

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



June 4, 2021

Joseph Mock
Director, Regulatory Affairs
Southern California Gas Company
555 W. Fifth Street
Los Angeles, CA 90013

Dear Mr. Jacobson,

This disposition letter serves as a notice of approval of Southern California Gas Company's (SoCalGas's) 2021 Third-Party Solicitation advice letter and partial supplemental:

5790 and 5790-A: Willdan's Large Commercial Program and Enovity's RCx+ Program

This Advice Letter is effective June 4th, 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 May 20, 2021, SCG filed this Large Commercial program and RCX+ program advice letter partial supplemental as part of its Large Commercial solicitation.

In operationalizing the review of 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 PG&E's responsibility to manage its portfolio to ensure it remains in compliance with its approved business plan and all CPUC Decisions.

Programs offering a customer loan non-incentive or similar financing mechanism make a customer's financing utilization a program participation requirement and thus should account for customer costs in cost-benefit calculations as participant costs. A customer loan non-incentive (CLNI) offers technical assistance to a customer to encourage use of a loan for efficient equipment or custom retrofit and offers no cash rebate, loan, or support of a debt instrument like a establishing a loan loss reserve for a loan pool. In other words the savings will not occur without the CLNI or similar financing measure that the program offers. This measure type is being newly used to connect customers with fee-based loans, and as such it is covered under existing mandates. Decision 92-02-075 requires accounting for the total costs of the program including participants' and the utility's costs in the cost effectiveness calculations. Energy Division will issue forthcoming guidance on how to accurately supply information for claims reporting. If a program has a financial element like the CLNI or similar, please be aware that cost-effectiveness tool reporting requirements may be adjusted as necessary.

¹ D.18-01-004, pg. 57

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**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 plan for this program is due to be posted no later than August 3rd, 2021.

Please direct any questions regarding Energy Division's findings in this non-standard disposition to Jordan Christenson (jordan.christenson@cpuc.ca.gov).

Sincerely,

A handwritten signature in cursive script, appearing to read "ER" followed by "(f01)".

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

Cc: Service List R.13-11-005
Pete Skala, Energy Division
Jennifer Kalafut, Energy Division
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March 31, 2021

Advice No. 5790
(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 Large Commercial Sector 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 Large Commercial Program (LCP) and Service RCx+ (RCx+) Programs, resulting from the Commercial (Lg Comm) Sector 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, San Diego Gas & Electric Company, Southern California Edison Company, 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.

SoCalGas' LCP and RCx+ Program are targeted towards large commercial customers with annual usage of 50,000 therms or greater. The LCP will target 100% downstream market channel using Deemed, Custom and Normalized Metering Energy Consumption strategies. The RCx+ program will offer NMEC-based savings through the direct implementation of RCx and Optimization services.

The LCP is expected to contribute 2,190,594 net therms over four years. Forty percent of the savings will target those in disadvantaged communities (DACs). The focus on these customers strengthens SoCalGas' commitment to reach its most vulnerable customers. The total resource cost (TRC) ratio for this program is forecasted to be 1.29. This contract represents approximately 2.9 percent of SoCalGas' forty percent third-party solicitation requirement.

The RCx+ Program is expected to contribute 1,073,250 net therms over four years. The TRC ratio for this program is forecasted to be 1.25. This contract represents approximately 0.62 percent of SoCalGas' forty percent third-party solicitation requirement.

Third-Party Contract Solicitation

SoCalGas' LCP and RCx+ programs are the only third-party contracts resulting from the Lg Comm solicitation that meet the threshold requiring Commission approval of the contracts. All executed and anticipated contracts are listed in Table A, below.

Table A: Contracts in the Commercial Solicitation			
Contract		Budget	Duration
Large Commercial			
1.1	The Large Commercial Program	See Appendix B	48 months
1.2	Service RCx+ Program	See Appendix B	48 months

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

Table B-1: General Contract Summary – Willdan		
1	Solicitation name	Large Commercial
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
3.1	A. Direct Install/Downstream Customer Targeting (Yes or No)	Yes
3.2	B. Customer Targeting brief description, if applicable.	The Large Commercial Program will be open to all

Table B-1: General Contract Summary – Willdan		
		customers (using >50,000 therms annually on a premises level) across Company territory, delivering natural gas savings and solutions that also produce electric and water savings. Customers must not have received incentives for proposed measures in the last five years.
3.3	C. Midstream/Upstream Market Actors receiving incentives [i.e., manufacturers, distributors, contractors, or other (specify)].	N/A
4	Market/Sector(s)	Commercial
5	Customer Segment(s)	Large and Very Large Customers
6	Third-Party Implementer/Subcontractor name	Willdan Energy Solutions
7	Name of program or service	The Large Commercial Program
8	Brief description of program or service (2-3 sentences).	The Large Commercial Program offers comprehensive EE for customers (those who use >50k therms annually on a premises level) across SoCalGas' territory, delivering natural gas savings and solutions that produce electric and water savings. The program includes advanced planning driven by data analytics, implementation by an integrated team of highly experienced contractors/Trade Pros (e.g., CPUC experts, outreach/sales leads, technical leads, financing partners, etc.) to drive comprehensive projects, and goes beyond basic EE to include EMTs and IDSM solutions. The program has integrated QA/QC and measurement and verification throughout all program steps.

Table B-1: General Contract Summary – Willdan		
9	Total kWh Energy Savings (First year, net)	9,802,317
10	Total MW Energy Savings (First year, net)	N/A
11	Total therms Energy Savings (First year, net)	2,190,594
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.	N/A
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.	30 DAC Customers Therms – 1,095,297
14	Forecasted Number of Customers Served by Program Year (PY)	PY2021 – 6 PY2022 – 24 PY2023 – 29 PY2024 – 6
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	1.29
17	Program Administrator Cost (PAC) ratio (CET output)	1.47
18	Program \$/kWh (TRC levelized cost, CET output)	N/A
19	Program \$/kWh (PAC levelized cost, CET output)	N/A
20	Program \$/MW (TRC levelized cost, CET output)	N/A
21	Program \$/MW (PAC levelized cost, CET output)	N/A
22	Program \$/therm (TRC levelized cost, CET output)	\$0.65
23	Program \$/therm (PAC levelized cost, CET output)	\$0.57
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-1: General Contract Summary – Willdan		
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"> • AC/Refrigeration • Boiler Controls • Combined Heating and Cooling - Commercial Heat Pump • Commercial Cooking: <ul style="list-style-type: none"> • Combination Ovens • Conveyor Broilers • Fryer, Griddle, and Hot Water Boilers • Underfired Broiler • Convection Oven • Demand Control Ventilation Hood Control • Variable air volume for fumehoods • Commercial Water Heating: <ul style="list-style-type: none"> • Storage Water Heaters • Aerator Faucet for Commercial Buildings • Instantaneous • Domestic Water Heater to Heat Pump • Laminar Flow Restrictor (LFR) - GPM <= 2.2 • Low Flow Showerhead • Low-Flow Pre-Rinse Spray Valve (PRSV) For Businesses, GPM <=1.07 • Domestic Hot Water Loop Temperature Controller, Multifamily • Hot Water Pipe Insulation

Table B-1: General Contract Summary – Willdan		
		<ul style="list-style-type: none"> • Pipe/Fittings Insulation - Hot Water (HW) • Commercial Dishwashers • Undercounter Dishwasher, Commercial • Commercial Evap-Cooled Multiplex Floating Head Pressure Control • Commercial Multiplex Floating Suction Pressure Control • Commissioning-RCX Reset Control Setting-HVAC-Setpoint Change • Conversion of Pneumatic Controls to DDC controls • Duct Seal • Economizers • EMS and EMT Equipment • Frictionless compressor retrofit • Furnace, Commercial • Gas Modulating Valve • General HVAC Retro-commissioning (Electric & Gas) • Greenhouse Curtain • Infrared Film (for Greenhouses) single sheet, min thickness of 6 mil • Heat Recovery Rooftop Unit (HR-RTU), >10 Ton • High-Efficiency Residential Clothes Washers For Businesses (CEE Tier 3) • HVAC Exhaust/Ventilation – Bldg distrib fans VFD • HVAC retrofit/new-AHU/package units – VAV convert, incl & not inclu

Table B-1: General Contract Summary – Willdan

		<ul style="list-style-type: none"> terminal boxes • HVAC Zone Occupancy Controls • Lab Air Flow Optimization and Fume Hood Retrofits • Large Conveyor Oven, >=42 percent • Liquid Pool Cover • Optimum start/stop EMS control - RCX • Outdoor Pool Cover - Commercial • Ozone Laundry System, Venturi Injection or Bubble Diffusion • Pipe/Fittings Insulation - Steam • Pool Cover – Indoor & Outdoor • Pool Heater - TE >=84 percent • Process Boilers • Process Multiplex Floating Suction Pressure Control • Recirculating Pump Controls • Reduced air change rate • Refrigeration Controls Retrocommissioning (Head and Suction Pressure Reset) • Regenerative Thermal Oxidizer • Residential Smart (Communicating) Thermostats • Retrocommissioning - <ul style="list-style-type: none"> • Behavioral • HVAC • Monitoring Based • Small Pkg AC, increase or
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Table B-1: General Contract Summary – Willdan		
		<p>decrease refrigerant charge to factory specified level</p> <ul style="list-style-type: none"> • Space-Heating Boilers • Steam Boiler Stack Economizers • Steam Trap, >12 hours per day • Steamer-Gas • Tank Insulation • Unoccupied Fan Control AC Unit with Gas Heat • VFD and NEMA Motor for Gas Pack with/without ADEC Control • VFD for Gas Pack with ADEC Control
29	Savings Determination Type (i.e., custom, deemed, Net Metered Energy Consumption, or randomized Control Trial).	Deemed, Calculated, NMEC (Meter-Based)
30	Savings Calculation Method(s) (Meter-Based, Deemed, Calculated, Multiple and/or Other). If Multiple or Other, please specify.	Deemed, Calculated, NMEC (Meter-Based)
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.

Table B-2: General Contract Summary – Enovity, Inc.		
1	Solicitation name	Large Commercial
2	Type of program: local, regional, or statewide	Local
3	Delivery Type – specify the delivery type (i.e., direct install, upstream, midstream, or downstream).	Downstream, Direct Install
3.1	A. Direct Install/Downstream Customer Targeting (Yes or No)	Yes
3.2	B. Customer Targeting brief description, if applicable.	The primary customer acquisition strategy for the program will be direct outreach

Table B-2: General Contract Summary – Enovity, Inc.		
		to existing Contractor customers and contact with high energy usage customers, with similar facility use characterization, through SoCalGas account representatives.
3.3	C. Midstream/Upstream Market Actors receiving incentives [i.e., manufacturers, distributors, contractors, or other (specify)].	N/A
4	Market/Sector(s)	Commercial
5	Customer Segment(s)	Large Commercial
6	Third-Party Implementer/Subcontractor name	Enovity, Inc.
7	Name of program or service	Service RCx+
8	Brief description of program or service (2-3 sentences).	Service RCx+ will offer participating customers NMEC-based Energy Savings through the direct implementation of RCx and Optimization services at Large Commercial facilities throughout the SoCalGas service territory.
9	Total kWh Energy Savings (First year, net)	N/A
10	Total MW Energy Savings (First year, net)	N/A
11	Total therms Energy Savings (First year, net)	159,389
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.	N/A
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.	N/A
14	Forecasted Number of Customers Served by PY	PY 2021 - 5 PY 2022 - 10 PY 2023 - 10 PY 2024 - 5

Table B-2: General Contract Summary – Enovity, Inc.		
15	Area(s) Served (including service territory, climate zones, cities, and/or counties, as applicable).	SoCalGas Service Territory (All Climate Zones)
16	Program TRC ratio [Cost Effectiveness Tool (CET) output]. ³	1.25
17	Program Administrator Cost (PAC) ratio (CET output)	1.25
18	Program \$/kWh (TRC levelized cost, CET output)	N/A
19	Program \$/kWh (PAC levelized cost, CET output)	N/A
20	Program \$/MW (TRC levelized cost, CET output)	N/A
21	Program \$/MW (PAC levelized cost, CET output)	N/A
22	Program \$/therm (TRC levelized cost, CET output)	\$0.69
23	Program \$/therm (PAC levelized cost, CET output)	\$0.69
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)	<p>NMEC verified RCx and Operations measures including but not limited to:</p> <ul style="list-style-type: none"> • Setback scheduling to reduce unnecessary off-hours loads • Scheduling controls to reduce unnecessary off-hours loads • Supply air reset optimization to reduce unnecessary reheat loads • Airflow optimization to

Table B-2: General Contract Summary – Enovity, Inc.		
		reduce unnecessary reheat and ventilation loads <ul style="list-style-type: none"> • Economizer optimization to reduce unnecessary ventilation loads NMEC verified Capital measures including but not limited to: <ul style="list-style-type: none"> • Reconfiguration/Upgrade • Replacement • Water Treatment • Economizer • Insulation • Condensate Recovery • Controls • Steam Traps • Heat Recovery • Space Heat. Sys. • Process improvement
29	Savings Determination Type (i.e., custom, deemed, Net Metered Energy Consumption, or randomized Control Trial).	Net Metered Energy Consumption
30	Savings Calculation Method(s) (Meter-Based, Deemed, Calculated, Multiple and/or Other). If Multiple or Other, please specify.	Meter-Based
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 Large Commercial 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 Don Arambula Consulting. 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 five 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 (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 October 13, 2020. Negotiation of contracts immediately followed, with execution of the contract requiring Advice Letter approval occurring on December 16, 2020 for Willdan and December 23, 2020 for Enovity.

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 Lg Comm 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 Lg Comm solicitation, SoCalGas received a total of 20 questions (10 questions in the RFA Q&A round and 10 questions in the RFP Q&A rounds) from the bidding community on an array of topics. In the RFA stage, overarching themes included bidder notification process, bidder list for teaming arrangement, Disadvantaged Business Enterprise subcontracting goals, workforce training standards, list of subcontractors, benefits of electric savings, Licensing requirements, and list of incumbent contractors. In the RFP stage, overarching themes included PowerAdvocate tabs to complete, Terms & Conditions, CET, budget, clarification on use of calendar year, Affiliate and Affiliate relationship, Confidentiality Notice, Licensing requirements, and Data analytics.

1.c) Independent Evaluator Participation

The Lg Comm IE, Don Arambula Consulting, was involved in the preparation and review

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

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

- A. Pre-screening:
 - RFA and RFP: After the bids were due, SoCalGas Supply Management conducted a Threshold Assessment to see if all required documents were submitted on-time. SoCalGas provided the results of the threshold review to the assigned IE for IE's agreement/feedback.
 - RFP: A CET technical review was conducted by SoCalGas to identify any discrepancies in the assumptions. Meanwhile, an eligible programs criteria review was conducted by SoCalGas, based on the program eligibility criteria identified in the RFP. SoCalGas provided the results of both to the assigned IE for IE's agreement/feedback.
 - RFP: An RFA/RFP consistency review was conducted by SoCalGas to confirm whether the proposal was significantly different from the abstract, based on the criteria identified in the RFP. At the end of the evaluation period, the assessment was presented for further discussion with the IE.
- B. Scoring Training: SoCalGas conducted scoring team training to help inform the scoring team about the scoring process and answer any immediate questions. The IE reviewed the training materials and guidance document; and observed the scoring training meeting.
- C. Individual Scoring: SoCalGas distributed the RFA and RFP bid submissions that passed pre-screening to the scoring team and IE, with a due date/time. The IE conducted "shadow scoring" to better understand the way the scoring team was conducting its scoring and to help ensure the results were fair. IE scores were not part of SoCalGas' official scores.
- D. Calibration Meeting: The meeting was held after individual scoring was completed. IEs also participated in calibration meetings and offered observations.
- E. Shortlists Meetings: The SoCalGas scoring team, including SoCalGas management and IE, met to discuss the results of the bids and recommendations.
- F. Contract Negotiations: The IE oversaw the entire negotiation process and was included on all e-mail communications and invited to observe all meetings between SoCalGas and contractors.

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

RFA/RFP:

- In total, SoCalGas responded to 25 RFA Large Commercial IE comments and accepted a majority of the recommendations on the draft RFA and confirmed application of 45 IE comments associated with other RFAs; PRG checklist was complete and all PRG recommendations accepted.
- SoCalGas consolidated/streamlined its RFP package from 29 to 16 documents and reduced the number of RFP documents that the bidder must return. IE reported SoCalGas worked with the collective IEs to improve the standard RFP format; including removing redundancies, moving most tables into a proposal workbook, and improving the scorecard. Many of the IE recommendations were incorporated where SoCalGas accepted many of the IE's comments. IE reported this was a significant improvement over previous RFP solicitations.
- For the optional bidder's conference, a survey was conducted on the SoCalGas RFP CET training; only two respondents, but both very positive comments.
- IE reported no significant issues identified in the program solicitation.

RFA/RFP Shortlist Process:

- Pre-calibration, IE recommended to SoCalGas to allow evaluators to raise concerns over any score to address in calibration regardless of point deviation. SoCalGas has incorporated this into its RFA/RFP process. Overall, IE reported all scoring criteria were addressed and scores were adjusted based on an active, in-depth team discussion. SoCalGas conducted "horizontal" scoring across all bids to confirm consistency in scoring.
- Abstract shortlist (May 2020) - Ultimately, SoCalGas decided to advance the top 5 bidders. The IE believes advancing either the top 4 or 5 was reasonable.
- On July 22, 2020, SoCalGas held scoring team training and walked through each question in the scoring guide which allowed the scores a common understanding of how to apply the scorecard.
- On July 27, 2020, one of 5 RFP Bidders resubmitted its proposal (after RFP Closed on July 24, 2020), to correct a data table which includes a general program description, energy savings forecast, budget, etc. After conferring with SoCalGas Supply Management and the IE, it was decided not to accept the resubmission as the bidder attempted to improve its original submission. The IE concurred with SoCalGas' decision.
- In August 2020, the IE raised concerns on how the CETs will be evaluated as it relates to assessing measure mix and long-term energy savings. As a result, SoCalGas developed a summary of the bidders' proposed measures and corresponding effective useful lives and energy savings. The IE believed this would provide the evaluator the necessary information to properly score

- the bidders' measure mix and long-term energy savings.
- September 24, 2020 (Shortlist Meeting) – SoCalGas decided to select Willdan's all-segment offering and Enovity's single-segment offering. Enovity's innovative approach could produce untapped potential for behavioral-related energy savings. The selections are reasonable, and the IE supported moving these two bidders to contract negotiations.

Contract Negotiations:

- SoCalGas concluded contract negotiations with both Willdan and Enovity in December 2020 to service the large commercial customer group.
- Enovity (Negotiation period: October 19, 2020 – November 23, 2020):
 - Enovity's proposed a population-NMEC solution targeted primarily at hospitals. The Bidder expressed its eagerness to work with the CPUC on the program M&V plans.
 - SoCalGas asked Enovity whether it was willing to coordinate with the other implementer when there were other EE opportunities (customized, deemed solutions) for the customers. Enovity had no issue with such coordination and mentioned it has successfully coordinated with other implementers in other jurisdictions.
- Willdan Energy Solutions (Negotiation period: October 28, 2020 – November 20, 2020):
 - Willdan presented a detailed overview of its program delivery approach as well as addressing various SoCalGas questions. SoCalGas asked an array of questions related to various topics such as: DBE goals, HTR/DAC targets by regions (counties), and use of trade professionals.
 - Willdan clarified it would use a combination of trade pros and its own staff to perform direct installation work. Willdan noted it currently has Direct Installation staff that supports the Los Angeles Department of Water and Power's commercial EE program that it plans to leverage in combination with trade professionals.

Marketing and Outreach

To increase public and potential Bidder awareness of the Lg Comm 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. Overall, the solicitation outreach was adequate, as it generated more than 80 registered

bidders on SoCalGas' procurement website (i.e., PowerAdvocate) interested in the initial RFA.

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	12/16/2020- 12/23/2020
11	Tier 2 Advice Letter submission	3/31/2021

3. Independent Evaluator

As required by D.18-01-004, SoCalGas selected an IE for oversight and consultation throughout the process. The IE for the Lg Comm solicitation was Don Arambula Consulting.

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 – 2/4/20
- RFA Evaluation Results and Shortlist Recommendations – 6/2/20
- Final RFP Package – 6/2/20
- RFP Evaluation Results and Shortlist Recommendations – 10/6/20
- Contract Update report-outs – 10/6/20, 11/3/20, 12/1/20, 1/5/21

Transition Plan from Pre-Existing Program to New Program

The RCx+ Program will replace the RCx portion of the existing Commercial Calculated Program (SCG 3710). The RCx portion has had no new projects in the past 3 years. The RCx+ program's "Effective Date" will be the date the CPUC issues its disposition notice for this Tier 2 Advice Letter. The current program will stop taking new applications as the LCPs ramp up, scheduled for mid-2021. Commercial Calculated Program shut down activities will finalize when the current pipeline of pending projects is completed or time out; including all services must be complete, all projects and measures installed, all incentives paid, along with the issuance of a Final Program Report.

The LCP will replace SoCalGas' existing Commercial Calculated Program (SCG 3710). The Large Commercial program's "Effective Date" will be the date the CPUC issues its disposition notice for this Tier 2 Advice Letter. The current program will stop taking new applications as the LCPs ramp up, scheduled for mid-2021. Commercial Calculated Program shut down activities will finalize when the current pipeline of pending projects is completed or time out; including all services must be complete, all projects and measures installed, all incentives paid, along with the 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 April 20, 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 April 30, 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:

**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:

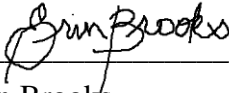
1. I am Erin Brooks, Customer Programs Policy & Support Manager in the Customer Programs and Assistance Department of Southern California Gas Company (“SoCalGas”). I was delegated authority to sign this declaration by Sandra Hrna, in her role as Vice President of Customer Solutions at SoCalGas. I have reviewed the confidential information included within SoCalGas’ Energy Efficiency Solicitations SharePoint regarding the *CONFIDENTIAL Energy Efficiency Large Commercial 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 31st day of March 2021, at Los Angeles.



Erin Brooks
Customer Programs Policy & Support Manager

ATTACHMENT A

SoCalGas Request for Confidentiality of its Large Commercial 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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ATTACHMENT A

Advice No. 5790

- Appendix A – (Redacted) Final Independent Evaluators Report
(Confidential) Final Independent Evaluators Report**
- Appendix B – (Confidential) Solicitation Process Overview**
- Appendix C – (Confidential) Selection Spreadsheets**
- Appendix D – (Confidential) Third-Party Contract Summary**
- Appendix E – (Confidential) Contracts**

**Confidential and Protected Materials
Pursuant to Public Utilities Code Section 583,
General Order 66-D, and D.17-09-023**

Energy Efficiency Independent Evaluators’ Final Report

Southern California Gas Company Local Large Commercial Program Solicitation

Contract: Willdan Energy Solutions’ Large Commercial Program

Prepared by:
Don Arambula Consulting



January 2021

Southern California Gas Company
Local Large Commercial Program Solicitation

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Executive Summary

Southern California Gas Company (SoCalGas or the Company) solicited third-party implementers to propose new energy efficiency programs for their local large commercial sector. The solicitation enabled SoCalGas to comply with the requirements of California Public Utilities Commission's (CPUC) Decision 16-08-019 to solicit for third-party energy efficiency programs proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator. The solicitation resulted in selection of **Willdan Energy Solution's Large Commercial Program**.

The Final Independent Evaluator Report (IE Report) provides a final assessment of Southern California Gas Company's third-party energy efficiency (EE) program solicitation process and executed contract (Contract) between SoCalGas and the program implementer. The Report is provided by Don Arambula Consulting, Independent Evaluator (IE), assigned to monitor the SoCalGas' local large commercial solicitation. The Report addresses SoCalGas' contract (Contract) with Willdan Energy Solutions, LLC (Willdan), the proposed implementer for the Large Commercial Program.

Large Commercial Program Summary

The implementer-designed Large Commercial Program will target large commercial facilities (i.e., annual energy usage greater than 50,000 therms) across the SoCalGas territory, delivering natural gas savings and solutions that also produce electric and water savings. The Program includes advanced planning driven by data analytics and implementation by an integrated team of highly experienced contractors/Trade Pros (e.g., CPUC experts, outreach/sales leads, technical leads, financing partners, and others) to deliver comprehensive projects that go beyond basic EE to include Energy Management Technologies (EMTs) and Integrated Demand Side Management (IDSMS) solutions.

The IE supports the Contract agreed to between SoCalGas and the program implementer. The IE Report addresses each aspect of the solicitation from the initial RFA development through contract execution. Table 2.2 lists key recommendations and observations made throughout the Report. The recommendations include potential improvements to the solicitation process as well as recommendations that are intended to enhance the implementation of the Contract.

A summary of the program's goals as incorporated into its contract follows.

Table 1.1: Program Overview	
Program Budget:	
TRC Ratio:	1.29
Therm (annualized, net)	2,190,594
Acquisition Cost (\$/Therm, net):	\$5.64
Disadvantaged Communities Goal:	40%
Diverse Business Enterprise Goal:	40%
Contract Duration:	48 months
Program Launch:	3Q 2021

1. Background

The investor-owned utilities' (IOU) is required to file a Tier 2 advice letter seeking the CPUC's approval of any proposed energy efficiency third-party contract with a value of \$5 million or greater and/or that has a contract term longer than three years.¹ The IOU is required to include in the advice filing a Final IE Report on each executed energy efficiency third-party contract and the corresponding program solicitation process.² Furthermore, a final IE Report is always provided to the IOU's Energy Efficiency Procurement Review Group (PRG).³

In August 2016, the CPUC adopted Decision 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 Decision 18-01-004 directing the four California IOUs—PG&E, Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas)—to ensure that their EE portfolios contain a minimum percentage of third-party designed and implemented programs by predetermined dates over a three-year period. Further directions were included in Decision 18-05-041, which stated:

“The third-party requirements of Decision (D.)16-08-019 and D.18-01-004 are required to be applied to the business plans of the investor-owned utilities approved in this decision. All utility program administrators shall have at least 25 percent of their 2020 program year forecast budgets under contract for programs designed and implemented by third parties by no later than December 19, 2019.”⁴

In October 2019, SoCalGas sought an extension of time from the CPUC on the 25 percent threshold target date to allow for the full execution of its planned solicitation schedule to procure new third-party programs and to account for the newness of the program solicitation process. On November 25, 2019, the CPUC's Energy Division granted the IOUs an extension of time to meet the 25 percent threshold by September 30, 2020.⁵

The CPUC further stated that, consistent with Decision 18-05-041, the IOUs must meet at least 40 percent of their energy efficiency portfolios under contract for programs designed and implemented by third parties by December 31, 2020 and 60% by December 31, 2022. The CPUC indicated that no further extensions of time will be granted to the IOUs for meeting the third-party percentage requirements specified in Ordering Paragraph 4 of Decision 18-05-041.

Two-Stage Solicitation Approach

The IOUs are required by the CPUC to conduct a two-stage solicitation approach for soliciting third party program design and implementation services as part of the energy efficiency portfolio. All IOUs are required to conduct a Request for Abstract (RFA) solicitation, followed by a full Request for Proposal (RFP) stage.⁶

¹ Decision 18-01-004, OP 2.

² Id, OP 5.d.

³ Id, OP 5.b.

⁴ Decision 18-05-041, OP 4.

⁵ 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.

⁶ Decision 18-01-004, p. 31.

The CPUC also requires each IOU to assemble a PRG. The IOU's PRG, a CPUC-endorsed entity, is composed of non-financially interested parties such as advocacy groups, utility-related labor unions, and other non-commercial, energy-related special interest groups. The PRG is charged with overseeing the IOU's EE solicitation process (both local and statewide), reviewing procedural fairness and transparency. This oversight includes examining the overall procurement process 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 required to select and utilize a pool of EE IEs to serve as consultants to the PRG.⁷ The IEs are directed to observe and report on the IOU's entire solicitation process, preparation, evaluation, selection, and contracting process. The IEs review and monitor the IOU solicitation process, valuation methodologies, selection processes, and contracting to confirm that an unbiased, fair, and transparent competitive process is conducted that is devoid of market collusion or manipulation. The IEs are privy to viewing all submissions. The IEs are invited to participate in all the IOU's solicitation through selection-related discussions and are bound by confidentiality obligations.

2. Solicitation Overview

2.1. Overview

This Final IE Report summarizes the solicitation process for the Local Large Commercial solicitation and provides the IE's assessment of the solicitation from the development of the draft RFA through the contract execution. Due to the contract value (i.e., >\$5 million) and contract length (i.e., > 3 years), this Contract requires a final IE report to be submitted along Tier 2 advice letter filing including.⁸ This Final IE Report will also be presented to SoCalGas' PRG.⁹

Solicitation Scope

The Large Commercial solicitation sought qualified Bidders to propose, design, implement, and deliver an innovative, resource-based program(s) that provides comprehensive, long-term natural gas energy efficiency results for existing large and very large commercial (Large Commercial) customers.¹⁰ These Large Commercial customers account for approximately 33 percent of the commercial sector energy usage annually.¹¹

Objectives

The Large Commercial solicitation was aimed to solicit innovative, resource-based programs to address various market barriers and drivers, as identified in SoCalGas' Business Plan, resulting in more comprehensive and deeper, longer-term energy savings. The selected Bidder would assist SoCalGas in the achievement of various portfolio and sector metrics¹² through a comprehensive set

⁷ Id, OP 5.a.

⁸ Id, OP 5.d.

⁹ Id, OP 5.b.

¹⁰ See SoCalGas Business Plan, pp. 109-110 (Commercial Sector Vision) & p. 121 (Commercial Sector Segmentation), available at [Business Plan](#).

¹¹ See SoCalGas Business Plan, p. 109 (Commercial Sector Chapter Summary), available at [Business Plan](#).

¹² See SoCalGas Portfolio And Sector-Level Metrics Compliance Filing, pp. 69-75, available at [SoCalGas Portfolio And Sector-Level Metrics](#).

of program strategies and tactics.

2.2. Timing

The Large Commercial program solicitation was released as scheduled on February 21, 2020.¹³ Table 2.1 below presents a list of key solicitation milestones and expected completion dates relative to the RFA and RFP. All milestone dates were met. As presented in the table, the contract was executed by the end of December 2020, about 44 weeks after the release of the RFA, which is relatively consistent with the Energy Division's recommended 39-week timing for a two-stage competitive solicitation.¹⁴ The Energy Division's guidance regarding the preferred solicitation duration was provided to the IOU on March 11, 2020, well after this solicitation had begun. The IOU attempted to reduce its planned solicitation activities in the contract negotiation phase in order to stay within the Energy Division's schedule guidance and, most importantly, to meet the CPUC required threshold to have 40% of the program portfolio under an executed contract by December 31, 2020. The contract negotiation period was completed over eight weeks, well within the CPUC's suggested 12-week negotiations period.

Table 2.1: Key Milestones	
Milestones	Completion Date
RFA	
RFA Released	February 21, 2020
Optional Bidder Webinar	March 3, 2020
Questions Due from Bidders	March 10, 2020
Responses Provided by SoCalGas	March 17, 2020
Bidder Abstracts Due	April 3, 2020
Stage One Abstract Review Period Ends	June 2020
Calibration Meetings Held	May 19-20, 2020
Shortlist Meetings Held	May 26, 2020
Shortlist Presented to Procurement Review Group (PRG)	June 2, 2020
RFP	
RFP Released	June 12, 2020
Optional Bidder Web-Conference	June 23, 2020
Questions Due from Bidders – Round 1	June 26, 2020
Responses Provided by SoCalGas – Round 1	July 2, 2020
Questions Due from Bidders – Round 2	July 8, 2020
Responses Provided by SoCalGas – Round 2	July 15, 2020
Bidder's Proposal Due in Power Advocate	July 24, 2020
Calibration Meetings Held	September 21–22, 2020
Shortlist Meetings Held	September 24, 2020
Shortlist Presented to PRG	October 6, 2020
Contracting & Implementation	
Selected Bidder(s) Notified	October 13, 2020
Contracts Presented to PRG	December 1, 2020
Contract Executed	December 17, 2020

¹³ Solicitation schedules are updated periodically by the IOUs and the current schedule can be found at caeecc.org.

¹⁴ CPUC Letter to the IOU Regarding Energy Efficiency Third-Party Solicitation Schedule, March 11, 2020.

2.3. Key Observations

Overall, we find that the solicitation was successful in procuring a program that will assist SoCalGas meet its CPUC-directed energy efficiency portfolio goals and metrics along with helping the IOU’s portfolio and sector objectives described in its Business Plan. SoCalGas’ conduct and management of the energy efficiency program solicitation was equitable, transparent, and fair. The IOU conducted the solicitation consistent with the CPUC’s guidance.

SoCalGas allowed the IE to monitor all aspects of the solicitation from the development of the initial RFA materials through the contract negotiations. Throughout the solicitation, the IE provided feedback to the IOU on various activities such as RFA and RFP development, bidder instructions, scorecards, and bidder questions and answers. SoCalGas was responsive to this IE feedback and made many changes to the solicitation based on the EE feedback.

Table 2.2 summarizes the key observations made during each solicitation stage. The IE shared these key recommendations and others with the IOU and PRG throughout the solicitation. The IOU was provided an opportunity to review, consider, and accept each of these recommendations. The IOU did not always accept the IE recommendations. In those instances, the IOU provided its rationale for not accepting the recommendations.

Table 2.2: Key Issues and Observations			
Topic	Key Observation	Potential Remedy	Outcomes/Lessons Learned
RFA Stage			
Timing	RFA provides 6 weeks for the bidders to respond to the RFA.	To complete the solicitation in a timely manner, this should be reduced to 4 weeks for the RFA.	SoCalGas retained the 6-week period for bidder response and looked to reduce its evaluation period.
Abstract Narrative	There are a significant number of data requirements embedded in the RFA Narrative form.	Data requirements (budget, energy savings, etc.) should be presented in the RFA Workbook instead of the RFA narrative form.	SoCalGas will address this in future RFAs and RFPs.
Solicitation Outreach	The solicitation outreach relied on a general awareness of SoCalGas’ program solicitations to the bidder community through several	In future solicitations, the IOU should enhance its current outreach approach by leveraging industry organizations	Recommendation has not been shared with the IOU.

Table 2.2: Key Issues and Observations

Topic	Key Observation	Potential Remedy	Outcomes/Lessons Learned
	<p>announcements and IOU-specific workshops regarding SoCalGas' upcoming energy efficiency program solicitations.</p> <p>SoCalGas did not involve the IE in the development of its solicitation outreach strategy.</p>	<p>relevant to solicitation to garner greater awareness of the solicitation among the vendor community. The IOU should also proactively outreach to the bidder community through its Diversified Business Enterprises (DBE) outreach efforts to increase the participation of DBE-qualified bidders.</p>	

RFP Process

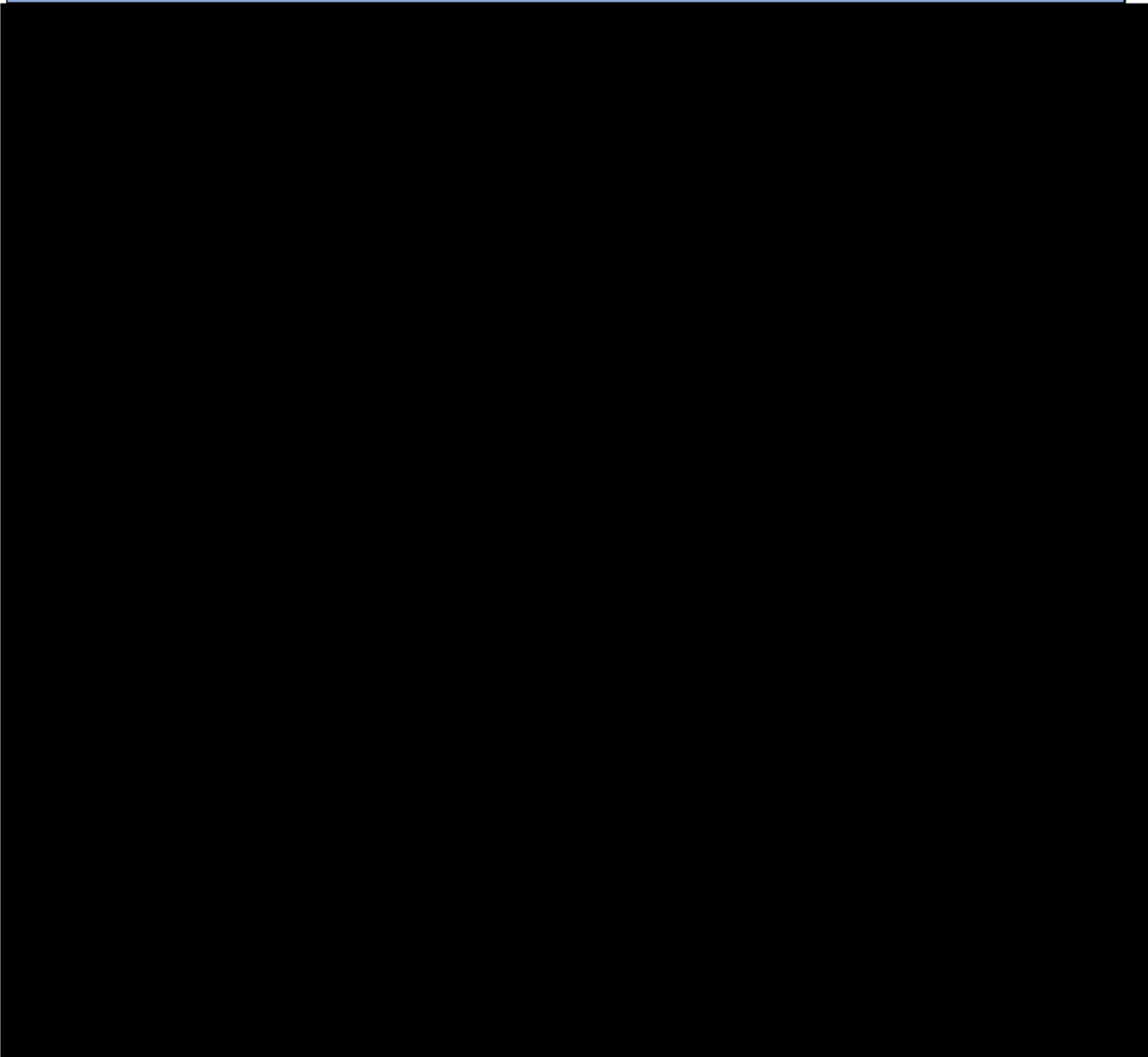


Table 2.2: Key Issues and Observations			
Topic	Key Observation	Potential Remedy	Outcomes/Lessons Learned
Contracting and Negotiations			
Negotiation Process	SoCalGas' negotiation process extended over an 8-week period with much of the bidder discussions occurring over a very brief 5-week period which included major holidays. This abbreviated schedule likely hurried both parties in negotiations.	More time should be allotted to contract negotiation discussions as to avoid hurried schedules and to recognize major holidays.	SoCalGas proposes to follow the Energy Division's recommended 12-week schedule for contract negotiations, if needed.

3. Solicitation Outreach and Bidder Response

3.1. Bidder Response to Solicitation

The solicitation outreach relied on a general awareness of SoCalGas' program solicitations to the bidder community through several announcements and IOU-specific workshops regarding SoCalGas' upcoming energy efficiency program solicitations. SoCalGas also posted general information onto its third-party solicitation webpage and the California Energy Efficiency Coordinating Committee (CAEECC) website. Overall, the solicitation outreach was adequate, [REDACTED] on SoCalGas' procurement website (i.e., PowerAdvocate) interested in the initial RFA. The table below summarizes SoCalGas' actual response to the local program solicitation.

In future solicitations, the IOU should enhance its current outreach approach by leveraging industry organizations relevant to the specific solicitation to garner greater awareness of the solicitation among the vendor community. The IOU should also proactively outreach to the bidder community through its Diversified Business Enterprises (DBE) outreach efforts to increase the participation of DBE-qualified bidders.

Table 3.1: Solicitation Response	
	Number
Abstracts Expected	[REDACTED]
Abstracts Received	[REDACTED]
[REDACTED]	[REDACTED]
Proposals Expected	[REDACTED]
Proposals Received	[REDACTED]
[REDACTED]	[REDACTED]

3.2. RFA and RFP Bidder's Conferences and Q&A

SoCalGas held an optional RFA Bidders' Conference on March 3, 2020, and an RFP Bidders'

Conference on June 23, 2020. For efficiency's sake, both Bidders' Conferences addressed two other program solicitations (Agricultural and Manufactured Homes) along with the Large Commercial solicitation.

Potential bidders had ample time during both conferences to ask questions. Bidders were also provided an opportunity after the Bidders' Conferences to provide written questions. For the Large Commercial RFA, SoCalGas received a total of 13 questions covering an array of topics, including the CPUC's diverse business enterprise definition, hard-to-reach (HTR) customer targeting, contractor's license requirements, partnering opportunities, and general RFA requirements. In the RFP stage of the Large Commercial solicitation, the IOU received only two questions regarding budget limits and customer usage data availability. The IOU shared a draft response to each question with the IE. The IE reviewed and provided minor comments to SoCalGas which the IOU incorporated. The IOU used its online solicitation tool, PowerAdvocate, to communicate its response to all bidder questions. Consistent with the PRG recommendation, SoCalGas posted the recordings of the Bidder Conferences on its PowerAdvocate system for all participating bidders.

RFA Bidder Conference Date	March 3 2020
Number of Questions Received	13
RFP Bidder Conference Date	June 23, 2020
Number of Questions Received	3

3.3. Solicitation Design Assessment

The solicitation design complies with the CPUC directive for a two-stage program solicitation.¹⁵ The solicitation design also met SoCalGas' need to procure a Local Large Commercial resource program targeting SoCalGas' larger commercial customers (greater than 50,000 therms). The IOU's expressed its expectation to bidders to solicit innovative, resource-based programs to address various market barriers and drivers, as identified in SoCalGas' Business Plan, resulting in more comprehensive and deeper, longer-term energy savings. The selected Bidder(s) will assist SoCalGas in the achievement of various portfolio and sector metrics¹⁶ through a comprehensive set of program strategies and tactics.¹⁷

4. RFA and RFP Design and Materials Assessment

4.1. RFA Design Requirements and Materials

The RFA requirements provided SoCalGas a sufficient level of information on the bidders' proposals to properly conduct the evaluation. The RFA requirements limited bidders to 14 questions regarding their program abstracts. This was a significant improvement over previous RFA solicitations. The IOU also reduced the number of supporting documents from prior solicitations after feedback from the PRG and the IOU's collective IEs. The RFA package was limited to the RFA instructions, abstract template, budget workbook, exhibit listing, and a bidder checklist to help the bidder confirm that it met all the RFA requirements prior to submitting an abstract.

¹⁵ Decision 18-01-004, p. 31.

¹⁶ See SoCalGas Portfolio And Sector-Level Metrics Compliance Filing, pp. 69-75, available at [SoCalGas Portfolio And Sector-Level Metrics](#).

¹⁷ SoCalGas Large Commercial Request for Abstract, February 21, 2020, p. 28.

The IE [REDACTED] to the IOU on [REDACTED]. The recommendations ranged from [REDACTED]. The IOU considered and accepted most of the IEs comments. The IE recommendations considered by SoCalGas but not accepted included recommendations such as [REDACTED]. Overall, the [REDACTED].

4.2. RFP Design Requirements and Materials

As with the RFA, the RFP requirements provided SoCalGas a sufficient level of information on the bidders' proposals to properly conduct the evaluation and make a final selection in the solicitation. The RFP requirements included 33 bidder questions. This was a significant improvement over previous RFP solicitations.

The IE [REDACTED] SoCalGas considered each of the recommendations and incorporated the majority of them [REDACTED]. These recommendations included [REDACTED]. The IOU considered but did not incorporate a few of the IE recommendations (see Section 4.3 below).

4.3. Response to PRG and IE Advice

SoCalGas provided the opportunity for both the PRG and IE to review and comment on the RFA and RFP materials. The PRG did not provide any specific recommendations on the solicitation materials. SoCalGas also accepted most of the IE comments on [REDACTED]. SoCalGas indicated it will [REDACTED]. For the RFP, the IOU accepted most of the IE recommendations except for the following:

[REDACTED]



5. Bid Evaluation Methodology Assessment

During both the RFA and RFP bid evaluation stages, SoCalGas performed a threshold assessment in which the Company evaluated abstracts to ensure bidders provided all required information and were eligible for scoring. [REDACTED]

5.1. Bid Screening Process

At the RFA stage, SoCalGas conducted a bid screening process which consisted of two threshold requirements: timeliness and completeness of submissions. [REDACTED] passed the initial screening. The screening was conducted by SoCalGas' Supply Management group which is a separate organization from SoCalGas' energy efficiency group. SoCalGas' decision [REDACTED]

At the RFP stage, SoCalGas implemented a bid screening process consistent with the approach presented to bidders in the RFP.¹⁸ [REDACTED] passed the bid evaluation process. The IE monitored the evaluation process and agreed that all proposals passed.

The RFP bid evaluation consisted of two parts: (1) a threshold assessment to determine the responsiveness of the proposal to minimum requirements; and (2) proposal content scoring (for proposals that meet the threshold assessment requirements). SoCalGas first evaluated the threshold assessment criteria (Items A, B, and C) on a pass/fail basis, as presented below. Only proposals that received a "Pass" on the threshold assessment were evaluated for proposal content.

- A. On-time submittal via PowerAdvocate
- B. Proposal responsiveness
- C. Bidder and proposed program are eligible if bidder meets the RFP requirements and the proposal does not include the following:
 - o Programs that target small and medium Commercial customers;
 - o Programs that target the Public sector;
 - o Unproven new technologies, tool development, research and development ("R&D"), or completion (market testing) of a product;
 - o Demonstration, pilot or "proof of concept" projects, R&D prototypes, and limited production technologies that cannot support an effective EE program;
 - o Statewide energy efficiency programs or programs that overlap with statewide programs;

¹⁸ Section 4, Table 3, p. 17.

- Programs that are primarily based on behavioral measures (Note – Resource program designs which include behavioral components are acceptable);
- Income Qualified energy efficiency programs;
- Programs that solely promote demand response programs;
- Non-EE programs/services and services that support other EE programs;
- EM&V consulting services and program support services;
- Programs that are solely a non-resource program (Note - Resource program designs which include non-resource strategies (e.g., marketing, training, etc.) are acceptable; and/or
- Programs that overlap or duplicate the efforts of Local Government Partnerships or Regional Energy Networks.



Table 5.1: RFA Scoring Rubric	
Category	Weighting
[Redacted]	

Table 5.2: RFP Scoring Rubric	
Category	Weighting
[Redacted]	



¹⁹ Decision 18-10-008, Attachment B, Required Modifiable Contract Terms and Conditions, Section D.a.i., p. B-9. SBE means a “small business enterprise” as defined in Title 2, Section 1896.12 of the California Code of Regulations.

5.3. Evaluation Team Profile

The tables below present SoCalGas’ evaluation team roster during the RFA and RFP stages. In the RFP stage, [REDACTED]

SoCalGas held a group training session for the scoring team prior to evaluating both the abstracts and proposals. The two training sessions included an overview of the RFA and RFP, conformance with SoCalGas’ [REDACTED]

The IOU confirmed that there were [REDACTED] [REDACTED] The IOU required each evaluator to attest that there was no conflicts of interest.

Table 5.3 RFA - IOU Evaluation Team			
Number of Reviewers	Position Title	Position Role	Area(s) Scored
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Table 5.3b: RFP - Evaluation Team			
Number of Reviewers	Position Title	Position Role	Area(s) Scored
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

The IE monitored all calibration meetings.

5.5. Response to PRG and IE Advice

As stated previously, SoCalGas provided the opportunity for both the PRG and IE to review and comment on the RFA and RFP materials. The PRG did not provide any specific recommendations on the solicitation materials. SoCalGas accepted most of the IE comments on the RFA or indicated it would address the IE recommendations in future solicitations. For the assessments performed during the RFP stages, the IOU accepted most of the IE recommendations except for the following:

[REDACTED]

6. Final Bid Selection Assessment

6.1. Conformance with Established Evaluation Processes

SoCalGas applied the same scoring methodology to all abstracts and proposals. No exceptions were made. All information provided by the bidders was scored as part of the evaluation process. Overall, the SoCalGas evaluation approach was unbiased and conducted in a fair and transparent manner.

The IE monitored both the RFA and RFP evaluation processes, [REDACTED]

[REDACTED]

All adjustments seemed reasonable and well-founded. Discussions were well reasoned and professional, and at no time was any score team member coerced into changing their scores. The IE had no significant disagreements with the scoring team's assessment of the RFA abstracts or the RFP proposals evaluated. [REDACTED]

[REDACTED]

[REDACTED]



6.2. Management of Deficient Bids

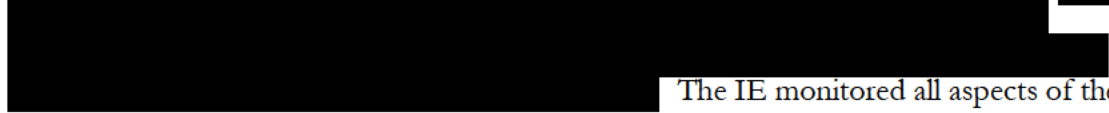
SoCalGas did not take any actions to rectify deficiencies associated with individual bids during the evaluation process. Bids were evaluated based on what was submitted. [REDACTED]



6.3. Shortlist and Final Selections

A) Conformance with Established Evaluation Processes

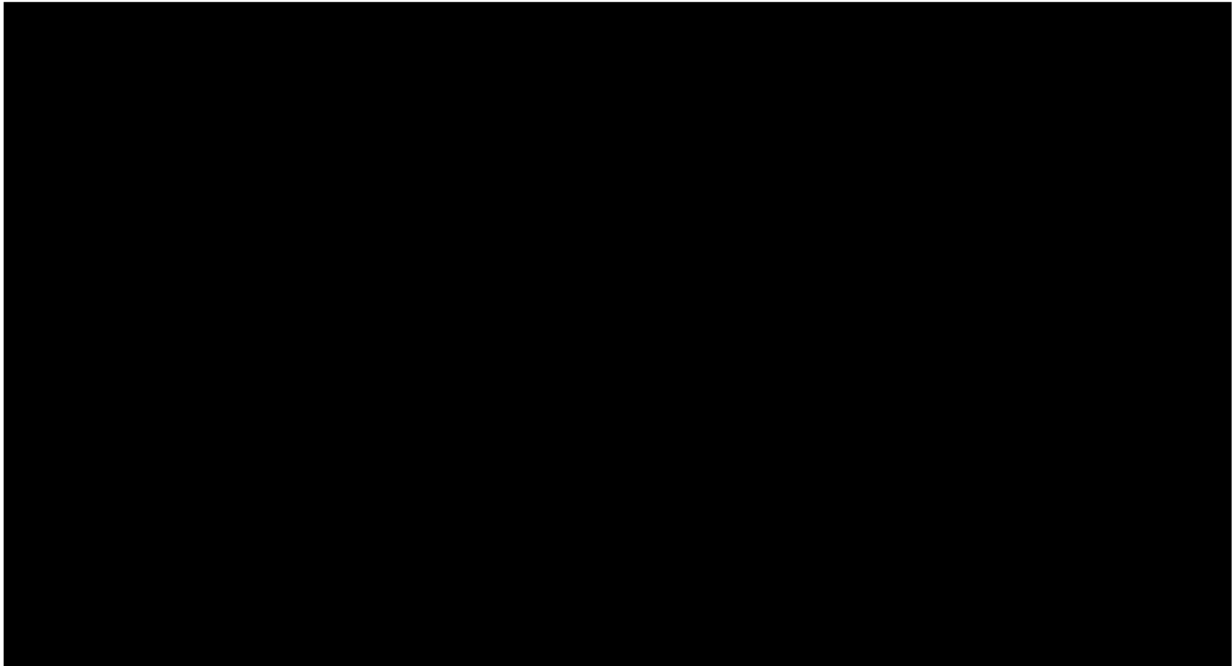
The IOU used the final aggregate team scores to rank both abstracts and proposals. [REDACTED]

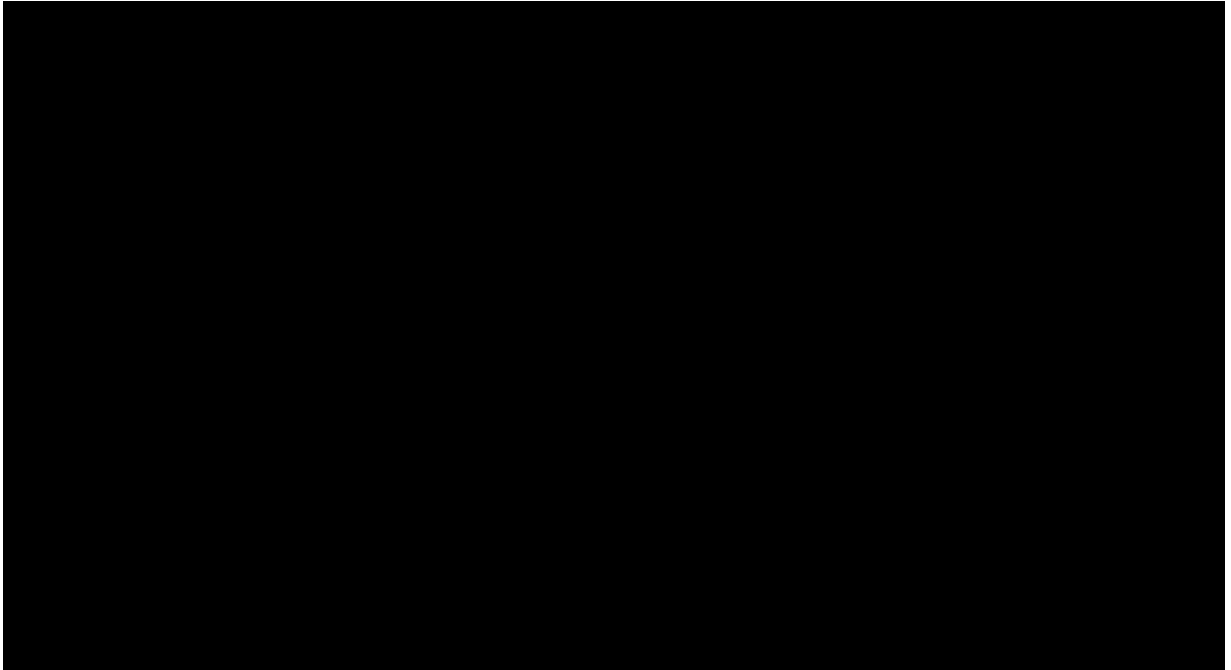


The IE monitored all aspects of the evaluation including the IOU's calibration meeting to confirm scores and its final selection meeting which was attended by SoCalGas' program management and senior leadership. [REDACTED]

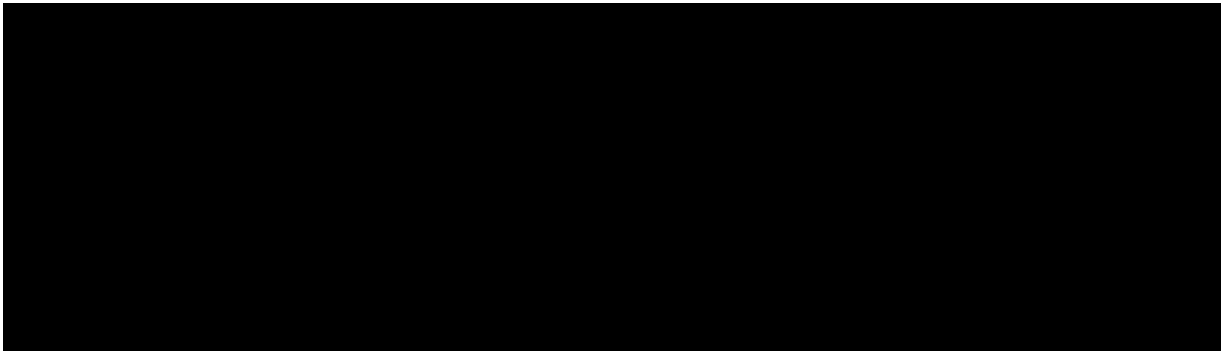


The IE confirmed that the IOU's evaluation was fair and reasonably applied the scoring rubric and scorecard.





B) Portfolio Fit



6.4. Affiliate Bids and Conflict of Interest

The CPUC, in Decision 05-01-055, prohibits any transaction between a California IOU and any program implementer for EE that is a California affiliate of an IOU. SoCalGas required all bidders to acknowledge that they are not an affiliate of any California IOU. There was no instance where a California IOU affiliate participated as a bidder in the solicitation.

Additionally, as part of SoCalGas' evaluation team instructions, SoCalGas directed each team member to identify any potential conflict of interests with the participating bidders. None were identified as part of this solicitation.

7. Assessment of Selected Bids

7.1. Bid Selections Respond to Portfolio Needs

For the final selection, the bids selected to move forward to contracting met portfolio needs. The final selection is consistent with SoCalGas' portfolio needs as identified in its RFA and RFP instruction and with its key objective identified in the Business Plan to increase energy efficiency

adoption levels for commercial customers with high energy efficiency potential through efficient outreach and effective offerings.²⁰

7.2. Bid Selections Provide Best Overall Value to Ratepayers

The IE supports the IOU’s selection of Willdan’s Large Commercial Program. The Program provides the best overall value to ratepayers within the competitive pool of bids in this solicitation. Willdan received the highest score at both the RFA and RFP stages.

Program Description

Willdan’s Large Commercial Program offers comprehensive energy efficiency (EE) for customers (using >50,000 therms annually on a premise level) across the SoCalGas territory, delivering natural gas savings and solutions that also produce electric and water savings. The Program includes advanced planning driven by data analytics and implementation by an integrated team of highly experienced contractors (e.g., CPUC experts, outreach/sales leads, technical leads, financing partners, and others) and an established, open trade professional network to deliver comprehensive projects that go beyond basic energy efficiency to include energy management technologies (EMTs) and Integrated Demand Side Management (IDSMS) solutions. The Program integrates quality assurance and embedded-M&V in all program steps.

Program Overview

The table below provides a summary of the key quantitative metrics drawn from the executed program contract between SoCalGas and Willdan.

Table 7.1: Proposed Program – Overview		
Item	Amount (Total Contract Period)	SoCalGas 2021 Annual Budget Advice Letter – Commercial Sector (2021 only)
[REDACTED]		
Disadvantaged Communities (% Energy Savings)	40%	Not presented
Hard-to-Reach Customers (% Energy Savings)	n/a	n/a
Diversified Business Enterprise (% of Contract Value)	40%	Not presented
Note - * portfolio level		

Alignment with Key Energy Efficiency Policies

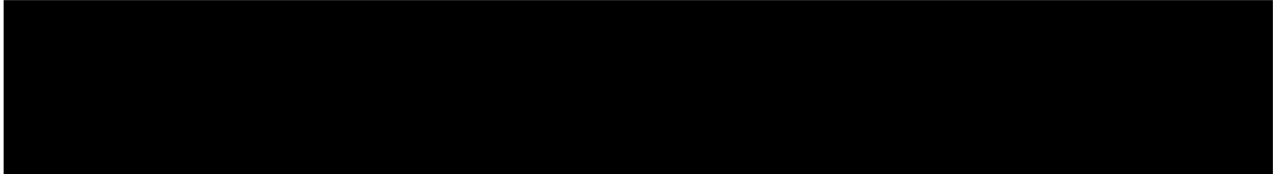
The following discussion addresses the specific attributes of the selected program and the alignment with key energy efficiency policies.

a) Cost-Efficiency – Simple Acquisition Cost

The Large Commercial Program cost-per-therm forecast is slightly better than the SoCalGas’ 2021 Commercial sector program forecasts as presented in the IOU’s 2021 Annual Budget Advice Letter.

²⁰ Southern California Gas Company’s Energy Efficiency Business Plan, dated January 17, 2017, p. 110.

Simple acquisition cost is an indicator of a program’s cost-efficiency (i.e., the price tag of a therm). It is a quick, convenient way to compare programs across a program portfolio. The calculation does not consider the longevity of the annualized energy savings. The total program cost is divided by the program’s expected total first year net annualized energy savings. Also, the expected cost-per-therm for the IOU’s 2021 commercial sector forecasts includes all commercial programs including statewide mid-stream programs, statewide downstream programs, and local commercial programs including those targeting large commercial customers. Nevertheless, the expected program is expected to be more cost efficient in the delivery of program results than the 2021 commercial offerings, in aggregate.



b) Program Performance

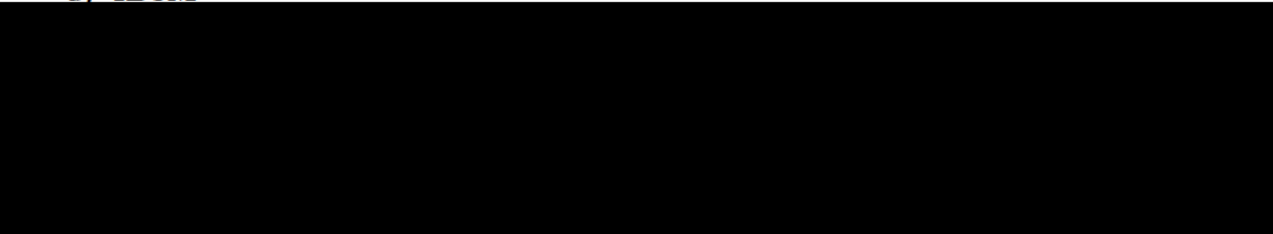
The Large Commercial Program is expected to achieve a total 2,190,594 net therms of annualized energy savings over the Contract term. Over the next three years, SoCalGas’ EE portfolio goals increase by 31 percent over 2020 levels.²¹ The Large Commercial Program is expecting an increase in energy savings results over 2021 levels to help support the IOU in meeting the increase in its portfolio-level EE goals, as presented in the table below.

First Year Annualized Deliverable	2021	2022	2023	2024	Total
Net Therm Savings	211,940	818,723	974,514	185,417	2,190,594

c) Cost-Effectiveness Showing

The Large Commercial Program’s cost-effectiveness showing is better than the SoCalGas’ 2021 program portfolio forecast, as shown in Table 7.1. This improved cost-effective showing will help the IOU meet its future obligations in the coming years to present to the CPUC a portfolio-level cost-effectiveness forecast that meets or exceeds a TRC ratio of 1.25. The program’s forecast, including the assumed values and the reasonableness of the program’s expected EE installations, was confirmed by SoCalGas’ engineering and program staff. The prospective cost-effectiveness showing does support the notion that third-party program implementers can help improve the cost-effectiveness of the IOU’s overall program portfolio.

d) IDSM



²¹ Decision 19-08-034, Attachment 2, Data Form, Tab D.

²² Section G, Modifiable Terms and Conditions, p. 25.

e) Disadvantaged Communities (DAC)






f) Disadvantaged Worker Policy

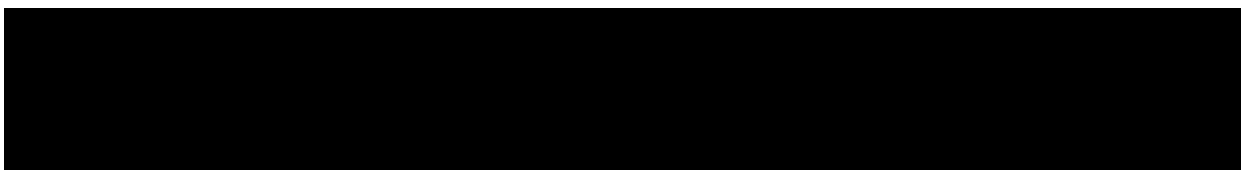
Per the Contract, the specific Disadvantaged Worker (DW) Plan will be presented in the final Implementation Plan (IP). Since the Implementation Plan will be drafted after contract execution, it is important for the CPUC's Energy Division to review specific DW requirements detailed in the final IP to confirm compliance with applicable CPUC directives. The Contract also lists various DW-related contractual obligations, such as tracking and reporting DW activities.²⁷

g) Workforce Standards Policy

The Contract requires the implementer, and its subcontractors, to comply with the CPUC's workforce standards related to HVAC and advanced lighting controls installations.²⁸ However, the latter is not relevant to the gas-only EE Program.

h) Deep and Persistent Energy Savings

The Large Commercial Program will offer a measure mix which includes longer-lived measures. Approximately  of the forecasted EE savings will have an effective useful life of .  With the Program's focus on comprehensiveness, it is reasonable to expect the Program will deliver deep and persistent energy savings for its participants.



The compensation approach seems reasonable given the combination of deemed, customized, and NMEC offerings. With the exception of deliverable pricing, the Contract is pay-for-energy savings either based on installation and/or metered savings. The implementer proposes to offer greater level of technical assistance to the customer and will apply incentives as needed to convince the customer to pursue the EE project.

²³ Large commercial customers do not fall within the CPUC's definition of hard-to-reach (HTR) customers.

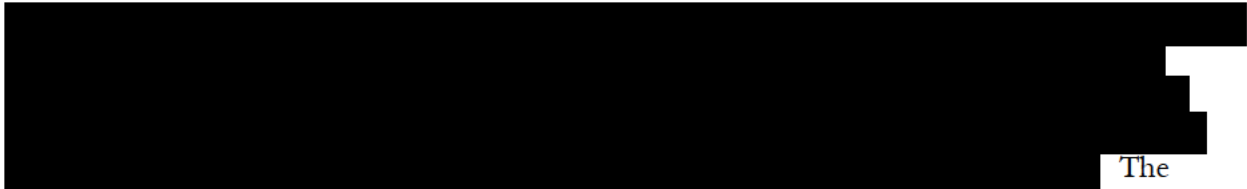
²⁴ Attachment 10, Table 7, Customer Incentive Structure, p. 87.

²⁵ Attachment 8, Table 4, Key Performance Indicators, pp. 77-79.

²⁶ Implementation Plan Template, Version 2, p. 5, dated January 2020.

²⁷ Reporting and Tracking Disadvantaged Worker and Job Creation, p. 54.

²⁸ Part B, Modifiable Terms and Conditions, Section A.1, p. 20.



The Contract performance assurance requirement is limited to the CPUC’s bonding requirement set by the California State License Board.²⁹

Table 7.3: Implementer’s Compensation Structure	
Payment Structure	Percentage
[Redacted]	

j) Supporting Portfolio and Sector Metric Achievement

SoCalGas’ 2019 Annual Budget Advice Letter provides a list of all CPUC-approved portfolio and sector metrics.³⁰ These metrics include a baseline year (2016) of results and a forecast of expected performance which extends through 2025. The Program’s focus on large commercial customers should produce an increase in the large commercial customer participation levels over previous years which supports sector metrics #139 through #187. These metrics encourage improvement of a variety of different performance indicators over previous program years such as higher levels of energy efficiency, greater customer participation, and improved levelized cost.

k) Viable Energy Efficiency Measure Mix and Approaches

The Large Commercial Program will offer viable energy efficiency measures. The Program’s energy savings forecast is based on a combination of energy savings derived from direct install, deemed, customized, and NMEC approaches. As stated previously, the IOU’s subject matter experts reviewed the program’s measure mix and found no significant issues with the final mix. Special care will be taken by the Program to avoid potential customer double-dipping of program incentives with SoCalGas’ midstream commercial offerings.³¹ Also, the program should be continuously monitored against the very dynamic landscape of commercial office buildings in light of the ongoing pandemic.

l) Compliance with CPUC M&V Requirements

The program consists of deemed, customized, and NMEC energy savings. During contract negotiations SoCalGas sought a greater level of detail regarding Willdan’s proposed program M&V approach. In response, Willdan provided a detailed outline of their upcoming M&V plan. After reviewing the M&V approach, the IOU believed it was consistent with the CPUC’s direction. The IE concurs. The executed contract requires that a full M&V plan be prepared by the implementer 30 days after contract execution and be included in the final Implementation Plan due 60-days after CPUC approval on the executed contract. There should be an active review of the of M&V Plan, by CPUC EM&V staff, to confirm the appropriateness of the data collection plan in support of future

²⁹ Part A, Standard Terms and Conditions, Performance Assurance; Bonding, Section A.2, p. 14.

³⁰ Advice 5349-A, Appendix B, dated October 29, 2018.

³¹ Schedule A, Term 49, p. 12.

EM&V studies.

8. Reasonableness of Contracting Process

8.1. Collaboration on Final Program Design and Scope

From October 28, 2020 through November 19, 2020, SoCalGas and Willdan met [REDACTED] to discuss various aspects of the contract including program design and delivery. In Decision 16-08-019, the CPUC allowed the IOU and the selected bidder, after program selection, to collaborate on the ultimate program design implemented by the third party.³² This enables the IOU to share its understanding of its customers and prior program implementation experience with the selected bidder to optimize the program offering. This is also the time for the bidder to share greater levels of program details and to address any concerns that the IOU may have regarding the program design and delivery.

The IOU and the bidder discussed [REDACTED]

[REDACTED] Below is a

summary of key negotiated items:

[REDACTED]

³² Conclusion of Law 57.



8.2. Fairness of Negotiations

Overall, the contract negotiations were fair and transparent.

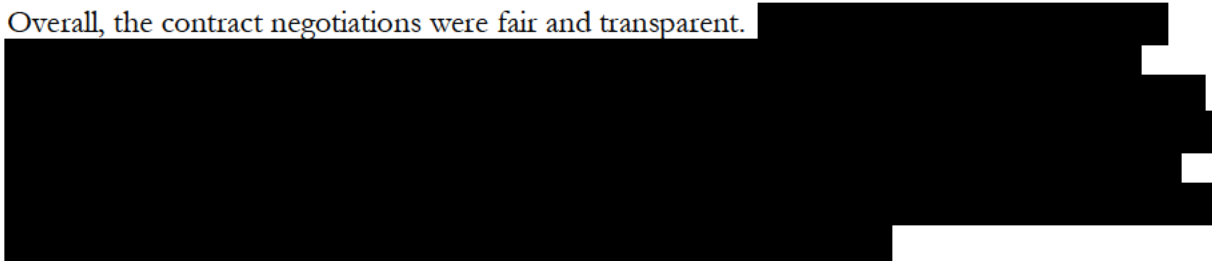
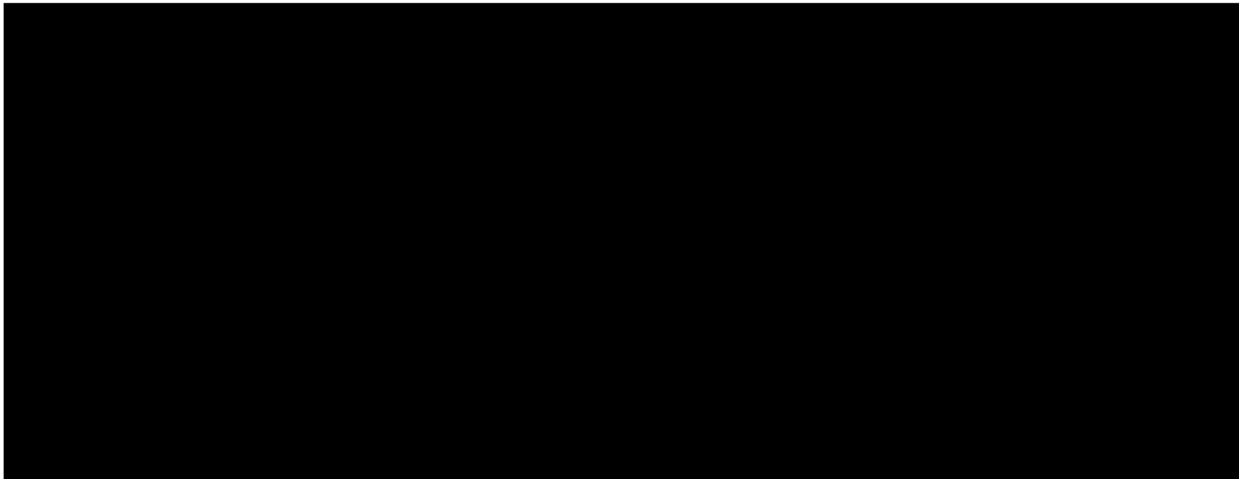


Table 8.1: Proposed vs. Final Agreement		
	Total 4-Year Budget	Total 4-Year Therms, Net
Final Contract	\$12,350,000	2,190,594

8.3. Changes to Contract Terms & Conditions

To be compliant with CPUC directives, SoCalGas provided the bidder with both the standard and modifiable CPUC terms and conditions at the start of contract negotiations.³³ The IE reviewed all documents and confirmed that the CPUC’s terms and conditions are included in the agreement with the specific modifications as discussed below:



³³ D.18-10-004, OP 7.



Table 8.2: IOU Additional Terms		
Standard Term	Conflicting Additional Term	Resolved
[Redacted Content]		

8.4. Conformance with CPUC Policies and Objectives

Table 8.1 provides a summary of the way elements of the program align with CPUC Policies and Objectives.

Table 8.1: Contract to Guidance Comparison	
PRG Guidance and Other Considerations	IE Response
IOU should develop a standard contract template with CPUC standard terms, compliant with applicable CPUC policies, decisions or specific directives, consider PRG and IE feedback, not use language/concepts that are inappropriate or typically not used in the EE industry. (PRG Guidance on Contracting, Section 6.1.1)	See Section 8.3.
Contract must include all CPUC standard (non-modifiable) contract terms in the contract (6.1.2)	See Section 8.3.
Contract includes CPUC modifiable contract terms as a starting point. (6.1.3)	See Section 8.3.
Other aspects of the contract template do not conflict with CPUC terms and conditions, policies, decisions or direction. (6.1.4/5)	See Section 8.3.
IE pool reviews standard contract template and provides comment (6.1.6)	Confirmed. IE pool reviewed contract template.
IOU must present its contracting negotiation process to the IE/PRG for review (6.2.1)	Confirmed. IE was informed of the process and approach to the contract.
IEs should monitor all bidder communications during the negotiation process (6.2.2)	Confirmed. IE was included in all bidder communications and invited to all meetings.
IOUs should explain its contracting process to selected bidders (6.2.3)	Confirmed. The IOU explained the contracting process to the bidder at the initial meeting.
Prior to execution, the assigned IE and PRG should review final contracts for each program recommended for award. (6.3.1)	Confirmed, the IE reviewed final contracts.
Reasonable number of KPIs.	Confirmed. There are 10 KPIs addressing different aspects of the implementer’s performance.
KPIs make sense in terms of measuring, scale, timeframe.	Confirmed.

Table 8.1: Contract to Guidance Comparison	
PRG Guidance and Other Considerations	IE Response
Contract includes appropriate performance issue remedies.	Confirmed. Contract identifies process to remedy performance issues.
Contract clearly addresses Support Services.	Confirmed. Attachment 2 presents Support Services offered by SoCalGas.
Innovative aspects of the program are retained.	Confirmed. [REDACTED] The IE notes that the Contract does not specifically call out innovation, however, Willdan’s proposed innovations are incorporated into the Contract.
If applicable, IDSM components are included.	For customers who express an interest in being ZNE-ready, we identify how the customer can achieve ZNE-readiness and provide them with a roadmap that recommends actions to accomplish their goal.
If applicable, program considerations for HTR and DAC are incorporated.	Confirmed. [REDACTED] HTR is not applicable to this customer group per the CPUC definition.
Changes proposed by SoCalGas and Contractor were reasonable and fair.	Confirmed. Changes were reasonable including the budget reduction as the RFP indicated that the solicitation budget may be shared among multiple awardees.

8.5. Uniformity of Contract Changes

After the conclusion of SoCalGas’ final bid selections, the IOU entered contract negotiations with Willdan and the other selected bidder, Enovity. As a starting point for negotiations, and consistent with CPUC direction, SoCalGas gave both bidders a set of CPUC standard and modifiable terms and conditions. Along with the CPUC’s terms and conditions, the [REDACTED]

[REDACTED]

[REDACTED]

³⁴ Decision 18-10-008, OP 6 and 7. The initial contract did not include definition of terms presented in the footnotes to the CPUC standard or modifiable terms and conditions. Instead, as instructed by the CPUC footnotes, SoCalGas defined these terms in the RFP or in the Agreement (i.e., Schedule B, Scope of Work).

[REDACTED]

9. Conclusion

The solicitation was conducted fairly, transparently, and without bias. SoCalGas effectively managed its solicitation although it should have allotted more time for contract negotiations. The PRG provided timely input and actively engaged with the IOU throughout the solicitation. The IE monitored all aspects of the solicitation from RFA development through contract execution. The IE and the PRG provided recommendations on various aspects of the solicitation and recommendations that were mostly incorporated by the IOU into this solicitation and/or will be in future solicitations.

Willdan will also deliver a similar program to SCE customers. [REDACTED]

Since SoCalGas and SCE serve many of the same customers, these IOUs should coordinate with Willdan and each other to identify greater efficiencies in their program delivery.

In sum, SoCalGas' local large commercial sector solicitation resulted in a program that will contribute to the IOU's achievement of its CPUC energy efficiency goals and associated portfolio and sector metrics. In the coming years, the program will also help the IOU present a program portfolio that can meet the CPUC's cost-effective threshold requirements.

Energy Efficiency Independent Evaluators’ Final Report

Southern California Gas Company Local Large Commercial Program Solicitation

Contract: Enovity’s Service RCx+ Large Commercial Program

Prepared by:
Don Arambula Consulting



January 2021

Southern California Gas Company
Local Large Commercial Program Solicitation

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Executive Summary

Southern California Gas Company (SoCalGas or the Company) solicited third-party implementers to propose new energy efficiency programs for their local large commercial sector. The solicitation enabled SoCalGas to comply with the requirements of California Public Utilities Commission's (CPUC) Decision 16-08-019 to solicit for third-party energy efficiency programs proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator. The solicitation resulted in selection of **Enovity's Service RCx+ Large Commercial Program**.

The Final Independent Evaluator Report (IE Report) provides a final assessment of Southern California Gas Company's third-party energy efficiency (EE) program solicitation process and executed contract (Contract) between SoCalGas and the program implementer. The Report is provided by Don Arambula Consulting, Independent Evaluator (IE), assigned to monitor the SoCalGas' local large commercial solicitation. The Report addresses SoCalGas' contract (Contract) with Enovity, Inc. (Enovity), the proposed implementer for the Service RCx+ Large Commercial Program.

Service RCx+ Large Commercial Program Summary

The implementer-designed Service RCx+ Large Commercial Program will provide population-level, NMEC-based energy savings through the direct implementation of retrocommissioning (RCx) and optimization services for Large Commercial facilities throughout the SoCalGas service territory. The specific segments of healthcare and laboratories will be prioritized. Facility targets will be screened for program participation using interval data analytics. Individual project savings will be measured and verified following the initial treatment by comparing actual energy consumption over a reporting period with a normalized metered energy consumption baseline model specific to the facility. Energy data and analytics will be used during the performance maintenance period to ensure persistence, detect unexpected changes, and (if necessary) coordinate with facility personnel to provide additional training and/or corrective action.

The IE supports the Contract agreed to between SoCalGas and the program implementer. The IE Report addresses each aspect of the solicitation from the initial RFA development through contract execution. Table 2.2 lists key recommendations and observations made throughout the Report. The recommendations include potential improvements to the solicitation process as well as recommendations that are intended to enhance the implementation of the Contract.

A summary of the program's goals as incorporated into its contract follows.

Table 1.1: Program Overview	
Program Budget:	██████████
TRC Ratio:	1.25
Therm (annualized, net)	1,073,250
Acquisition Cost (\$/Therm, net):	\$2.47
Disadvantaged Communities Goal:	0%
Diverse Business Enterprise Goal:	0%
Contract Duration:	48 months
Program Launch:	3Q 2021

1. Background

The investor-owned utilities' (IOU) is required to file a Tier 2 advice letter seeking the CPUC's approval of any proposed energy efficiency third-party contract with a value of \$5 million or greater and/or that has a contract term longer than three years.¹ The IOU is required to include in the advice filing a Final IE Report on each executed energy efficiency third-party contract and the corresponding program solicitation process.² Furthermore, a final IE Report is always provided to the IOU's Energy Efficiency Procurement Review Group (PRG).³

In August 2016, the CPUC adopted Decision 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 Decision 18-01-004 directing the four California IOUs—PG&E, Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas)—to ensure that their EE portfolios contain a minimum percentage of third-party designed and implemented programs by predetermined dates over a three-year period. Further directions were included in Decision 18-05-041, which stated:

“The third-party requirements of Decision (D.)16-08-019 and D.18-01-004 are required to be applied to the business plans of the investor-owned utilities approved in this decision. All utility program administrators shall have at least 25 percent of their 2020 program year forecast budgets under contract for programs designed and implemented by third parties by no later than December 19, 2019.”⁴

In October 2019, SoCalGas sought an extension of time from the CPUC on the 25 percent threshold target date to allow for the full execution of its planned solicitation schedule to procure new third-party programs and to account for the newness of the program solicitation process. On November 25, 2019, the CPUC's Energy Division granted the IOUs an extension of time to meet the 25 percent threshold by September 30, 2020.⁵

The CPUC further stated that, consistent with Decision 18-05-041, the IOUs must meet at least 40 percent of their energy efficiency portfolios under contract for programs designed and implemented by third parties by December 31, 2020 and 60% by December 31, 2022. The CPUC indicated that no further extensions of time will be granted to the IOUs for meeting the third-party percentage requirements specified in Ordering Paragraph 4 of Decision 18-05-041.

Two-Stage Solicitation Approach

The IOUs are required by the CPUC to conduct a two-stage solicitation approach for soliciting third party program design and implementation services as part of the energy efficiency portfolio. All IOUs are required to conduct a Request for Abstract (RFA) solicitation, followed by a full Request for Proposal (RFP) stage.⁶

¹ Decision 18-01-004, OP 2.

² Id, OP 5.d.

³ Id, OP 5.b.

⁴ Decision 18-05-041, OP 4.

⁵ 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.

⁶ Decision 18-01-004, p. 31.

The CPUC also requires each IOU to assemble a PRG. The IOU's PRG, a CPUC-endorsed entity, is composed of non-financially interested parties such as advocacy groups, utility-related labor unions, and other non-commercial, energy-related special interest groups. The PRG is charged with overseeing the IOU's EE solicitation process (both local and statewide), reviewing procedural fairness and transparency. This oversight includes examining the overall procurement process 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 required to select and utilize a pool of EE IEs to serve as consultants to the PRG.⁷ The IEs are directed to observe and report on the IOU's entire solicitation process, preparation, evaluation, selection, and contracting process. The IEs review and monitor the IOU solicitation process, valuation methodologies, selection processes, and contracting to confirm that an unbiased, fair, and transparent competitive process is conducted that is devoid of market collusion or manipulation. The IEs are privy to viewing all submissions. The IEs are invited to participate in all the IOU's solicitation through selection-related discussions and are bound by confidentiality obligations.

2. Solicitation Overview

2.1. Overview

This Final IE Report summarizes the solicitation process for the Local Large Commercial solicitation and provides the IE's assessment of the solicitation from the development of the draft RFA through the contract execution. Due to the contract value (i.e., >\$5 million) and contract length (i.e., > 3 years), this Contract requires a final IE report to be submitted along Tier 2 advice letter filing including.⁸ This Final IE Report will also be presented to SoCalGas' PRG.⁹

Solicitation Scope

The Large Commercial solicitation sought qualified Bidders to propose, design, implement, and deliver an innovative, resource-based program(s) that provides comprehensive, long-term natural gas energy efficiency results for existing large and very large commercial (Large Commercial) customers.¹⁰ These Large Commercial customers account for approximately 33 percent of the commercial sector energy usage annually.¹¹

Objectives

The Large Commercial solicitation was aimed to solicit innovative, resource-based programs to address various market barriers and drivers, as identified in SoCalGas' Business Plan, resulting in more comprehensive and deeper, longer-term energy savings. The selected Bidder would assist SoCalGas in the achievement of various portfolio and sector metrics¹² through a comprehensive set

⁷ Id, OP 5.a.

⁸ Id, OP 5.d.

⁹ Id, OP 5.b.

¹⁰ See SoCalGas Business Plan, pp. 109-110 (Commercial Sector Vision) & p. 121 (Commercial Sector Segmentation), available at [Business Plan](#).

¹¹ See SoCalGas Business Plan, p. 109 (Commercial Sector Chapter Summary), available at [Business Plan](#).

¹² See SoCalGas Portfolio And Sector-Level Metrics Compliance Filing, pp. 69-75, available at [SoCalGas Portfolio And Sector-Level Metrics](#).

of program strategies and tactics.

2.2. Timing

The Large Commercial program solicitation was released as scheduled on February 21, 2020.¹³ Table 2.1 below presents a list of key solicitation milestones and expected completion dates relative to the RFA and RFP. All milestone dates were met. As presented in the table, the contract was executed by the end of December 2020, about 44 weeks after the release of the RFA, which is relatively consistent with the Energy Division's recommended 39-week timing for a two-stage competitive solicitation.¹⁴ The Energy Division's guidance regarding the preferred solicitation duration was provided to the IOU on March 11, 2020, well after this solicitation had begun. The IOU attempted to reduce its planned solicitation activities in the contract negotiation phase in order to stay within the Energy Division's schedule guidance and, most importantly, to meet the CPUC required threshold to have 40% of the program portfolio under an executed contract by December 31, 2020. The contract negotiation period was completed over eight weeks, well within the CPUC's suggested 12-week negotiations period.

Table 2.1: Key Milestones	
Milestones	Completion Date
RFA	
RFA Released	February 21, 2020
Optional Bidder Webinar	March 3, 2020
Questions Due from Bidders	March 10, 2020
Responses Provided by SoCalGas	March 17, 2020
Bidder Abstracts Due	April 3, 2020
Stage One Abstract Review Period Ends	June 2020
Calibration Meetings Held	May 19-20, 2020
Shortlist Meetings Held	May 26, 2020
Shortlist Presented to Procurement Review Group (PRG)	June 2, 2020
RFP	
RFP Released	June 12, 2020
Optional Bidder Web-Conference	June 23, 2020
Questions Due from Bidders – Round 1	June 26, 2020
Responses Provided by SoCalGas – Round 1	July 2, 2020
Questions Due from Bidders – Round 2	July 8, 2020
Responses Provided by SoCalGas – Round 2	July 15, 2020
Bidder's Proposal Due in Power Advocate	July 24, 2020
Calibration Meetings Held	September 21–22, 2020
Shortlist Meetings Held	September 24, 2020
Shortlist Presented to PRG	October 6, 2020
Contracting & Implementation	
Selected Bidder(s) Notified	October 13, 2020
Contracts Presented to PRG	December 1, 2020
Contract Executed	December 23, 2020

¹³ Solicitation schedules are updated periodically by the IOUs and the current schedule can be found at caeecc.org.

¹⁴ CPUC Letter to the IOU Regarding Energy Efficiency Third-Party Solicitation Schedule, March 11, 2020.

2.3. Key Observations

Overall, we find that the solicitation was successful in procuring a program that will assist SoCalGas meet its CPUC-directed energy efficiency portfolio goals and metrics along with helping the IOU’s portfolio and sector objectives described in its Business Plan. SoCalGas’ conduct and management of the energy efficiency program solicitation was equitable, transparent, and fair. The IOU conducted the solicitation consistent with the CPUC’s guidance.

SoCalGas allowed the IE to monitor all aspects of the solicitation from the development of the initial RFA materials through the contract negotiations. Throughout the solicitation, the IE provided feedback to the IOU on various activities such as RFA and RFP development, bidder instructions, scorecards, and bidder questions and answers. SoCalGas was responsive to this IE feedback and made many changes to the solicitation based on the EE feedback.

Table 2.2 summarizes the key observations made during each solicitation stage. The IE shared these key recommendations and others with the IOU and PRG throughout the solicitation. The IOU was provided an opportunity to review, consider, and accept each of these recommendations. The IOU did not always accept the IE recommendations. In those instances, the IOU provided its rationale for not accepting the recommendations.

Table 2.2: Key Issues and Observations			
Topic	Key Observation	Potential Remedy	Outcomes/Lessons Learned
RFA Stage			
Timing	RFA provides 6 weeks for the bidders to respond to the RFA.	To complete the solicitation in a timely manner, this should be reduced to 4 weeks for the RFA.	SoCalGas retained the 6-week period for bidder response and looked to reduce its evaluation period.
Abstract Narrative	There are a significant number of data requirements embedded in the RFA Narrative form.	Data requirements (budget, energy savings, etc.) should be presented in the RFA Workbook instead of the RFA narrative form.	SoCalGas will address this in future RFAs and RFPs.
Solicitation Outreach	The solicitation outreach relied on a general awareness of SoCalGas’ program solicitations to	In future solicitations, the IOU should enhance its current outreach approach by leveraging industry	Recommendation has not been shared with the IOU.

Table 2.2: Key Issues and Observations

Topic	Key Observation	Potential Remedy	Outcomes/Lessons Learned
	<p>the bidder community through several announcements and IOU-specific workshops regarding SoCalGas' upcoming energy efficiency program solicitations.</p> <p>SoCalGas did not involve the IE in the development of its solicitation outreach strategy.</p>	<p>organizations relevant to solicitation to garner greater awareness of the solicitation among the vendor community. The IOU should also proactively outreach to the bidder community through its Diversified Business Enterprises (DBE) outreach efforts to increase the participation of DBE-qualified bidders.</p>	

RFP Process

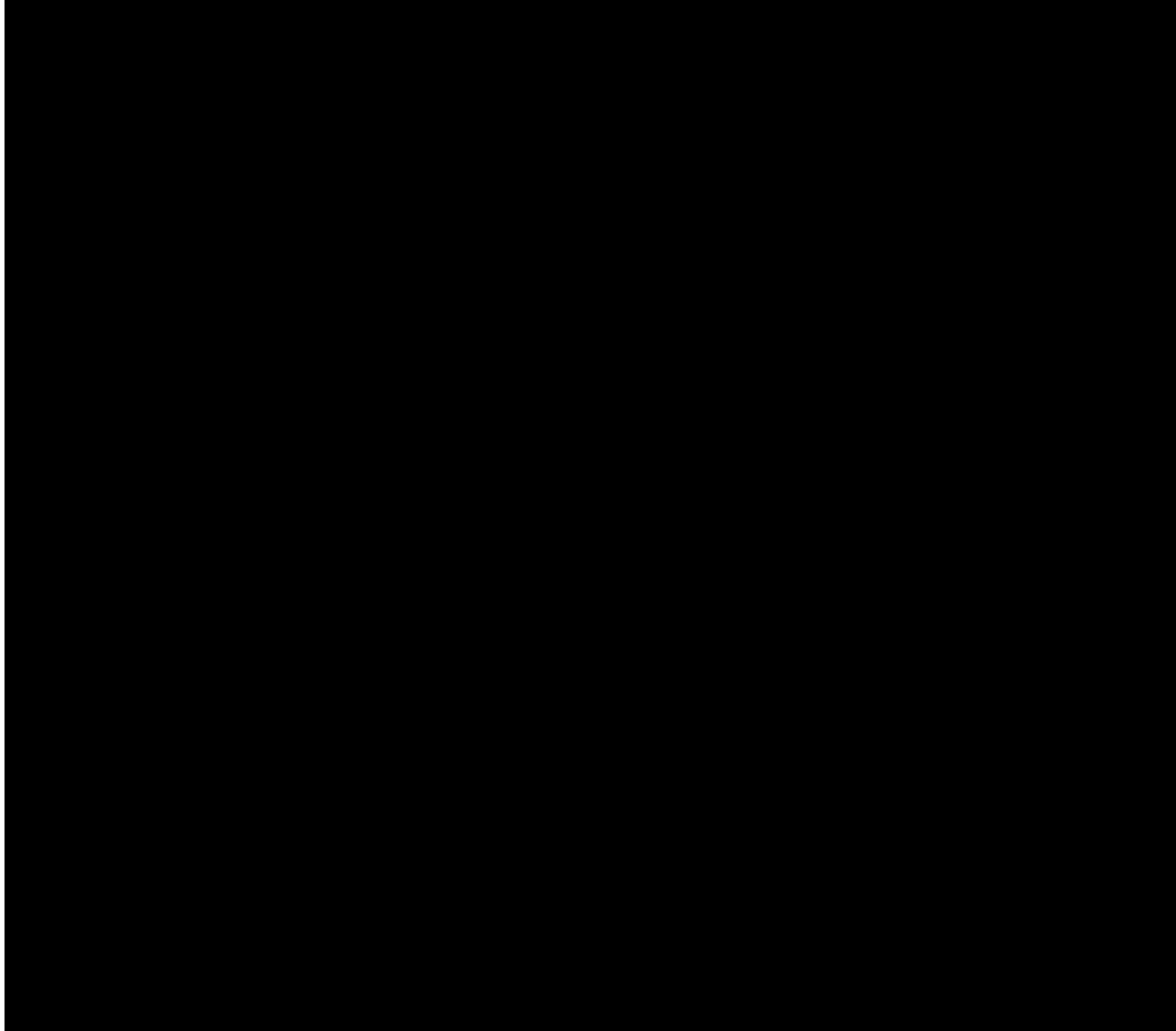


Table 2.2: Key Issues and Observations

Topic	Key Observation	Potential Remedy	Outcomes/Lessons Learned
Contracting and Negotiations			
Negotiation Process	SoCalGas' negotiation process extended over an 8-week period with much of the bidder discussions occurring over a very brief 5-week period which included major holidays. This abbreviated schedule likely hurried both parties in negotiations.	More time should be allotted to contract negotiation discussions as to avoid hurried schedules and to recognize major holidays.	SoCalGas proposes to follow the Energy Division's recommended 12-week schedule for contract negotiations, if needed.

¹⁵ Section II.2.C Program Design Criteria, p. 12.

Table 2.2: Key Issues and Observations			
Topic	Key Observation	Potential Remedy	Outcomes/Lessons Learned

3. Solicitation Outreach and Bidder Response

3.1. Bidder Response to Solicitation

The solicitation outreach relied on a general awareness of SoCalGas’ program solicitations to the bidder community through several announcements and IOU-specific workshops regarding SoCalGas’ upcoming energy efficiency program solicitations. SoCalGas also posted general information onto its third-party solicitation webpage and the California Energy Efficiency Coordinating Committee (CAEECC) website. Overall, the solicitation outreach was adequate, as it generated [REDACTED] on SoCalGas’ procurement website (i.e., PowerAdvocate) interested in the initial RFA. The table below summarizes SoCalGas’ actual response to the local program solicitation.

In future solicitations, the IOU should enhance its current outreach approach by leveraging industry organizations relevant to the specific solicitation to garner greater awareness of the solicitation among the vendor community. The IOU should also proactively outreach to the bidder community through its Diversified Business Enterprises (DBE) outreach efforts to increase the participation of DBE-qualified bidders.

Table 3.1: Solicitation Response	
	Number
Abstracts Expected	[REDACTED]
Abstracts Received	[REDACTED]
[REDACTED]	[REDACTED]
Proposals Expected	[REDACTED]
Proposals Received	[REDACTED]
[REDACTED]	[REDACTED]

3.2. RFA and RFP Bidder’s Conferences and Q&A

SoCalGas held an optional RFA Bidders’ Conference on March 3, 2020, and an RFP Bidders’ Conference on June 23, 2020. For efficiency’s sake, both Bidders’ Conferences addressed two other program solicitations (Agricultural and Manufactured Homes) along with the Large Commercial solicitation.

Potential bidders had ample time during both conferences to ask questions. Bidders were also provided an opportunity after the Bidders’ Conferences to provide written questions. For the Large Commercial RFA, SoCalGas received a total of 13 questions covering an array of topics, including the CPUC’s diverse business enterprise definition, hard-to-reach (HTR) customer targeting, contractor’s license requirements, partnering opportunities, and general RFA requirements. In the RFP stage of the Large Commercial solicitation, the IOU received only two questions regarding budget limits and customer usage data availability. The IOU shared a draft response to each question with the IE. The IE reviewed and provided minor comments to SoCalGas which the IOU incorporated. The IOU used its online solicitation tool, PowerAdvocate, to communicate its

response to all bidder questions. Consistent with the PRG recommendation, SoCalGas posted the recordings of the Bidder Conferences on its PowerAdvocate system for all participating bidders.

RFA Bidder Conference Date	March 3 2020
Number of Questions Received	13
RFP Bidder Conference Date	June 23, 2020
Number of Questions Received	3

3.3. Solicitation Design Assessment

The solicitation design complies with the CPUC directive for a two-stage program solicitation.¹⁶ The solicitation design also met SoCalGas' need to procure a Local Large Commercial resource program targeting SoCalGas' larger commercial customers (greater than 50,000 therms). The IOU's expressed its expectation to bidders to solicit innovative, resource-based programs to address various market barriers and drivers, as identified in SoCalGas' Business Plan, resulting in more comprehensive and deeper, longer-term energy savings. The selected Bidder(s) will assist SoCalGas in the achievement of various portfolio and sector metrics¹⁷ through a comprehensive set of program strategies and tactics.¹⁸

4. RFA and RFP Design and Materials Assessment

4.1. RFA Design Requirements and Materials

The RFA requirements provided SoCalGas a sufficient level of information on the bidders' proposals to properly conduct the evaluation. The RFA requirements limited bidders to 14 questions regarding their program abstracts. This was a significant improvement over previous RFA solicitations. The IOU also reduced the number of supporting documents from prior solicitations after feedback from the PRG and the IOU's collective IEs. The RFA package was limited to the RFA instructions, abstract template, budget workbook, exhibit listing, and a bidder checklist to help the bidder confirm that it met all the RFA requirements prior to submitting an abstract.

The IE [REDACTED] to the IOU on potential improvements [REDACTED].
 [REDACTED] The recommendations ranged from [REDACTED].
 [REDACTED] The IOU considered and accepted most of the IEs
 comments. The IE recommendations considered by SoCalGas but not accepted included
 recommendations such as [REDACTED].
 [REDACTED] Overall, the RFA
 requirements and materials were greatly reduced while providing the IOU enough information to
 rigorously evaluate all abstracts.

¹⁶ Decision 18-01-004, p. 31.

¹⁷ See SoCalGas Portfolio And Sector-Level Metrics Compliance Filing, pp. 69-75, available at [SoCalGas Portfolio And Sector-Level Metrics](#).

¹⁸ SoCalGas Large Commercial Request for Abstract, February 21, 2020, p. 28.

4.2. RFP Design Requirements and Materials

As with the RFA, the RFP requirements provided SoCalGas a sufficient level of information on the bidders' proposals to properly conduct the evaluation and make a final selection in the solicitation. The RFP requirements included 33 bidder questions. This was a significant improvement over previous RFP solicitations.

The IE [REDACTED] on [REDACTED]. SoCalGas considered each of the recommendations and incorporated the majority of them into the RFP materials. These recommendations included [REDACTED]. The IOU considered but did not incorporate a few of the IE recommendations (see Section 4.3 below).

4.3. Response to PRG and IE Advice

SoCalGas provided the opportunity for both the PRG and IE to review and comment on the RFA and RFP materials. The PRG did not provide any specific recommendations on the solicitation materials. SoCalGas also accepted most of the IE comments on [REDACTED]. SoCalGas indicated it will [REDACTED]. For the RFP, the IOU accepted most of the IE recommendations except for the following:

- [REDACTED]
- [REDACTED]

5. Bid Evaluation Methodology Assessment

During both the RFA and RFP bid evaluation stages, SoCalGas performed a threshold assessment in which the Company evaluated abstracts to ensure bidders provided all required information and

were eligible for scoring. [REDACTED]

5.1. Bid Screening Process

At the RFA stage, SoCalGas conducted a bid screening process which consisted of two threshold requirements: timeliness and completeness of submissions. [REDACTED] passed the initial screening. The screening was conducted by SoCalGas' Supply Management group which is a separate organization from SoCalGas' energy efficiency group. SoCalGas' decision [REDACTED]

At the RFP stage, SoCalGas implemented a bid screening process consistent with the approach presented to bidders in the RFP.¹⁹ [REDACTED] passed the bid evaluation process. The IE monitored the evaluation process and agreed that all proposals passed.

The RFP bid evaluation consisted of two parts: (1) a threshold assessment to determine the responsiveness of the proposal to minimum requirements; and (2) proposal content scoring (for proposals that meet the threshold assessment requirements). SoCalGas first evaluated the threshold assessment criteria (Items A, B, and C) on a pass/fail basis, as presented below. Only proposals that received a "Pass" on the threshold assessment were evaluated for proposal content.

- A. On-time submittal via PowerAdvocate
- B. Proposal responsiveness
- C. Bidder and proposed program are eligible if bidder meets the RFP requirements and the proposal does not include the following:
 - o Programs that target small and medium Commercial customers;
 - o Programs that target the Public sector;
 - o Unproven new technologies, tool development, research and development ("R&D"), or completion (market testing) of a product;
 - o Demonstration, pilot or "proof of concept" projects, R&D prototypes, and limited production technologies that cannot support an effective EE program;
 - o Statewide energy efficiency programs or programs that overlap with statewide programs;
 - o Programs that are primarily based on behavioral measures (Note – Resource program designs which include behavioral components are acceptable);
 - o Income Qualified energy efficiency programs;
 - o Programs that solely promote demand response programs;
 - o Non-EE programs/services and services that support other EE programs;
 - o EM&V consulting services and program support services;
 - o Programs that are solely a non-resource program (Note - Resource program designs which include non-resource strategies (e.g., marketing, training, etc.) are acceptable; and/or
 - o Programs that overlap or duplicate the efforts of Local Government Partnerships or Regional Energy Networks.

¹⁹ Section 4, Table 3, p. 17.

[Redacted]

Table 5.1: RFA Scoring Rubric	
Category	Weighting
[Redacted]	

Table 5.2: RFP Scoring Rubric	
Category	Weighting
[Redacted]	

[Redacted]

5.3. Evaluation Team Profile

The tables below present SoCalGas' evaluation team roster during the RFA and RFP stages. In the RFP stage, the [Redacted]

SoCalGas held a group training session for the scoring team prior to evaluating both the abstracts and proposals. The two training sessions included an overview of the RFA and RFP, conformance with SoCalGas' [Redacted]

The IOU confirmed that there were [Redacted]

[Redacted]

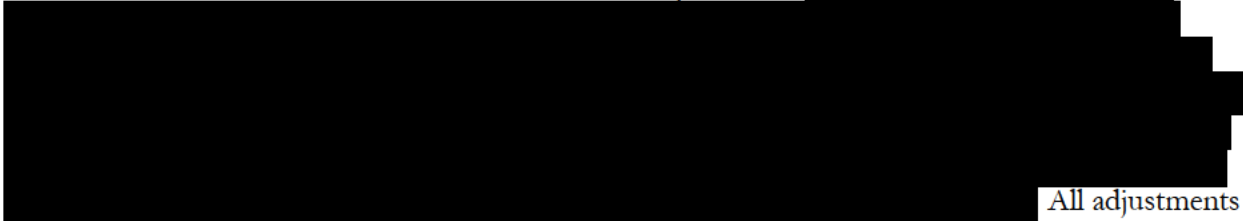


6. Final Bid Selection Assessment

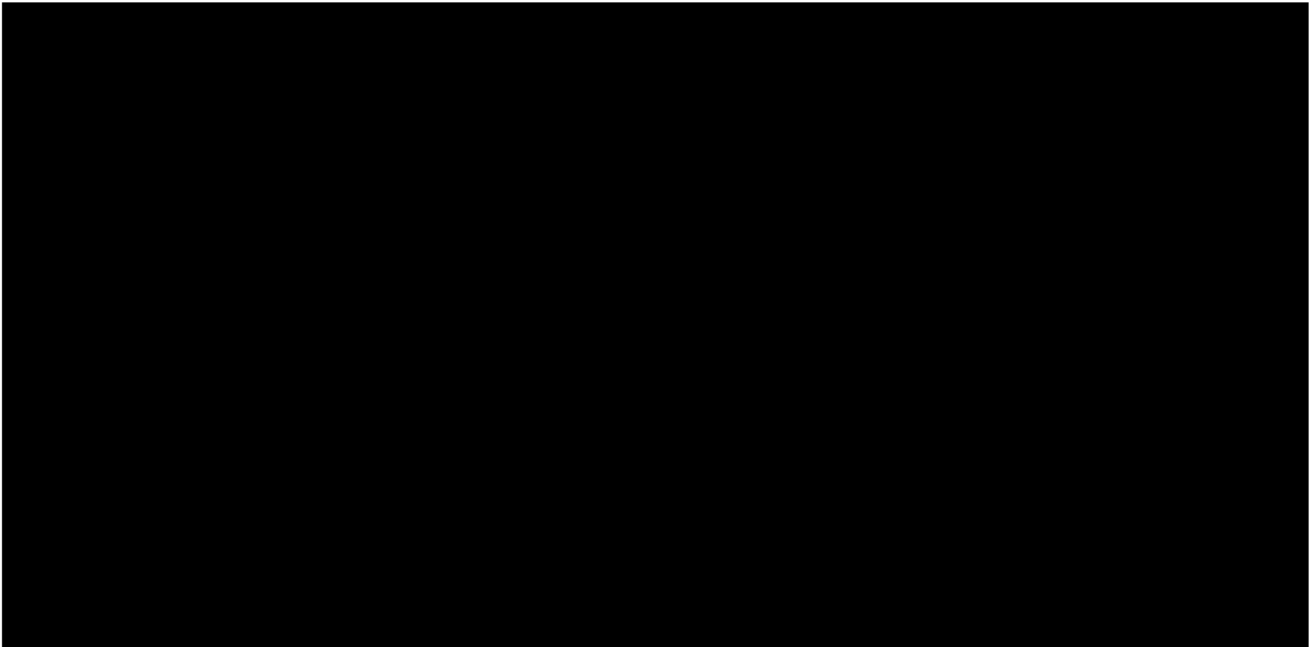
6.1. Conformance with Established Evaluation Processes

SoCalGas applied the same scoring methodology to all abstracts and proposals. No exceptions were made. All information provided by the bidders was scored as part of the evaluation process. Overall, the SoCalGas evaluation approach was unbiased and conducted in a fair and transparent manner.

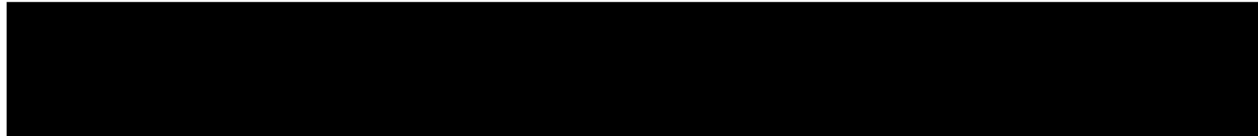
The IE monitored both the RFA and RFP evaluation processes,



All adjustments seemed reasonable and well-founded. Discussions were well reasoned and professional, and at no time was any score team member coerced into changing their scores. The IE had no significant disagreements with the scoring team's assessment of the RFA abstracts or the RFP proposals evaluated.



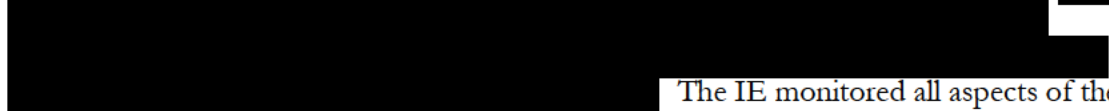
SoCalGas did not take any actions to rectify deficiencies associated with individual bids during the evaluation process. Bids were evaluated based on what was submitted.



6.3. Shortlist and Final Selections

A) Conformance with Established Evaluation Processes

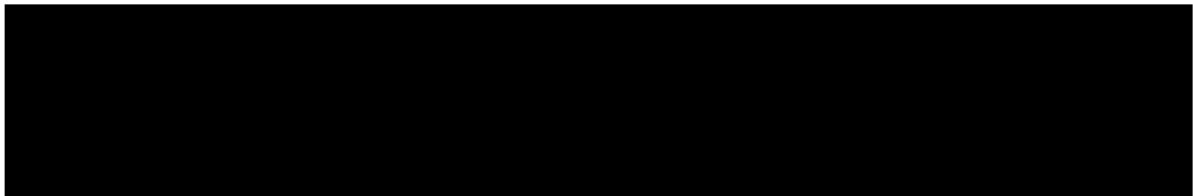
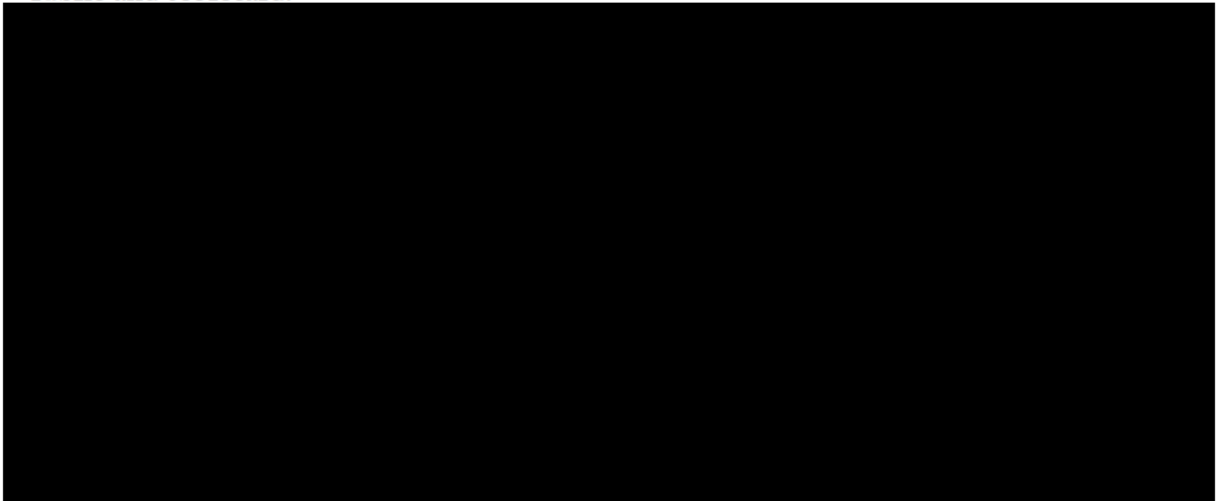
The IOU used the final aggregate team scores to rank both abstracts and proposals. [REDACTED]

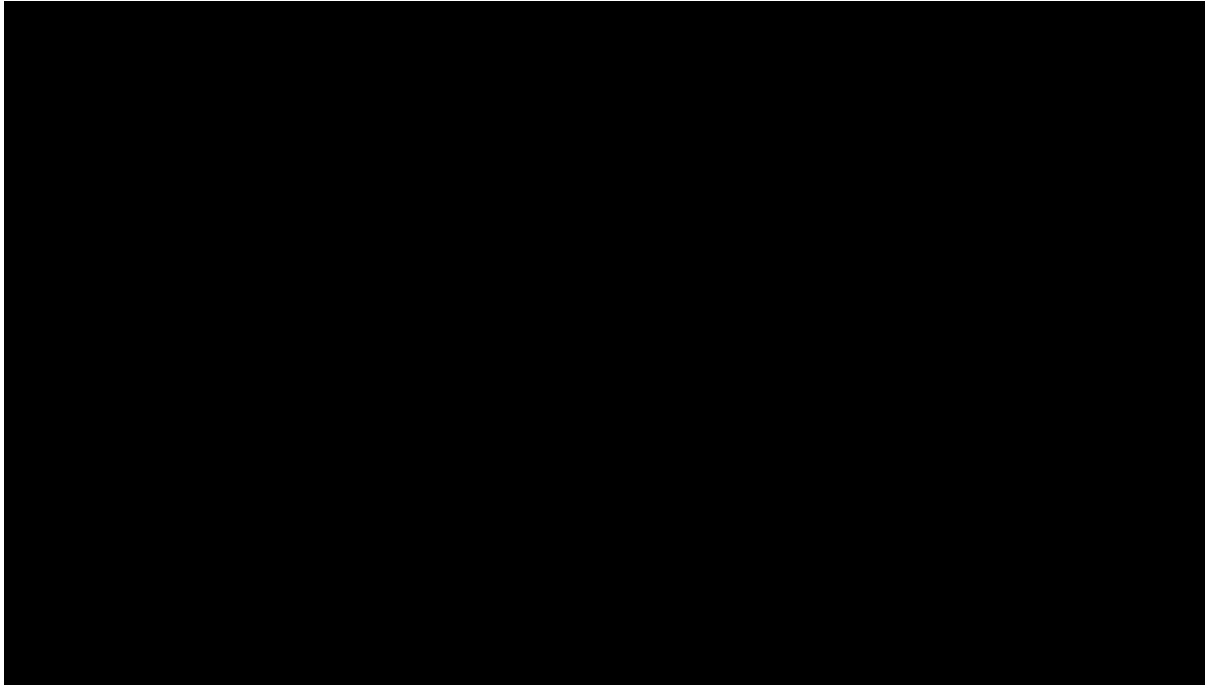


The IE monitored all aspects of the evaluation including the IOU's calibration meeting to confirm scores and its final selection meeting which was attended by SoCalGas' program management and senior leadership. [REDACTED]

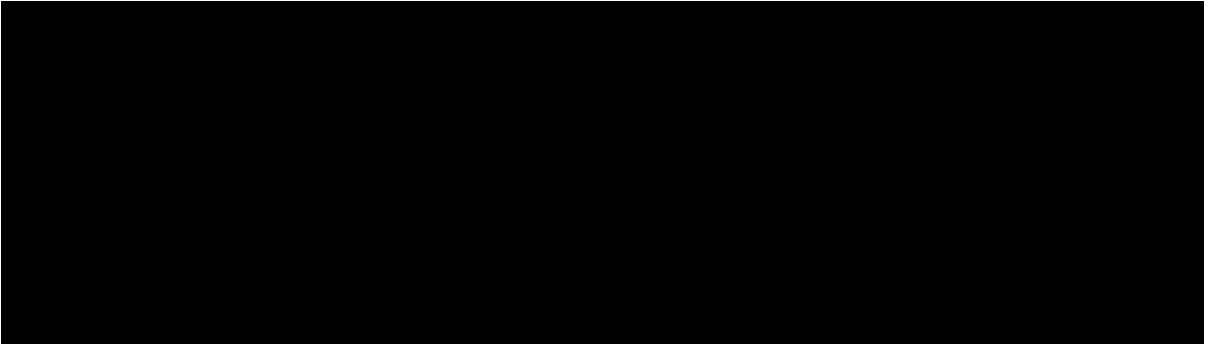


The IE confirmed that the IOU's evaluation was fair and reasonably applied the scoring rubric and scorecard.





B) Portfolio Fit



6.4. Affiliate Bids and Conflict of Interest

The CPUC, in Decision 05-01-055, prohibits any transaction between a California IOU and any program implementer for EE that is a California affiliate of an IOU. SoCalGas required all bidders to acknowledge that they are not an affiliate of any California IOU. There was no instance where a California IOU affiliate participated as a bidder in the solicitation.

Additionally, as part of SoCalGas' evaluation team instructions, SoCalGas directed each team member to identify any potential conflict of interests with the participating bidders. None were identified as part of this solicitation.

7. Assessment of Selected Bids

7.1. Bid Selections Respond to Portfolio Needs

For the final selection, the bids selected to move forward to contracting met portfolio needs. The final selection is consistent with SoCalGas' portfolio needs as identified in its RFA and RFP instruction and with its key objective identified in the Business Plan to increase energy efficiency adoption levels for commercial customers with high energy efficiency potential through efficient

outreach and effective offerings.²¹

7.2. Bid Selections Provide Best Overall Value to Ratepayers

The IE supports the IOU’s selection of Enovity’s RCx+ Large Commercial Program. The Program provides a new and innovative approach that, if successful, could provide participating customers with significant energy savings and capture cheaper energy savings for ratepayers than previous retrocommissioning efforts.

[REDACTED]

The program focuses exclusively on operational energy savings using a population-level NMEC approach and, if successful, could be applied to other customer groups thus realizing additional energy savings that may otherwise go uncaptured.

Program Description

Enovity’s Service RCx+ Program provides population-level, NMEC-based energy savings through the direct implementation of RCx and optimization services for Large Commercial facilities throughout the SoCalGas service territory. The specific segments of Commercial Office, Health Care, and Laboratories will be prioritized. The implementer services will include the following:

- Facility targets will be screened for program participation using interval data analytics.
- Turnkey implementation of RCx and optimization of facility operations.
- Individual project savings will be measured and verified following the initial treatment by comparing actual energy consumption over a reporting period with a normalized metered energy consumption baseline model specific to the facility.
- Energy data and analytics will be used during the performance maintenance period to ensure persistence, detect unexpected changes, and (if necessary) coordinate with facility personnel to provide additional training and/or corrective action.
- Option for customers to implement capital intensive measures beyond RCx to achieve comprehensive NMEC savings. For this option, Enovity will provide the development services needed to make a business case for investment, specify the scope for procurement, connect the client with funding sources, and provide technical support during implementation.

Program Overview

The table below provides a summary of the key quantitative metrics drawn from the executed program contract between SoCalGas and Enovity.

Table 7.1: Proposed Program – Overview		
Item	Amount (Total Contract Period)	SoCalGas 2021 Annual Budget Advice Letter – Commercial Sector (2021 only)
[REDACTED]		

²¹ Southern California Gas Company’s Energy Efficiency Business Plan, dated January 17, 2017, p. 110.

Item	Amount (Total Contract Period)	SoCalGas 2021 Annual Budget Advice Letter – Commercial Sector (2021 only)
Disadvantaged Communities (% Energy Savings)	0%	Not presented
Hard-to-Reach Customers (% Energy Savings)	n/a	n/a
Diversified Business Enterprise (% of Contract Value)	0%	Not presented
Note - * portfolio level		

Alignment with Key Energy Efficiency Policies

The following discussion addresses the specific attributes of the selected program and the alignment with key energy efficiency policies.

a) Cost-Efficiency – Simple Acquisition Cost

The Service RCx+ Large Commercial Program cost-per-therm forecast is far better than the SoCalGas' 2021 Commercial sector program forecasts as presented in the IOU's 2021 Annual Budget Advice Letter. Simple acquisition cost is an indicator of a program's cost-efficiency (i.e., the price tag of a therm). It is a quick, convenient way to compare programs across a program portfolio. The calculation does not consider the longevity of the annualized energy savings. The total program cost is divided by the program's expected total first year net annualized energy savings. Also, the expected cost-per-therm for the IOU's 2021 commercial sector forecasts includes all commercial programs including statewide mid-stream programs, statewide downstream programs, and local commercial programs including those targeting large commercial customers. Nevertheless, the expected program is expected to be more cost efficient in the delivery of program results than the 2021 commercial offerings, in aggregate.

b) Program Performance

The Service RCx+ Large Commercial Program is expected to achieve a total 1,073,250 net therms of annualized energy savings over the Contract term. Over the next three years, SoCalGas' EE portfolio goals increase by 31 percent over 2020 levels.²² The Service RCx+ Large Commercial Program is expecting an increase in energy savings results over 2021 levels to help support the IOU in meeting the increase in its portfolio-level EE goals, as presented in the table below.

First Year Annualized Deliverable	2021	2022	2023	2024	Total
Net Therm Savings	159,389	359,249	359,748	194,864	1,073,250

c) Cost-Effectiveness Showing

The Service RCx+ Large Commercial Program's cost-effectiveness showing is better than the SoCalGas' 2021 program portfolio forecast, as shown in Table 7.1. This improved cost-effective showing will help the IOU meet its future obligations in the coming years to present to the CPUC a portfolio-level cost-effectiveness forecast that meets or exceeds a TRC ratio of 1.25. The program's forecast was confirmed by SoCalGas' engineering and program staff. [REDACTED]

²² Decision 19-08-034, Attachment 2, Data Form, Tab D.

[REDACTED] Nevertheless, the prospective cost-effectiveness showing does support the notion that third-party program implementers can help improve the cost-effectiveness of the IOU's overall program portfolio.

d) IDSM

e) Disadvantaged Communities (DAC)

f) Disadvantaged Worker Policy

Per the Contract, the specific Disadvantaged Worker (DW) Plan will be presented in the final Implementation Plan (IP). Since the Implementation Plan will be drafted after contract execution, it is important for the CPUC's Energy Division to review specific DW requirements detailed in the final IP to confirm compliance with applicable CPUC directives. The Contract also lists various DW-related contractual obligations, such as tracking and reporting DW activities.²³

g) Workforce Standards Policy

The Contract requires the implementer, and its subcontractors, to comply with the CPUC's workforce standards related to HVAC and advanced lighting controls installations.²⁴ However, the Program does not propose to install any equipment as part of the offering to customers.

h) Deep and Persistent Energy Savings

The Service RCx+ Program provides population-level, NMEC-based energy savings through the direct implementation of RCx and optimization services. As a result, the assumed effective useful life (EUL) of these services are no more than three years. Thus, the program does not offer persistent energy savings but the implementer believes the energy savings will persist beyond this assumed three-year EUL.

i) Compensation Structure

²³ Reporting and Tracking Disadvantaged Worker and Job Creation, p. 51.

²⁴ Part B, Modifiable Terms and Conditions, Section A.1, p. 20.

[REDACTED]
 [REDACTED] The Contract performance assurance requirement is limited to the CPUC's bonding requirement set by the California State License Board.²⁵

Table 7.3: Implementer's Compensation Structure	
Payment Structure	Percentage
[REDACTED]	[REDACTED]

j) Supporting Portfolio and Sector Metric Achievement

SoCalGas' 2019 Annual Budget Advice Letter provides a list of all CPUC-approved portfolio and sector metrics.²⁶ These metrics include a baseline year (2016) of results and a forecast of expected performance which extends through 2025. The Program's focus on large commercial customers should produce an increase in the large commercial customer participation levels over previous years which supports sector metrics #139 through #187. These metrics encourage improvement of a variety of different performance indicators over previous program years such as higher levels of energy efficiency, greater customer participation, and improved levelized cost.

k) Viable Energy Efficiency Measure Mix and Approaches

[REDACTED]
 [REDACTED]
 [REDACTED] in the upcoming years, active and open coordination of program implementers will be an essential task for the IOU's portfolio administrator role.

l) Compliance with CPUC M&V Requirements

The program consists exclusively of population-level NMEC energy savings. During contract negotiations SoCalGas sought a greater level of understanding of Enovity's approach to comply with the CPUC's NMEC requirements. In response, the bidder explained that the program met the CPUC's threshold for population level NMEC.²⁷ Thus, the advice letter need not contain a specific M&V plan for CPUC review and approval. In any event, Enovity, the IOU, and the Energy Division should coordinate during the development of the M&V Plan.

The executed contract requires that a full M&V plan be prepared by the implementer 30 days after contract execution and be included in the final Implementation Plan due 60-days after CPUC approval on the executed contract. There should be an active review of the of M&V Plan, by CPUC EM&V staff, to confirm the appropriateness of the data collection plan in support of future EM&V

²⁵ Part A, Standard Terms and Conditions, Performance Assurance; Bonding, Section A.2, p. 14.

²⁶ Advice 5349-A, Appendix B, dated October 29, 2018.

²⁷ At least 90% confidence / 25% range Fractional Savings Uncertainty (FSU) as calculated using ASHRAE methods at the daily level, or using other methods that achieve at least the same levels of Certainty, NMEC Rulebook, Version 2.0, p. 12, dated January 7, 2020.

studies.

8. Reasonableness of Contracting Process

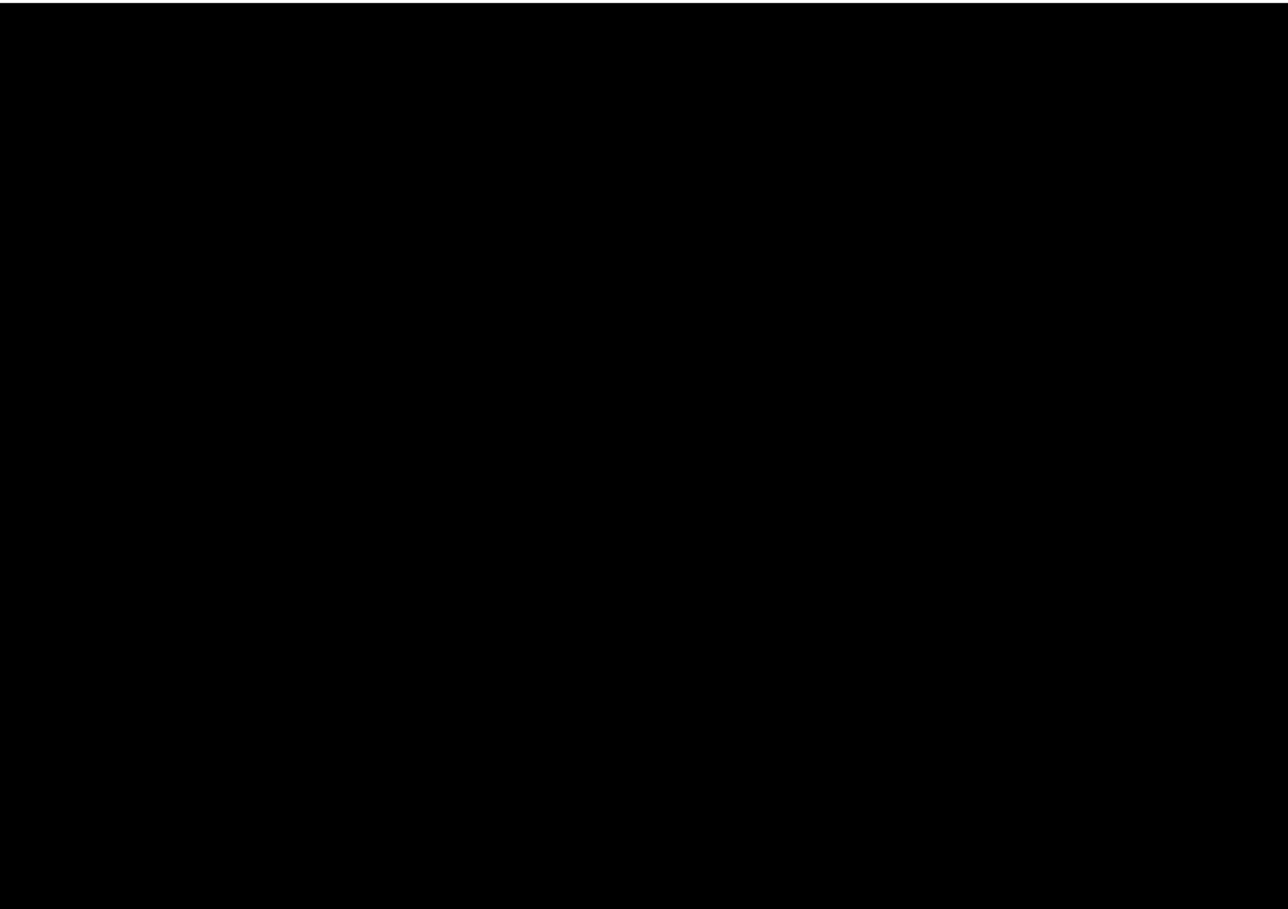
8.1. Collaboration on Final Program Design and Scope

From October 20, 2020 through November 18, 2020, SoCalGas and Enovity met [REDACTED] to discuss various aspects of the contract including program design and delivery. In Decision 16-08-019, the CPUC allowed the IOU and the selected bidder, after program selection, to collaborate on the ultimate program design implemented by the third party.²⁸ This enables the IOU to share its understanding of its customers and prior program implementation experience with the selected bidder to optimize the program offering. This is also the time for the bidder to share greater levels of program details and to address any concerns that the IOU may have regarding the program design and delivery.

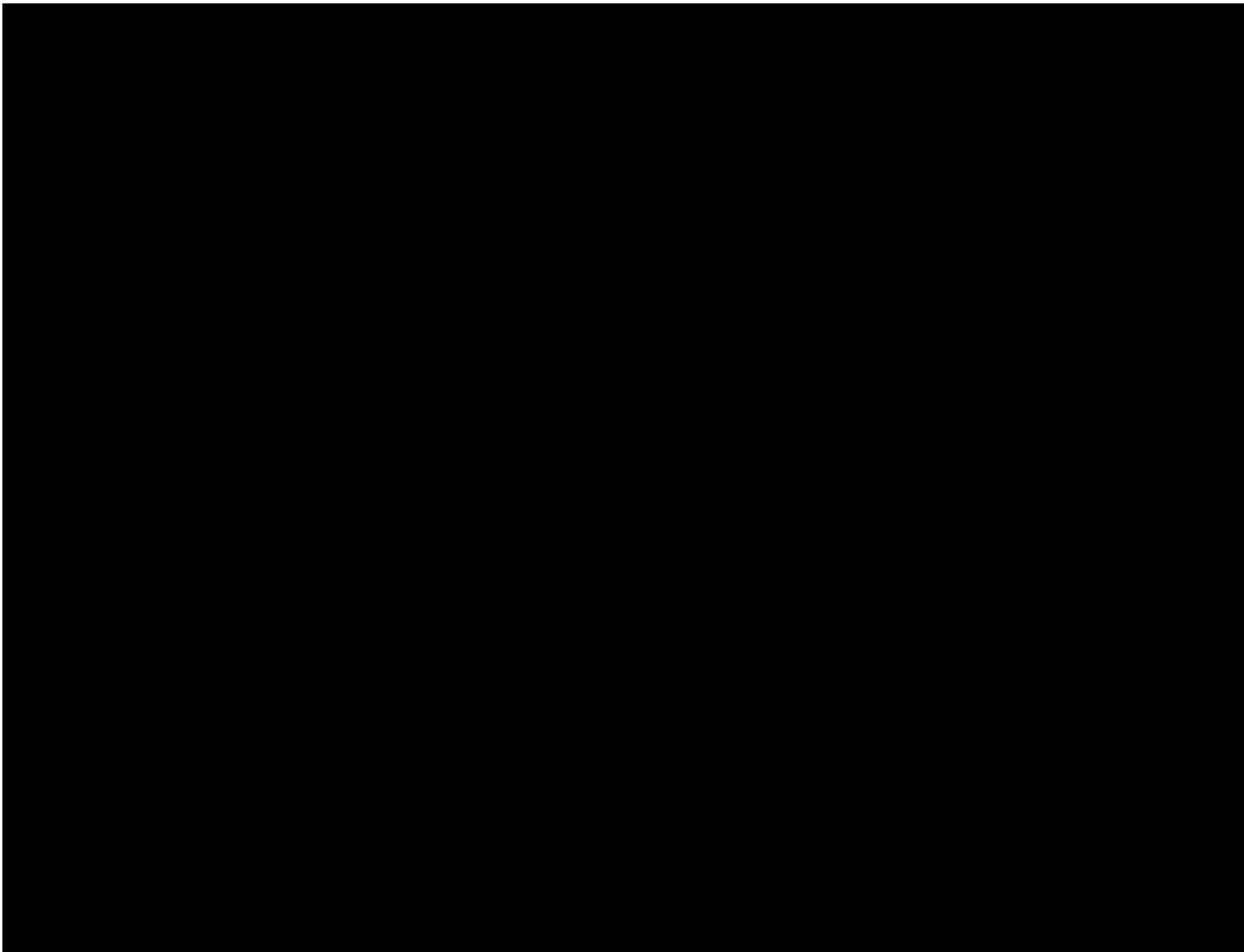
SoCalGas and Enovity had several meetings to discuss various contract issues such as [REDACTED]

The IE monitored all contract negotiation meetings and has reviewed all redlines to the initial contract. The resolutions agreed by both parties are reasonable. Although, the IE does [REDACTED]

Below is a list of key contract issues and resolutions.



²⁸ Conclusion of Law 57.



8.2. Fairness of Negotiations

Overall, the contract negotiations were fair and transparent.

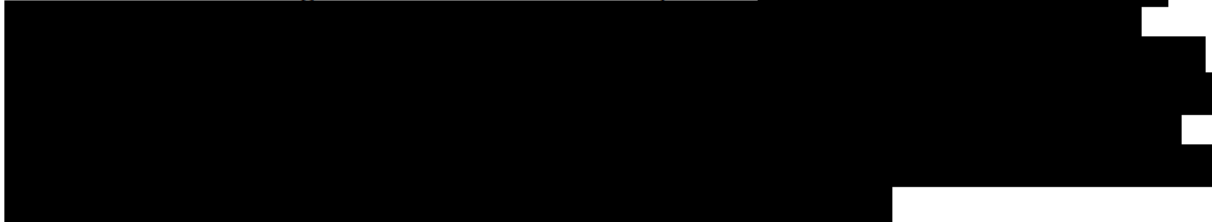


Table 8.1: Proposed vs. Final Agreement		
	Total 4-Year Budget	Total 4-Year Therms, Net
Final Contract	\$2,650,000	1,073,250

8.3. Changes to Contract Terms & Conditions

To be compliant with CPUC directives, SoCalGas provided the bidder with both the standard and modifiable CPUC terms and conditions at the start of contract negotiations.²⁹ The IE reviewed all

²⁹ D.18-10-004, OP 7.

documents and confirmed that the CPUC’s terms and conditions are included in the agreement with the specific modifications as discussed below:

- **CPUC Standard Terms** – The agreement keeps the CPUC Standard terms and conditions intact and only makes permissible changes or additions.

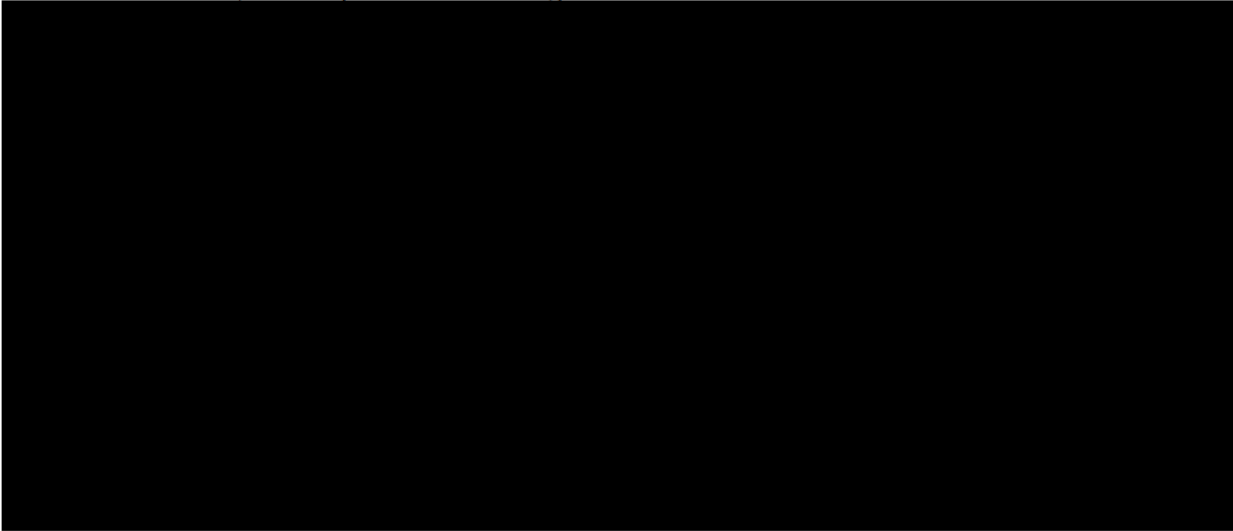


Table 8.2: IOU Additional Terms		
Standard Term	Conflicting Additional Term	Resolved
[Redacted Content]		

8.4. Conformance with CPUC Policies and Objectives

Table 8.1 provides a summary of the way elements of the program align with CPUC Policies and Objectives.

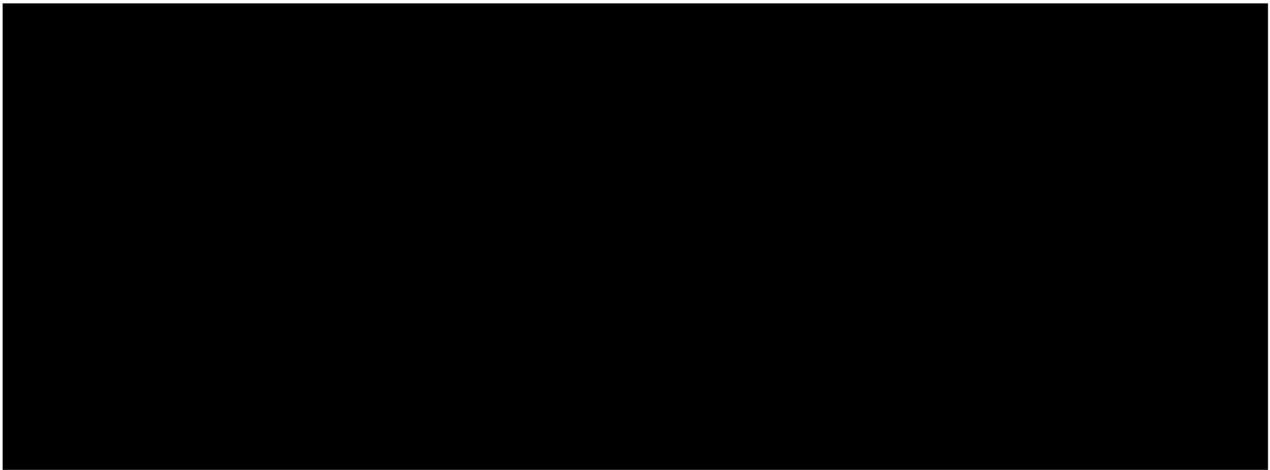
Table 8.1: Contract to Guidance Comparison	
PRG Guidance and Other Considerations	IE Response
IOU should develop a standard contract template with CPUC standard terms, compliant with applicable CPUC policies, decisions or specific directives, consider PRG and IE feedback, not use language/concepts that are inappropriate or typically not used in the EE industry. (PRG Guidance on Contracting, Section 6.1.1)	See Section 8.3.
Contract must include all CPUC standard (non-modifiable) contract terms in the contract (6.1.2)	See Section 8.3.
Contract includes CPUC modifiable contract terms as a starting point. (6.1.3)	See Section 8.3.
Other aspects of the contract template do not conflict with	See Section 8.3.

Table 8.1: Contract to Guidance Comparison	
PRG Guidance and Other Considerations	IE Response
CPUC terms and conditions, policies, decisions or direction. (6.1.4/5)	
IE pool reviews standard contract template and provides comment (6.1.6)	Confirmed. IE pool reviewed contract template.
IOU must present its contracting negotiation process to the IE/PRG for review (6.2.1)	Confirmed. IE was informed of the process and approach to the contract.
IEs should monitor all bidder communications during the negotiation process (6.2.2)	Confirmed. IE was included in all bidder communications and invited to all meetings.
IOUs should explain its contracting process to selected bidders (6.2.3)	Confirmed. The IOU explained the contracting process to the bidder at the initial meeting.
Prior to execution, the assigned IE and PRG should review final contracts for each program recommended for award. (6.3.1)	Confirmed, the IE reviewed final contracts.
Reasonable number of KPIs.	Confirmed. There are 8 KPIs addressing different aspects of the implementer's performance.
KPIs make sense in terms of measuring, scale, timeframe.	Confirmed.
Contract includes appropriate performance issue remedies.	Confirmed. Contract identifies process to remedy performance issues.
Contract clearly addresses Support Services.	Confirmed. Attachment 2 presents Support Services offered by SoCalGas.
Innovative aspects of the program are retained.	
If applicable, IDSM components are included.	
If applicable, program considerations for HTR and DAC are incorporated.	Not applicable.
Changes proposed by SoCalGas and Contractor were reasonable and fair.	Confirmed. Changes were reasonable including the budget reduction as the RFP indicated that the solicitation budget may be shared among multiple awardees.

8.5. Uniformity of Contract Changes

After the conclusion of SoCalGas' final bid selections, the IOU entered contract negotiations with Enovity and the other selected bidder, Willdan. As a starting point for negotiations, and consistent with CPUC direction, SoCalGas gave both bidders a set of CPUC standard and modifiable terms and conditions. Along with the CPUC's terms and conditions, the IOU

³⁰ Decision 18-10-008, OP 6 and 7. The initial contract did not include definition of terms presented in the footnotes to



9. Conclusion

The solicitation was conducted fairly, transparently, and without bias. SoCalGas effectively managed its solicitation although it should have allotted more time for contract negotiations. The PRG provided timely input and actively engaged with the IOU throughout the solicitation. The IE monitored all aspects of the solicitation from RFA development through contract execution. The IE and the PRG provided recommendations on various aspects of the solicitation and recommendations that were mostly incorporated by the IOU into this solicitation and/or will be in future solicitations.

Enovity's program focuses exclusively on RCx and operational energy savings based on a population-level NMEC approach. Since Willdan will provide a complete offering including customer incentives on EE retrofits, the IOU should collaborate with the two implementers on how to best serve Enovity's niche participants with both programs. Further, [REDACTED]

In sum, SoCalGas' local large commercial sector solicitation resulted in a program that will contribute to the IOU's achievement of its CPUC energy efficiency goals and associated portfolio and sector metrics. In the coming years, the program will also help the IOU present a program portfolio that can meet the CPUC's cost-effective threshold requirements.

the CPUC standard or modifiable terms and conditions. Instead, as instructed by the CPUC footnotes, SoCalGas defined these terms in the RFP or in the Agreement (i.e., Schedule B, Scope of Work).

