare prior to the meeting. This should make Calibration Meetings more efficient.	SoCalGas adopted this recommendation and it does appear to have had a positive impact on Calibration Meeting efficacy.
RFP Cure Process	SoCalGas included a statement in the RFA reserving its right to request clarifications from bidders during the upcoming RFP stage, even though it clearly indicated that, "SoCalGas will not seek corrections and/or improvements to the bidder's Proposal."	The IE recommended that SoCalGas develop a curing process for the RFP stage to determine under what conditions SoCalGas would or would not seek clarifications.	SoCalGas has indicated they will only have an RFP curing process for the CET files and not for the balance of the proposal package.

3. Solicitation Outreach and Bidder Response

3.1 Bidder Response to Solicitation

This Agricultural solicitation was the second attempt by SoCalGas to issue a solicitation for the Agricultural sector. A first RFA was launched on January 31, 2019 specifically aimed at small and medium Agricultural customers.⁵

SoCalGas launched the RFA for the current Agricultural solicitation on February 21, 2020. SoCalGas conducted outreach through the standard channels, resulting in

The RFP was launched on June 12, 2020. Bidder notifications of the RFP's launch were not sent automatically, as planned, but SoCalGas recognized this problem immediately and manually sent

⁵ A small and medium agricultural customer is defined as a customer whose maximum annual demand is less than or equal to 50,000 therms.

notifications to the bidders within two minutes of when they would have been notified automatically. A subsequent check by the IE confirmed that all bidders had downloaded the RFP document package before the end of the following business day.

Table 3 summarizes bidder response to the solicitation. Overall, the response was very small, as expected, but most bids were strong.

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

3.2 Bidder Conferences and Q&A

SoCalGas held an optional RFA Bidder Conference via the Web on March 3, 2020. Instructions were provided to bidders registered in PowerAdvocate. The RFA Bidder Conference covered the RFAs for three concurrent SoCalGas solicitations: Agricultural, Large Commercial, and Residential Manufactured Homes. The webinar session was recorded and posted to PowerAdvocate.

Bidders asked 12 questions during the RFA Bidder Conference, which were all answered in real-time during the Conference. Question topics included inquiries on the scope of the Agricultural solicitation, opportunities for bidder partnering, and contracting license requirements to participate in the RFA. SoCalGas provided written responses to all questions to all registered bidders within a week of the RFA Bidder Conference.

SoCalGas held an optional RFP Bidder Conference via the Web on June 23, 2020. The RFP Bidder Conference covered the same three SoCalGas solicitations as the RFA Bidder Conference.

The RFP Bidder Conference used one-way voice communications, which helped minimize background noise and distractions. Bidders submitted 11 questions via an on-screen tool. All questions were answered in real-time and in writing two weeks later along with 20 additional questions asked via PowerAdvocate (only one of which was specific to the Agricultural solicitation). Bidder questions generally centered on the topics of process – such as incentive design, marketing and outreach, staffing, and changes allowed from abstract – and support services provided by SoCalGas.

The IE feels that the practice of one-way communications for Bidder Web Conferences should be considered a best practice. Distractions are reduced significantly while still allowing participants to ask questions and receive live answers.

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

Table 4: Agricultural Bidder Conferences	
Item	Date / Count
RFA	
Bidder Conference Date	March 3, 2020
Number of Attendees	42 ⁶
Number of Bidder Questions Received	12 ⁷
RFP	
Bidder Conference Date	June 23, 2020
Number of Attendees	3 ⁸
Number of Bidder Questions Received	32 ⁷

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 RFA was based on templates developed with IE pool collaboration. The IE found that there was still room for improvement in the package, specifically the scoring criteria and rubric. The IE provided several recommendations aimed at aligning the scoring criteria to the RFA. In particular, the IE recommended that questions asked of the bidder should be scored, instead of being used as information for the IOU's benefit. This recommendation was echoed by other IEs and has since become standard practice.

4.2 RFP Design Requirements and Materials

Prior to the development of the Agricultural RFP package, SoCalGas embarked on an effort to consolidate its generic RFP template package. The package had grown to 29 separate documents,

⁶ This number includes bidders of all three solicitations.

⁷ This includes all questions asked and not all questions were specific to the Agricultural solicitation.

⁸ This includes only Agricultural solicitation bidders.

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, so none could be eliminated.

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

SoCalGas based the Agricultural RFP package on the new RFP template package, which saved development time, but the package still needed review. SoCalGas' improvements to the RFP resulting from the IE's review were straightforward.

SoCalGas' Agricultural 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

The IE and PRG made 34 comments and recommendations for improving the Agricultural RFA package. Of those, SoCalGas accepted and implemented, at least partially, 31 recommendations. Recommendations not accepted were typically felt to be unnecessary by SoCalGas.

The IE and PRG made 94 comments and recommendations on the Agricultural RFP package. Of those, SoCalGas accepted 79 in full and two partially. Five recommendations required no further action. Eight recommendations were not accepted. Examples of IE/PRG RFP recommendations that were accepted by SoCalGas include:

- Warn bidders that if they leave SoCalGas' instructions in the proposal SoCalGas may count the instructions towards applicable page limits.
- SoCalGas' instructions for completing in one column of a table suggested that the bidder's response should be quantitative, while the column heading suggested a qualitative response. The IE recommended clarifying the type of response required of the bidder.
- Rather than asking bidders how their program complies with applicable policies and requirements, suggest asking bidders to identify which policies and requirements apply, then asking how they apply, and then asking how the bidders intend to comply.

5. Bid Evaluation Methodology Assessment

5.1 Bid Screening Process

For both the RFA and RFP 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) submission scoring. Only bidder submissions that passed the minimum threshold requirements (part 1 of the evaluation) were scored.⁹ Following scoring, SoCalGas calibrated its evaluators' scores and then determined which bidders should advance (shortlisted).

⁹ SoCalGas RFP, at pp. 20-21.

a. Threshold Assessment

SoCalGas disseminated and accepted all bid-specific information and submissions through PowerAdvocate. PowerAdvocate enables 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?
 - Completing and uploading all required documents and attachments?

Additionally, in the RFP 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.

b. Scoring

SoCalGas scored abstracts and proposals using a team of evaluators 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 tools 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.¹⁰

c. Calibration

Upon the completion of scoring, questions on the Scorecard for which the range of SoCalGas 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

¹⁰ 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.)

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.

SoCalGas’ evaluators discussed a total of 15 variances at the abstract Calibration Meeting. During the proposal Calibration Meeting they discussed five variances. The IE added 13 more questions for discussion – 11 based on the IEs’ scores varying from those of SoCalGas’ evaluators (by 1 or more) and two additional questions to assist the IE in understanding how SoCalGas’ evaluators interpreted the scoring criteria.

During the proposal evaluator training on July 22, the IE reminded SoCalGas’ evaluators to take advantage of the space provided them in their scorecards to record their thoughts and scoring rationale for each question. The IE made this reminder because insufficient evaluator comments have been an on-going issue for most IOUs, not just for SoCalGas. Despite the reminder, the IE noted that the proposal scorecards comments for some SoCalGas proposal evaluators were still limited.

d. Shortlisting

Shortlisting reduces the number of bidders for the next stage of the solicitation. It involves SoCalGas evaluators meeting to discuss the plusses and minuses of each submission. Abstract submissions 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) would advance to contract negotiations.

SoCalGas does not employ interviews as part of its bidder selection process.

The results of the Agricultural shortlisting activities are described in Section 6.3.a.

5.2 Scoring Rubric Design

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



Table 5: Agricultural Abstract Scoring Rubric			
Category	Sub-Category	Sub-Category Weight	Category Weight

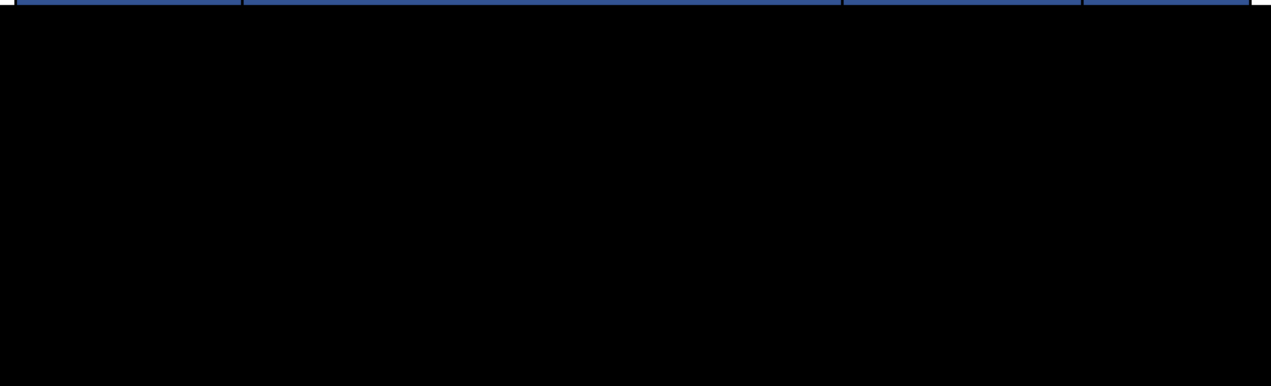


Table 5: Agricultural Abstract Scoring Rubric			
Category	Sub-Category	Sub-Category Weight	Category Weight
TOTALS			100%

Table 6 details the five major categories in the Agricultural 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: Agricultural Proposal Scoring Rubric			
Category	Sub-Category	Sub-Category Weight	Category Weight

Table 6: Agricultural 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 [REDACTED] SoCalGas evaluators and concluded that they were all qualified to score the Agricultural abstracts.

Table 7: Agricultural 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 [REDACTED] SoCalGas proposal evaluators and concluded that they were all qualified to score the Agricultural proposals.

Table 8: Agricultural Proposal Evaluation Team		
Position Title	Position Role	Categories Scored
[REDACTED]		

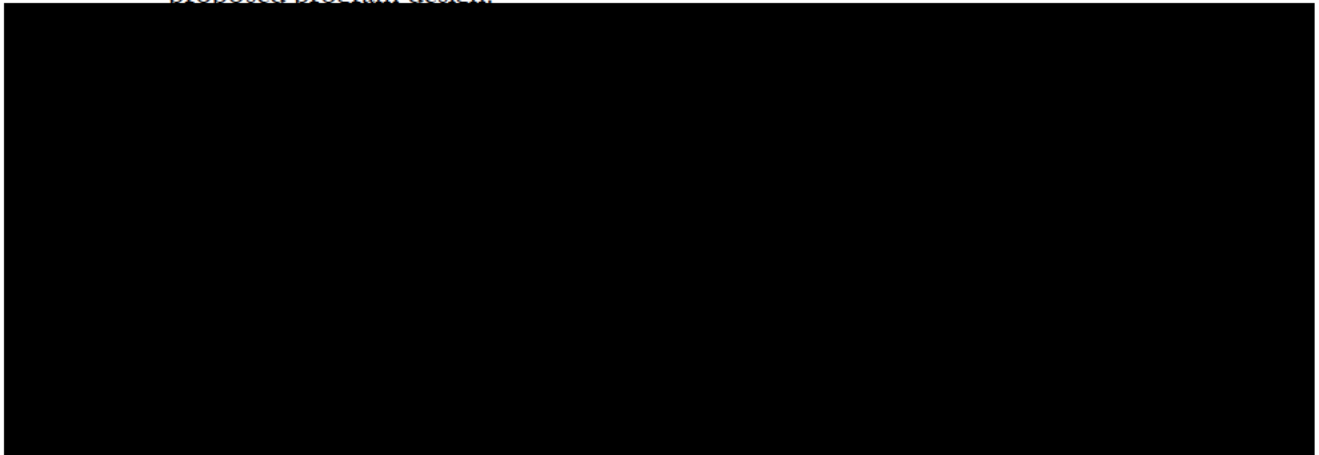
5.4 Response to PRG and IE Advice

The IE and PRG made nine recommendations for improving the Agricultural RFA Scoring Criteria. SoCalGas accepted and implemented, at least partially, eight recommendations. One recommendation, to move a question to another location, was considered but not accepted, because SoCalGas felt the location followed the order of the abstract template.

The IE and PRG together made 23 recommendations for improving the Agricultural RFP Scoring Criteria. Of those, SoCalGas accepted and implemented, at least partially, 16 recommendations. Five were considered, but not accepted, either because SoCalGas did not believe they were necessary, or they were counter to the guidance. The other two were comments or questions, rather than

recommendations for change, so no action was requested or taken. Examples of the IE and PRG recommendations include:

- Include the ability to score cases when the bidder will not include incentives or rebates in their program design and the bidder has been asked to present their program’s strategy to motivate participants to save energy.
- Include this text in Scoring Criteria description: “All proposals (not just proposals involving NMEC) should include a well-thought-out M&V plan appropriate for the proposed program design.”



The IE recommended changing the scoring criteria for the Staffing Plan in future solicitations to reflect the proportion of total program hours represented by those identified as “TBD,” rather than simply the number of TBD personnel. This is a new recommendation, so SoCalGas has not yet had an opportunity to act on it.

6. Final Bid Selection Assessment

6.1 Conformance with Established Evaluation Processes

During both the RFA and RFP stages, SoCalGas conducted its Agricultural solicitation evaluations in conformance with its established processes and found no non-conforming bids.

6.2 Management of Deficient Bids

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

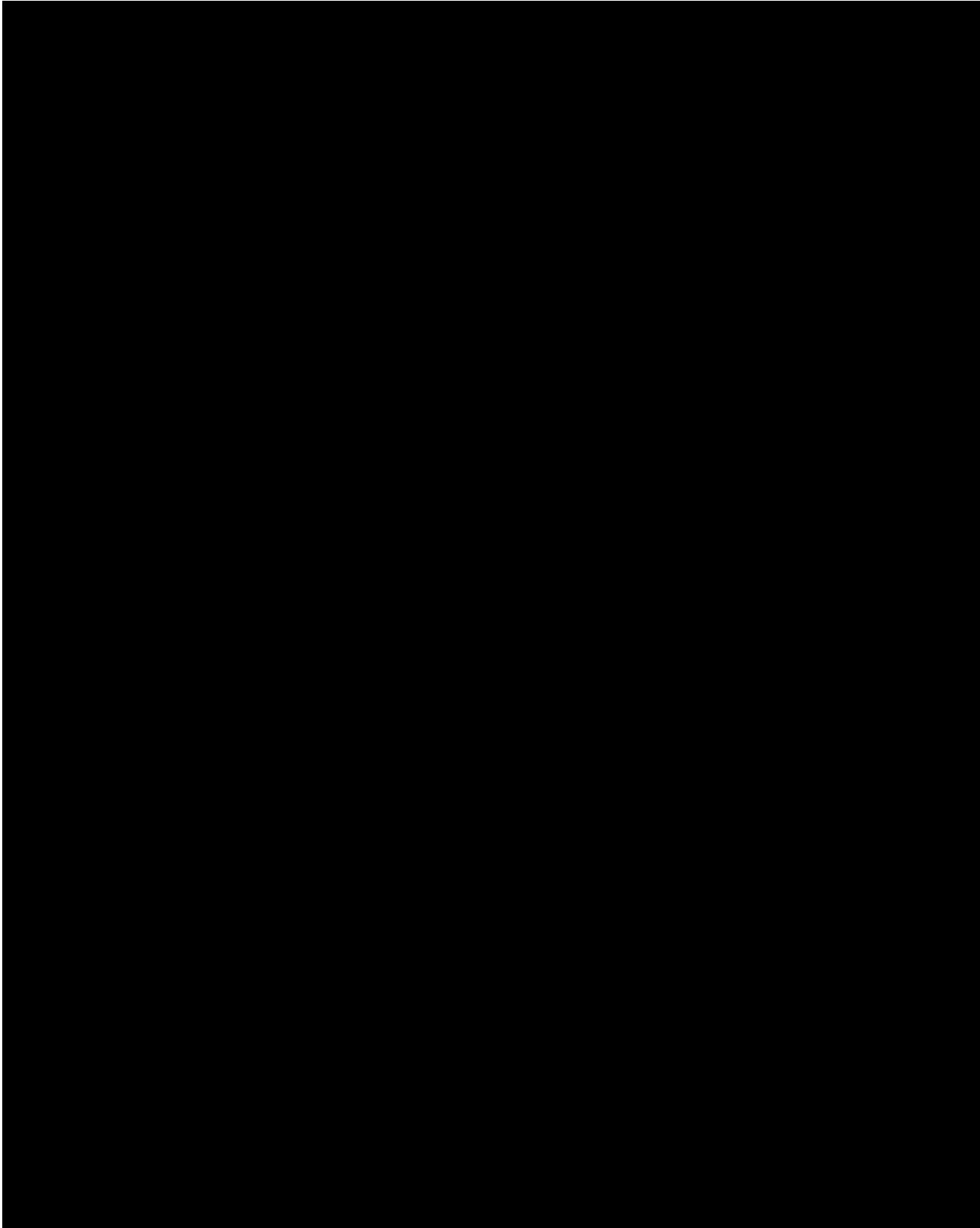
Prior to proposal calibration in the RFP stage, SoCalGas



The IE’s page count matched SoCalGas’ page count, so the IE agreed with SoCalGas’ decision.

6.3 Shortlist and Final Selections

a. *Final Selection Process*



b. Portfolio Fit

Table 9 summarizes some of the characteristics of the *AgEE* Program, as proposed by ICF.

Table 9: AgEE Program (as Proposed)	
Customer Segments	<ul style="list-style-type: none"> • Controlled Environment Agriculture • Dairy and Non-dairy Animal production • Post-Harvest, Wineries, Breweries, and Distilleries
Delivery Type	Downstream
Geographic Area Served	SoCalGas territory including primary agricultural regions of lower central valley (CTZ 13) and central coast (CTZ 5)
Hard-to-Reach Goal	5%
Disadvantaged Communities Goal	35%
Total Program Budget (\$)	
Total First Year Annualized Energy Savings (Therms)	
Total First Year Annualized Energy Savings (kWh)	1,296,075
Savings Calculation Method	Deemed 40.6% Calculated..... 57.8% Meter-based 1.6%
Assumed Program Launch	April 1, 2021 ¹¹

6.4 Affiliate Bids and Conflict of Interest

SoCalGas asked bidders during both the abstract and RFP 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

Neither the IE nor the PRG provided any advice, comments, or recommendations to SoCalGas regarding its selection of ICF for contract negotiations. [REDACTED]

¹¹ This date is ICF’s program launch date as-proposed. SoCalGas’ program schedule assumes Implementation Plan development through June 30, 2021.

7. Assessment of Selected Bid

7.1 Bid Selection Responds to Portfolio Needs

All three proposals, including ICF's proposed *AgEE* Program, addressed and met SoCalGas' goals for its agricultural sector as stated in the Business Plan:¹²

- 1) Substantial increase in deeper, more comprehensive natural gas energy efficiency in the small customer groups.
- 2) Encourage investment in natural gas energy efficiency to lower operational costs and improve competitiveness.
- 3) Increase in natural gas energy efficiency among all agricultural customer segments.

7.2 Bid Selection Provides Best Overall Value to Ratepayers

SoCalGas selected ICF's *AgEE* Program for contracting after an intensive and comprehensive solicitation process. To make its final decision, SoCalGas considered all aspects of [REDACTED] and ICF's 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 and overall risk.

a. Brief Program Description

ICF's *AgEE* program will serve SoCalGas' small to very large agricultural customers by delivering key measures relevant to these customers. In order to achieve energy savings goals, ICF will identify and work with SoCalGas agricultural customers to help them understand the benefits of implementing energy savings projects and measures, will provide technical and project development assistance as needed, will offer financial incentives, financing options, and for small/medium DAC and HTR customers, direct installation of certain energy saving measures. To implement *AgEE*, ICF partnered with EnSave and ERI to assemble a team with more than 20 years of experience delivering energy efficiency solutions to California's agricultural community.

b. Quantitative Program Information

Table 10 summarizes the attributes of the *AgEE* Program as contracted.

¹² SoCalGas Business Plan, at pp. 217-2019 (Goals, Strategies and Tactics for the Agricultural Sector).

Table 10: AgEE Program Attributes	
Metric	Value
NPV of Net Lifecycle Benefits	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[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 three energy efficiency programs aimed at its local agricultural customers. However, none of them are directly analogous to ICF’s *AgEE* Program. Table 11 summarizes the characteristics of the three current agricultural programs.

Table 11: Summary of Current SoCalGas Agricultural Programs		
Program Name	Program ID	Description
Agricultural Energy Advisor (AEA)	SCG3717	The AEA primarily offers non-resource, auditing services: Benchmarking, Agricultural Continuous Energy Improvement (CEI), Non-Residential Audits (NRA), and Pump Efficiency Services.
Agricultural Calculated Energy Efficiency Program	SCG3719	The Agricultural Calculated Energy Efficiency Program is utilized for projects where a rebate is not available through the Agricultural Deemed Energy Efficiency Program (SCG3720), customized calculations provide the most accurate savings estimates, or interactive effects between measures are best captured through whole building or whole system modeling.
Agricultural Deemed Energy Efficiency Program	SCG3720	The Agricultural Deemed Energy Efficiency Program is utilized for projects where energy savings are deemed for installed measures.

c. Measurement and Verification

ICF will develop the Measurement and Verification (M&V) Plan for its *AgEE* Program in conjunction with its development of the Program Implementation Plan.¹³ SoCalGas requested in the Agricultural RFP that bidders describe certain elements of its planned M&V activities. Based on ICF’s proposal, the IE believes that ICF’s M&V Plan will be in conformance with CPUC M&V rules and requirements.

d. Compensation

SoCalGas will compensate ICF using the contracted structure detailed in Table 12. Specifically, SoCalGas shall pay ICF based on deemed compensation rates set forth for each measure installed. Additionally, SoCalGas will fully reimburse approved incentive payments that ICF pays to SoCalGas customers. The [REDACTED] pay-for-performance component of ICF’s compensation is based on custom and NMEC projects installed through the program with payments split into two installments: [REDACTED]

Table 12: AgEE Contract Summary		
Budget	Contracted	
Administration	[REDACTED]	
Marketing & Outreach	[REDACTED]	
Direct Implementation – Non-Incentive	[REDACTED]	
Direct Implementation – Incentive	[REDACTED]	
Total Program Budget	[REDACTED]	100%
Compensation Structure		
Time & Materials Pricing	[REDACTED]	
Deliverable Pricing - Fixed Unit Pricing	[REDACTED]	
Deliverable Pricing - Fixed Fee Deliverable	[REDACTED]	
Deliverable Pricing - Custom Project Pricing	[REDACTED]	
Pay-for-Performance (Meter-Based energy savings)	[REDACTED]	
Incentives to Customers	[REDACTED]	
Total	100%	
Compensation Rate		
\$/therm (net)	[REDACTED]	

¹³ The Program Implementation Plan will be developed after acceptance of SoCalGas’ Advice Letter for this solicitation.

e. Supports Portfolio and Applicable Sector Metrics Achievements

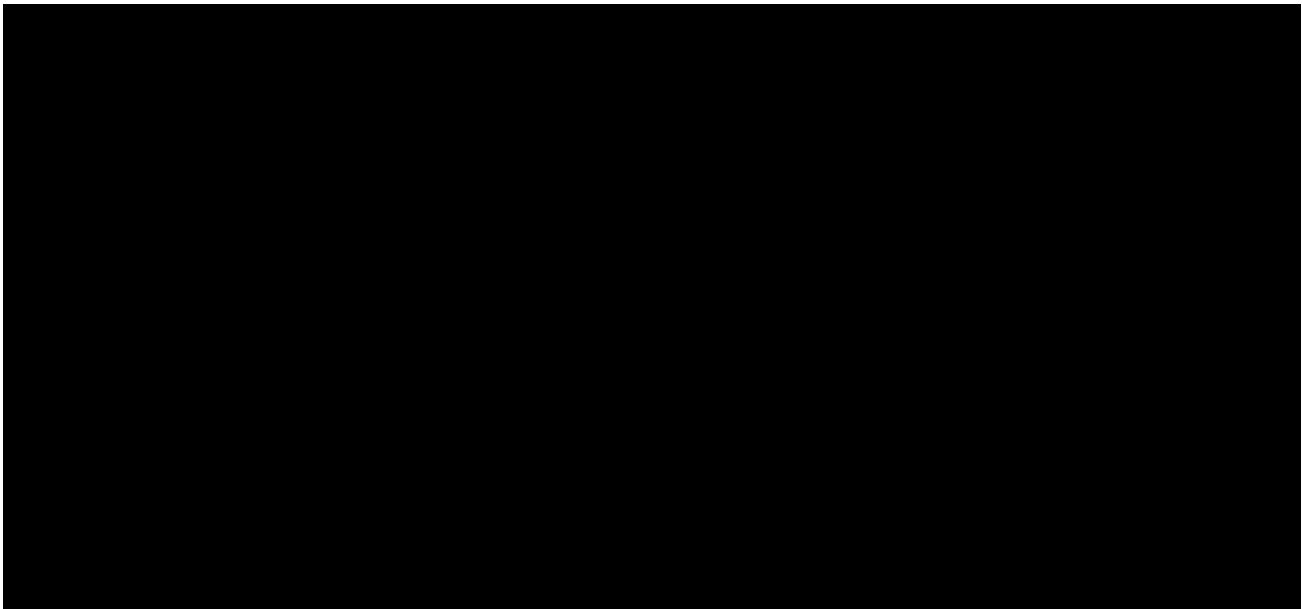
The *AgEE* Program supports SoCalGas’ portfolio by combining the features of SoCalGas’ three current agricultural programs. The *AgEE* Program contains the informational component of the Agricultural Energy Advisor Program and the incentivized energy efficiency measures of the Agricultural Calculated Energy Efficiency and Agricultural Deemed Energy Efficiency Programs. The *AgEE* Program’s measure mix includes pipe insulation, greenhouse environment measures, heat recovery measures, infrared space heating, process pump VFDs, steam traps, and tank insulation. The *AgEE* Program also includes free or low-cost direct install measures for DAC/HTR operations that help ICF introduce energy efficiency to these customers.

8. Reasonableness of Contracting Process

The draft final contract between ICF and SoCalGas was agreed upon November 25, 2020 after just five weeks of negotiations.¹⁴ Considering the fast pace of negotiations, the process went rather smoothly, even if it did not go according to plan.

After PRG review, the final contract was executed with ICF on December 14, 2020 to meet compliance requirements with a contract effective date of December 14, 2020 for a duration of three years. Anticipated launch date for the *AgEE* Program is April 1, 2021.¹⁵

8.1 Collaboration on Final Program Design and Scope



Overall, the negotiations were professional, transparent, and fair. SoCalGas’ decision to provide ICF with contract documents and a series of clarifying questions one week before the negotiations kick-off meeting served to kick-start the negotiations by driving both parties to address the most important issues right away. Once those issues were settled, it was easier for both parties to concentrate on the smaller details needed to align the budget and goals with the program plan.

¹⁴ Based on October 21, when SoCalGas sent ICF the initial Ag contract package for review, to November 25.

¹⁵ This date is ICF’s proposed program launch date. SoCalGas’ program schedule assumes Implementation Plan development through June 30, 2021.

The contracted budget and goals are very similar to what ICF proposed. The greatest changes from proposal to contract were an increase in the number of measures offered through the program and the number of units to be installed. Other changes from the proposal include an increase in the HTR target from 5% to 21%, the addition of a direct install component, and an incentive (by way of a KPI) for ICF to seek outside program funding via partnerships and/or grants.

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 a very short period.

8.3 Changes to Contract Terms & Conditions

ICF and SoCalGas made changes to the CPUC's modifiable terms and conditions,¹⁶ as follows:

- Section A.2 – Quality Assurance Procedures: *Added that Quality Assurance Procedures were to be documented in Contractor's Program Manual.*
- Section B.2 – Key Performance Indicators: *Changed reference to Attachment 8 to Attachment 7.*
- Section C.1 – Term: *Specifies that contract term is for 3 years from the date CPUC Approval occurs.*
- Section E.1 – Payment Terms: *Specifies that payment terms shall be in accordance with Schedule C and that ICF shall be compensated for savings delivered in excess of 100% of the savings goal at the same Fixed Unit Price.*
- Section E, Table 1 – Payment Terms: *Finalized values in "Proportion of Total Contract Value" and "Contract Value by Category" columns.*
- Section G – Coordination with Other Program Administrators: *Changed references to specific other Program Administrators to "if applicable."*
- Section H.1 – Data Collection and Ownership Requirements: *Spelling correction.*
- Section H.2.b – Program Intellectual Property: *Moved language regarding "contractor's pre-existing materials" to Section H.2.c and expanded the description of those materials.*
- Section I.1 – Modification or Termination for Contractor's Reasons: *Created Section I and included language regarding program modification or termination made by the contractor.*

8.4 Conformance with CPUC Policies and Objectives

Table 13 summarizes the alignment of the *AgEE* Program with CPUC Policies and Objectives. Table 14 compares of proposed and contracted compensation structure for the *AgEE* Program.

¹⁶ Changes made only to Part B – Required Modifiable Contract Terms and Conditions of Schedule A1 – Standard and Modifiable Terms and Conditions.

Table 13: AgEE Program – Alignment with CPUC Policies and Objectives			
Element / Requirement	Yes	No	IE Comments
The contract includes all CPUC standard and modifiable contract terms	✓		Included modifications that make the terms and conditions more specific to the AgEE Program (see Section 8.3).
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.	✓		Modifications made by SoCalGas serve to make the terms and conditions more specific (see Section 8.3).
As required, SoCalGas included standard contract language requiring ICF 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 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?	✓		Included in Section 26 of Schedule A.
Does the contract comply with state law and the Contractors State License Board requirements that ICF 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.

Table 13: AgEE Program – Alignment with CPUC Policies and Objectives			
Element / Requirement	Yes	No	IE Comments
Was the final contract based on the proposed program?	✓		Other than the following features that were included in the Program during negotiations, final contract was based on the proposed program: <ul style="list-style-type: none"> • Increased measure installation quantities • Increased HTR target goal from 5% to 20% • Decreased measure costs • Added a direct install component • Introduced a research grant component • Negotiated contractor compensation rate
Does the final compensation structure match the proposed structure?	✓		The contract reduced the emphasis on fixed unit and fixed fee pricing and moved towards a greater emphasis on custom project pricing. See Table 14 for a comparison of the proposed and contracted compensation structure.
Do the final budget and savings goals match those of the proposed program?	✓		The final total budget matches the proposed total budget, although there are changes in some of the component costs. For example, the marketing and outreach costs were reduced by two-thirds due to an increase in measure installation quantities, decrease in measure costs, and the addition of a direct install component. Contracted therm and kWh savings are about 3% higher and 9% lower, respectively, than proposed. Contracted water savings are more than double proposed.
Does the final cost effectiveness match that of the proposed program?	✓		Final TRC (1.26) is just higher than proposed (█).
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 14: Compensation Structure Comparison		
Compensation Structure	As Proposed	As Contracted
Time & Materials Pricing		
Deliverable Pricing - Fixed Unit Pricing		
Deliverable Pricing - Fixed Fee Deliverable		
Deliverable Pricing - Custom Project Pricing		
Pay-For-Performance (Meter-Based energy savings)		
Incentives to Customers		

9. Conclusion

SoCalGas conducted the Agricultural 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 processes for internal bid scoring as well as PRG and IE review of all steps in the process. SoCalGas also made good use of lessons learned from earlier solicitations.

The one area SoCalGas should not try to replicate in future solicitations is to attempt to complete negotiations within such a short timeframe. While there were no complications during these negotiations, even the smallest glitch could have derailed SoCalGas’ schedule.

Overall, the Agricultural solicitation resulted in a program that will enable SoCalGas, its agricultural customers, and the State in general to benefit from the more efficient energy use by agricultural customers of all sizes, including greenhouse/controlled environment growers, field crops and associated on-farm processing, dairies and co-located milk processing, vineyards, and wineries. ICF’s *AgEE* Program will help SoCalGas cost effectively achieve its energy savings goals while also fulfilling the metrics documented in its Annual Budget Advice Letter filing.