

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



December 21, 2021

Joseph Mock
Director Regulatory Affairs
Southern California Gas
555 W. Fifth Street, GT14D6
Los Angeles, CA 90013-1011

Dear Mr. Mock,

This disposition letter serves as a notice of approval of the following contract from Southern California Gas Company's (SCG) third-party Residential Behavioral Solicitation:

5903: Oracle America, Inc.'s Dynamic Actionable Customer Feedback Program

This Advice Letter is effective December 21, 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 this third-party contract, that is valued at \$9,279,600 and with a term of 3 years, for commission review.¹ On November 29, 2021, SCG filed this advice letter for approval of a third-party contract resulting from the Residential Behavioral 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 SCG's responsibility to manage its portfolio to ensure it remains in compliance with its approved business plan and all CPUC Decisions.

Implementation Plan Development

Decision D.18-05-041, the Business Plan Decision, Ordering Paragraph 2 requires implementation plans to be posted within 60 days of contract execution, or within 60 days of Commission approval if the contract meets the advice letter threshold. With the issuance of this disposition, implementation plan for this program is due to be posted no later than February 19, 2022

¹ D.18-01-004, pg. 57

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Please direct any questions regarding Energy Division's findings in this non-standard disposition to Mia Hart (mia.hart@cpuc.ca.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "ER" followed by "(FOI)" in parentheses.

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

Cc: Service List R.13-11-005
Pete Skala, Energy Division
Jennifer Kalafut, Energy Division
Alison LaBonte, Energy Division
Justin Galle, Energy Division
Mia Hart, Energy Division



Joseph Mock
Director
Regulatory Affairs

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November 29, 2021

Advice No. 5903
(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 Residential Behavioral Solicitation, Pursuant to Decision (D.) 18-01-004

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (CPUC or Commission) a third-party contract for the Dynamic Actionable Customer Feedback (DACF) Program, resulting from the Residential Behavioral (Res Beh) 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 to be submitted via a Tier 2 Advice Letter for those contracts that are valued at \$5

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

² D.18-01-004, OP 2 at 61.

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

SoCalGas' DACF Program is provided to an initial 1,124,800 residential SoCalGas Customers. The program is designed to focus on energy savings resulting from changes in customer usage.

Randomly selected customers are defaulted to receive natural gas usage feedback in the form of Home Energy Reports (HERs) via paper and email. Advanced Meter Usage Data collected with other demographic factors are utilized in the development of these personalized natural gas usage reports. The purpose of the reports is to influence customer natural gas usage, educate customers on how to be more energy efficient, and ultimately save natural gas therms per treated customer. The DACF Program also offers other supplementary products and services in support of the Res Beh Program. The program methodology is "randomized control trial (RCT)" with the assigned treatment waves 1, 2, 4, 5, 7, 10 and 13.

Third-Party Contract Solicitation

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

Table A: Contracts in the Res Beh Solicitation			
Contract		Budget	Duration
Gas Emerging Technologies			
1.1	The Dynamic Actionable Customer Feedback Program	See Appendix B	36 months
1.2	The Performance-Based Next Gen HERs Program	See Appendix B	36 months

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

Table B: General Contract Summary – Oracle America, Inc.		
1	Solicitation name	Residential Behavioral Solicitation
2	Type of program: local, regional, or statewide	Local
3	Delivery Type – specify the delivery type (i.e., direct install, upstream, midstream, or downstream).	Resource; Behavioral
3.1	A. Direct Install/Downstream Customer Targeting (Yes or No)	N/A
3.2	B. Customer Targeting brief description, if applicable.	N/A

Table B: General Contract Summary – Oracle America, Inc.		
3.3	C. Midstream/Upstream Market Actors receiving incentives [i.e., manufacturers, distributors, contractors, or other (specify)].	N/A
4	Market/Sector(s)	Residential
5	Customer Segment(s)	Treatment Waves 1, 2, 4, 5, 7, 10 and 13. ³
6	Third-Party Implementer/Subcontractor name	Oracle America, Inc.
7	Name of program or service	DACF
8	Brief description of program or service (2-3 sentences).	The DACF Program includes delivery of Home Energy Reports (paper and email), as well as other supplementary products and services in support of the Residential Behavioral Program. The program methodology is “random control trial (RCT)” with the assigned treatment waves 1, 2, 4, 5, 7, 10 and 13.
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)	26,550,000 (9,000,000)
12	HTR Customers. ⁴ 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

³ The behavioral-based EE programs focus on energy savings as a result of changes in customer usage. Behavior programs are mandated to follow three basic components: (1) they must employ comparative energy usage and disclosure, (2) they must be measured ex post, and (3) they must utilize an experimental design, also known as RCT. Under the RCT design, residential treatment waves (“treatment groups”) and control cohorts are from the top two quartiles of SoCalGas’ natural gas usage groups. These groups are defined as those customers with an average annual consumption of greater than 500 therms. Customers from those quartiles are then randomly assigned to treatment and control groups. Treatment customers receive HERs, and control customers do not. Energy savings is conducted ex-post, whereby savings of treatment customers is compared to control customers. Ex-post measurement is conducted by an independent 3rd party evaluator to ensure the validity and reliability of program results are maintained.

Table B: General Contract Summary – Oracle America, Inc.		
13	Disadvantaged Community Customers. ⁵ 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 Program Year (PY)	PY2021 – 1,124,800 PY2022 – 1,124,800 PY2023 – N/A PY2024 – N/A
15	Area(s) Served (including service territory, climate zones, cities, and/or counties, as applicable).	SoCalGas Service Territory
16	Program TRC ratio [Cost Effectiveness Tool (CET) output]. ⁶	3.63
17	Program Administrator Cost (PAC) ratio (CET output)	3.63
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)	\$0.35
23	Program \$/therm (PAC levelized cost, CET output)	\$0.35
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)	N/A

Table B: General Contract Summary – Oracle America, Inc.		
29	Savings Determination Type (i.e., custom, deemed, Net Metered Energy Consumption, or randomized Control Trial).	N/A
30	Savings Calculation Method(s) (Meter-Based, Deemed, Calculated, Multiple and/or Other). If Multiple or Other, please specify.	N/A
31	Contract start date and end date.	Contract will commence for 36 months upon Advice Letter approval.
32	Program start date and end date. If program dates aren't defined by the period the program is open for customer participation, explain, and include customer participation period.	Implementation will begin shortly after Advice Letter approval and completion of Implementation Plan.

Notes:

4. 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 therms, 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).
5. 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.
6. TRC is for the implementer only. The TRC filed in The California Energy Data and

Reporting System will include SoCalGas' administrative cost.

Solicitation Process Overview

The Res Beh solicitation was conducted in a two-stage process in accordance with D.18-01-004. The two-stage solicitation comprised 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 Apex 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 July 1, 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 35 days to develop RFA documents, which were required to be submitted to PowerAdvocate on September 25, 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 November 18, 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 six respondents to move to the RFP stage. The Stage Two RFP release was issued through PowerAdvocate on January 15, 2021. Bidder submissions were due through PowerAdvocate on February 22, 2021.

The RFP requested Bidders to provide more details about their proposed abstracts, including Cost Effectiveness Tool (CET) runs, and other documents to assist SoCalGas in making its selection. 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 April 13, 2021. Negotiation of contracts immediately followed, with execution of the contract requiring Advice Letter approval occurring on October 29, 2021.

1.b) Communications With Respondents

SoCalGas managed all solicitation activity through PowerAdvocate. All interested Bidders were required to register in PowerAdvocate to access the respective RFA and RFP documents, submit questions to SoCalGas, and ultimately submit their abstracts and proposals. SoCalGas hosted optional Bidder conferences for both the RFA and RFP stages. Any communication with respondents outside the Optional Bidder Conference, until negotiation with the selected Bidder, was required to be sent in the messaging tab via PowerAdvocate. No questions from respondents were to be directed to any SoCalGas employees and any direct contact with any SoCalGas employees regarding the Res Beh 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 September 2, 2020. During the RFP stage, a pre-bid conference was held on January 20, 2021.

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

Over the course of the Res Beh solicitation, SoCalGas received a total of 142 questions (101 questions in the RFA Q&A round and 41 questions in the RFP Q&A rounds) from

the bidding community on an array of topics. In the RFA stage, overarching themes included clarification of key dates, submission of multiple abstracts, scope of work, subcontractor matching, definitions and key terms, target segments and customer data availability. In the RFP stage, overarching themes included budget, scope of work, Diverse Business Enterprises (DBE's) and page limit requirements.

1.c) Independent Evaluator Participation

The Res Beh IE, Apex 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, 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: An RFA/RFP consistency review was conducted by SoCalGas to confirm whether the proposal was significantly different from the abstract, based on the criteria identified in the RFP. At the end of the evaluation period, the assessment was presented for further discussion with the IE.
- B. Scoring Training: SoCalGas conducted scoring team training to help inform the scoring team about the scoring process and answer any immediate questions. The IE reviewed the training materials and guidance document; and observed the scoring training meeting.
- C. Individual Scoring: SoCalGas distributed the RFA and RFP bid submissions that passed pre-screening to the scoring team and IE, with a due date/time. The IE conducted "shadow scoring" to better understand the way the scoring team was conducting its scoring and to help ensure the results were fair. IE scores were not part of SoCalGas' official scores.
- D. Calibration Meeting: The meeting was held after individual scoring was completed. IEs also participated in calibration meetings and offered observations.
- E. Shortlists Meetings: The SoCalGas scoring team, including SoCalGas management and IE, met to discuss the results of the bids and recommendations.

- F. Contract Negotiations: The IE oversaw the entire negotiation process and was included on all e-mail communications and invited to observe all meetings between SoCalGas and contractors.

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

RFA/RFP Development:

- In total, SoCalGas responded to 31 IE Comments and 3 PRG Comments relating to the Res Beh RFA. SoCalGas accepted the majority of the recommendations presented by the IE and accepted all comments from PRG members. The PRG checklist was complete and all PRG recommendations accepted.
- Key comments addressed at the RFA Stage included: Clarifications in terminology and language, ensuring scoring criteria aligned with RFA template, scorecard weighting updates, and ensuring all requested information was appropriate for RFA stage.
- In total, SoCalGas responded to 28 IE Comments relating to the Beh RFA RFP. SoCalGas accepted and addressed the majority of comments and recommendations presented.
- Key comments addressed included: Separating RFPs for residential and commercial behavioral programs while maintaining similar structure and scoring approach, clarification of RFP language, better defined and aligned scoring, information requested but not used for scoring purposes and information requested overlapped in other proposal template areas.
- IE reported no significant issues identified in the program solicitation.

RFA/RFP Shortlist Process:

- Scoring process was transparent, fair, and unbiased, however the IE identified some opportunities for improvement:
 - Bolster the mock training using historical proposals with similar criteria, focusing on most challenging experiences.
 - Instruct scorers to score each proposal across criteria and each criterion across proposals to ensure consistency, and limit information used to the pertinent RFA section.
 - During training, have scorers discuss criteria in depth and agree on checklist of what to look for.
 - Discuss how to judge varying level of “detail lacking” from scoring rubric.
 - Separate and score bids for each sector, to ensure that bids are evaluated consistently among the program designs for that sector.
 - Adjust questions and scoring on cost-effectiveness budget and savings to clarify information needed and what to score.
 - Provide all scorers with information on current program design to assist scores with differentiating between innovation and standard practice.
- At the RFA stage, SoCalGas selected 6 of 11 proposals to proceed to the

- Res Beh RFP. The IE supported this approach.
- At the RFP stage, the IE scores varied slightly from average scores from SoCalGas but agreed on the top-ranked bids. Differences were due to subjective opinions on adequacy of detail provided, primarily in the program design and strategy section. The IE identified some opportunities for improvement:
 - Cost-Effectiveness and Energy Savings metrics should be revised to ensure differentiation among bids. Almost all bids scored a “4” or “3” in these metrics because of the threshold level that was set.
 - Confidence in Forecast application could be better clarified and made more objective with defined boundary limits to trigger a confidence concern or consider being changed to a metric around “risk.”
 - Data Integration and Transfer should give credit for bidders that are already transferring data successfully.
 - Key Performance Indicators (KPI) should provide definitive topics in the RFP and scoring metric that SoCalGas would like to see covered by a KPI.
 - Program Design and Strategy questions could be streamlined and clarified as no bidders fully answered all the questions. Many of the questions had sub-questions that overlapped among the different scoring categories of program description, program design and delivery, marketing outreach, hard-to-reach customers, and innovation. The focus of the metrics on “level of detail” emphasized how much information was provided over the overall risks and benefits of the proposal.
 - Scorecard Checklists. The IE recommended testing use of scorecard checklists and at least one scorer (and the IE) used the approach and reported it being very helpful. The IE recommends SoCalGas work with IEs to consider using the practice for future RFPs.

Contract Negotiations:

- SoCalGas concluded contract negotiations with Oracle in August 2021 on the Res Beh Program Contract. SoCalGas responded to 22 IE comments with a majority being accepted. Key negotiation topics included:
 - Collaboration on Final Program Design & Scope: SoCalGas collaborated with Oracle on the final program design in terms of reconfiguring the program to meet its achievements with only a portion of the existing waves.
 - Terms & Conditions: Oracle requested extensive changes to SoCalGas’ Terms & Conditions. SoCalGas agreed to a number of modifications to address these concerns but did not modify the Excusable Delays (force majeure) clause or the warranties that allow SoCalGas the option to replace Oracle with a third party at Oracle’s expense.
- The IE provided the following recommendations:
 - Contract Template: SoCalGas should conduct a detailed review

and modification of the template to modify for non-traditional programs prior to the Outreach contracting process (which is similarly non-traditional) to facilitate a smoother process.

- Risk Shifting to Bidders: The IE recommends again, that SoCalGas adjust the language in Excusable Delays in all future contracts. The IE recommends that SoCalGas consider all major areas of Oracle concerns to revise its contract for all future bids to better balance the risk.
- Contract Negotiations Timeline: The IE recommends that SoCalGas legal team be more actively involved in contract negotiation from the beginning.
- Consistency Among Bidders: The IE recommends that SoCalGas consider all aspects of a contract (price and offering, bidder risk profile, bidder characteristics) when negotiating rather than ensuring the contract terms and conditions are the same among bidders.

Marketing and Outreach

To increase public and potential Bidder awareness of the Res Beh 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. SoCalGas posted the RFA release notification on the CAEECC website on July 1, 2020, and the RFP release notification on January 18, 2021.

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 84 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	8/21/2020
2	Pre-Bid Conference (optional)	9/2/2020
3	Bidder's deadline to submit written questions	9/9/2020
4	IOU response due to bidder questions	9/16/2020
5	Bidder's abstract submission due	9/25/2020
6	Shortlist notification	11/18/2020
Stage 2 RFP Events		
1	RFP issued	1/15/2021
2	Pre-Bid Conference (optional)	1/20/2021
3	Bidder's deadline to submit questions to IOU (two rounds)	1/26/2021, 2/4/2021
4	Bidder's deadline to submit CET to IOU for preliminary review (optional)	N/A
5	IOU responses due to bidder questions (two rounds)	2/1/20201, 2/9/2021
6	IOU responses due to preliminary CET review	N/A
7	Bidder's proposal submission due	2/22/2021
8	Bidder interviews conducted by IOU	N/A
9	Bidder shortlist notification	4/13/2021
10	Contract negotiations and execution	4/22/2021- 10/29/2021
11	Tier 2 Advice Letter submission	11/29/2021

3. Independent Evaluator

As required by D.18-01-004, SoCalGas selected an IE for oversight and consultation throughout the process. The IE for the Res Beh solicitation was Apex 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 presented findings to the EE PRG on:

- Final RFA Package – 8/4/20
- RFA Evaluation Results and Shortlist Recommendations – 11/3/20
- Final RFP Package – 1/5/21
- RFP Evaluation Results and Shortlist Recommendations – 4/6/21

- Contract Update report-outs – 5/4/21, 6/1/21, 7/6/21, 8/3/21, 9/7/21

Transition Plan from Pre-Existing Program to New Program

SoCalGas is extending the current contract with the vendor to avoid interruption in services. The program will then continue under the new contract once Advice Letter is approved and implementation plan filed.

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 December 19, 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, 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 addresses shown below on the same date it is mailed or e-mailed to the Commission.

Attn: Grisel Juarez Velazquez
Sr. Regulatory Tariff Administrator
555 West Fifth Street, GT14D6
Los Angeles, CA 90013-1011
Facsimile No.: (213) 244-4957
E-mail: GJuarezVelazquez@socalgas.com
E-mail: Tariffs@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 December 29, 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 DARREN HANWAY
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS
PURSUANT TO D.17-09-023**

I, Darren Hanway, do declare as follows:

1. I am Darren Hanway, Energy Programs & Strategy Manager in the Customer Programs and Assistance Department of Southern California Gas Company (“SoCalGas”). I was delegated authority to sign this declaration by Gillian A. Wright, in her role as Sr. Vice President and Chief Customer Officer at SoCalGas. I have reviewed the confidential information included within SoCalGas’ Energy Efficiency Solicitations SharePoint regarding the *CONFIDENTIAL Energy Efficiency Residential Behavioral 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 24th day of November 2021, at Los Angeles.



Darren Hanway
Energy Programs & Strategy Manager

ATTACHMENT A

SoCalGas Request for Confidentiality of its Residential Behavioral 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. • Negotiated draft contract resulting from the solicitation process. 	<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>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; • <i>See, e.g.</i>, D.20-12-021, 2020 WL 7862639(2020) (agreeing that risk of exposure of proprietary information should outweigh public interest in disclosure of information). <p>CPRA Exemption, Gov't Code § 6255(a) (Balancing Test)</p>	<p>Based on input received by bidders, and based on SoCalGas' concurring position, the produced documents are proprietary, and represent and contain proprietary, commercially sensitive, and other content not intended for public disclosure. This information includes budgets, compensation, program design, and personnel profiles.</p> <p>All bidders engage in work product that is intended only for access by designated members. Public disclosure would pose potential negative impacts to bidder and the bidding process. Failure to protect the bidder's investment of time and resources during the solicitation process could result in loss of competitive advantage, and result in less competition in the marketplace, which may lead to higher program prices or less innovative program elements. The public's interest is best served when energy-efficiency programs deliver the largest amount of savings in the most cost-effective manner. Bidders invest knowledge and time, and determine an acceptable level of risk and compensation, to deliver increasingly energy-efficient programs. Public disclosure of proprietary methods before contracts are executed would discourage investment into the solicitation</p>

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

Advice No. 5903

- 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 on
the

Local Behavioral Solicitation – Oracle Contract



Prepared by:
Apex Analytics

September 2021

**Southern California Gas Company
Local Behavioral Solicitation – Oracle Contract**

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Executive Summary

Southern California Gas Company (SoCalGas or the Company) solicited third-party contractors to propose new energy efficiency (EE) programs to extend and expand their Residential Behavioral Programs and to create a new Commercial Behavioral Program. The solicitation enabled SoCalGas to comply with the requirements of California Public Utility Commission's (CPUC or Commission) Decision (D.) 16-08-019 and to fulfill commitments as presented in the Company's Business Plan¹ and Solicitation Plan².

The solicitation has been successful in procuring two third-party implementers to extend the existing Residential Behavioral Programs that will help SoCalGas meet its D.16-08-019 obligations, implement its Business Plan, and provide EE benefits to its customers and the State. SoCalGas is also pursuing negotiations with a Commercial Behavioral Program bidder. SoCalGas' conduct and management of the EE program solicitation has been transparent, fair, and equitable. These solicitations are consistent with Commission guidance and support portfolio goals. During the solicitation process, SoCalGas included the Independent Evaluator (IE)—Apex Analytics—in all processes and reported monthly to the Peer Review Group (PRG) on key milestones including Request for Abstract (RFA) and Request for Proposal (RFP) selections.

The objective of this solicitation is for the EE industry to collaborate with SoCalGas in offering an innovative and cost-efficient program for continuing and expanding the existing Residential Behavioral Program and developing a cost-effective Commercial Behavioral Program. SoCalGas selected Oracle America, Inc. (Oracle) along with another bidder from the Residential RFP and is still in negotiations for a Commercial implementer. This final report is specific to the Oracle contract. In the negotiations process, Oracle and SoCalGas collaborated on final program design. The original design of the program proposed by Oracle remained intact.

As described in Oracle's contract, the Residential Behavioral Program: Dynamic Actionable Customer Feedback (DACF) program will offer participating customers the following services:

- Program Management Service Implementation and Provision of the following products:
 - Paper Home Energy Reports
 - Email Home Energy Reports
 - Inside Opower
 - Customer Service Interface – Program Management
 - Energy Efficiency Web FAQs Page
- Implementation Support Services
- Implementation Launch Services
- Live Operate Services

¹ https://www.socalgas.com/regulatory/documents/a-17-01-016/SoCalGas_Business_Plan-1.17.17-FINAL.PDF

² https://4930400d-24b5-474c-9a16-0109dd2d06d3.filesusr.com/ugd/0c9650_d1ace41e53654b75932213f644a7131e.pdf

- AMI Data Integration
- Implementation Service Assumptions

A summary of the contract is shown in Table ES-1.

Table ES-1: Contract Summary	
Topic	Oracle Terms
Offerings	Paper Reports, Email Home Energy Reports, Online Tools, Customer Interface, FAQ Web Page, AMI Data Integration, Implementation Support Services
Existing Behavioral Waves	1, 2, 4, 5, 7, 10, 13
Contract Value	\$ [REDACTED]
Pay-for-Performance	100% Performance
Number of Customers (Initial)	1,124,819
Net Therm Savings	26,500,000
Program Total Resource Cost (TRC)	3.63
Program Administrator Cost (PAC)	3.63
Total System Benefits	\$26,934,828
Diverse Business Enterprise (DBE) %	31%
Contract Period	Up to 3 years

1. Background

This Independent Evaluator Final Solicitation Report (Report) provides an evaluation of Southern California Gas Company's (SoCalGas or Company) solicitation process for selecting a third-party contractor to implement a Behavioral Program for the local residential customers. Apex Analytics LLC³ (Apex), working as the Independent Evaluator (IE), generated this report to summarize the solicitation process to ensure its compliance with California Public Utilities Commission (CPUC or Commission) requirements. The Report is intended to reflect and provide a record of the entire solicitation in compliance with CPUC direction⁴.

In 2008, SoCalGas filed an application seeking authorization for advanced metering infrastructure (AMI) deployment. The application involved the installation of approximately 6 million AMI natural gas modules. Through the AMI system SoCalGas customers gained access to their energy usage information that resulted in reduction in consumption.

Decision (D.) 10-04-027 authorized AMI deployment by the CPUC. This Decision set a goal for SoCalGas to reduce residential gas consumption by 1% and placed reporting requirements on the utility.

D.12-05-015 specified that “all Behavioral Programs are required to employ:

- Comparative energy usage and disclosure (as described in SB488, i.e., peer comparison);
- Ex post measurement (treatment vs control);
- Experimental design (RCT).”

The program transitioned from AMI to Energy Efficiency (EE) in 2018. In August 2016, the CPUC adopted D.16-08-019, which defined a “third-party program” as a program proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator. In January 2018, the Commission adopted D.18-01-004, directing the four California investor-owned utilities (IOUs)—Pacific Gas & Electric Company (PG&E), Southern California Edison Company (SCE), SoCalGas, and San Diego Gas & Electric Company (SDG&E)—to ensure that their EE portfolios contain a minimum percentage of third-party designed and implemented programs by specified dates. In October 2019, SoCalGas (and the other IOUs) submitted a request to the CPUC for an extension of this requirement because of the additional time needed to establish new solicitation process protocols and procedures. On November 25, 2019, the CPUC granted the IOUs an extension of time to meet the minimum percentage thresholds as shown below⁵:

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

³ Light Tracker, DBA Apex Analytics LLC.

⁴ Decision 18-01-004, OPN 5.d.

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.

- At least 60 percent by December 31, 2022.

To fulfill the requirements for third-party programs, SoCalGas began releasing solicitations in 2018 with the desired result of contracting with third parties to propose, design, implement, and deliver new EE programs. SoCalGas is required by the CPUC to conduct a two-stage solicitation approach to 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

The CPUC also requires each IOU to assemble an EE Procurement Review Group (EE PRG or PRG). The IOU's EE PRG, a CPUC-endorsed entity, is composed of non-financially interested parties such as advocacy groups, state energy commissions, utility-related labor unions, and other non-commercial, energy-related special interest groups. The EE PRG is charged with overseeing the IOU's EE program procurement process (both local and statewide), reviewing procedural fairness, examining overall procurement prudence, and providing feedback during all solicitation stages. Each IOU briefs its PRG on a periodic basis throughout the process on topics including RFA and RFP language development, Abstract and Proposal evaluation, and contract negotiations.

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

2. Solicitation Overview

2.1. Overview

This Report summarizes the solicitation process for the Local Behavioral Program solicitation. It reflects Apex's observations as the IE through the entire process, from the development of the RFA to finalizing the contract with the selected third-party EE contractor. The purpose of the Behavioral Program solicitation was to invite the EE industry to collaborate with SoCalGas in offering an innovative and cost-efficient program for continuing and expanding the existing Residential Behavioral Program and developing a cost-effective Commercial Behavioral Program.

Solicitation Scope

This solicitation targeted both residential and commercial customers for cost-effective Behavioral Programs that meet the CPUC definition of Behavioral Programs: (1) must employ comparative energy usage and disclosure, (2) must be measured ex post, and (3) must utilize an experimental design (Random Control Trial, or RCT). The solicitation scope outlined these CPUC requirements, but also encouraged innovation to drive cost-effective therm savings. This solicitation encouraged the exploration of all relevant delivery channels and program strategies to produce a cost-effective program to maximize natural gas efficiency savings. Program RFA

⁶ Id, p. 31.

abstracts were requested to address residential and/or commercial sectors for a natural gas-focused resource program and invited bidders to submit proposals for one or both of the RFP solicitations.

Objectives

The solicitation is based on the goals identified in SoCalGas' approved business plan⁷; the solicitation is designed to promote behavioral-related EE solutions through intelligent outreach, expanding to more customers and using innovative approaches to increase therm savings over historical programs.

2.2. Timing

The RFA and RFP processes followed the planned schedule as the Behavioral Program RFA was released in August 2020 and the RFP was released in January 2021 with an anticipated program launch in the fourth quarter of 2021. RFA screening, scoring, and calibrating all occurred in October 2020 with an RFA Shortlist released on October 28, 2020. The RFP development took place in December 2020 and January 2021, with the RFP launch in mid-January and proposal selection at the end of March 2021. The contract negotiations with Oracle America, Inc. (Oracle) required longer than anticipated and were completed on September 2, 2021. The detailed timing of the Behavior Program solicitation is outlined in the table below including the updated timing for negotiations. Table 2.1 displays key milestones in the process.

Table 2.1: Key Milestones	
Milestones	Actual Completion Date
RFA	
RFA Released	August 21, 2020
Optional Bidder Web Conference	September 2, 2020
Questions Due from Bidders	September 9, 2020
Responses Provided by Company	September 16, 2020
Bidder Abstracts Due	September 25, 2020
RFA Scoring	October 26, 2020
RFA Calibration Meetings	October 23 & 24, 2020
RFA Shortlist Meeting	October 28, 2020
RFA Shortlist Presented to PRG	November 3, 2020
RFP	
RFP Launch	January 15, 2021
Bidders Conference	January 20, 26, & 27, 2021
Bidder Q&A	February 5, 2021
Residential RFP Scoring	March 17 & 18, 2021
CET Feedback to Bidders	March 4 & 12, 2021
Commercial RFP Scoring	March 23, 2021
Proposal Selection	March 31, 2021
Contracting & Implementation	
Selected Bidder(s) Notified	April 20, 2021
Contracting Kickoff Meeting	April 30, 2021
Signed Contracts	October 29th, 2021
Contract Begins (Notice to Proceed)	October 29th, 2021

⁷ https://www.socalgas.com/regulatory/documents/a-17-01-016/SoCalGas_Business_Plan-1.17.17-FINAL.PDF

Milestones	Actual Completion Date
Program Launch (Estimated)	TBD

2.3. Key Observations

Overall, the IE finds that the solicitation was successful in procuring a Residential Behavioral Program that will help meet SoCalGas' D.16-08-019 obligations, implement its Business Plan, and provide EE benefits to its customers and the State. SoCalGas' conduct and management of the EE program solicitation has been transparent, fair, and equitable. This solicitation was consistent with Commission guidance and support portfolio goals. SoCalGas followed its scoring and shortlist processes and supported effective, transparent solicitations. The scoring teams were engaged in the scoring and selection processes and the solicitations team managed an efficient process.

Table 2.2 summarizes the key observations made during each solicitation stage.

Topics	Key Observations	IE Recommendations	Outcomes
RFA Development			
Unique Solicitation	The Behavioral Program solicitation targets a new area and is unique in that it continues and expands an existing program into a new sector and does not involve installation of measures.	The uniqueness of this solicitation should be considered in writing and evaluating the RFP.	Changes were made to the RFP and ultimately the contracts to accommodate these differences.
Scoring Weighting	The PRG recommended SoCalGas revisit the scoring to reduce the weight for previous experience and eliminate redundancies.	The IE reviewed SoCalGas' revisions to the PRG recommendation and suggested clarifications to ensure continued alignment and clarity of the template.	SoCalGas incorporated these recommendations into the template and rubric.
Bidder Q&A	Bidders requested specific information about SoCalGas customers and previous programs that could potentially help with program design but were denied due to confidentiality; however, existing contractors would likely have had access to the information.	For the RFP, provide more information such as customer usage data by quartile and season, segmentation by business type for commercial customers, or other types of information to which existing contractors have access. For future RFAs where programs have existing contractors, work to provide information already available to existing contractors.	Additional information was provided in the RFP stage.

Table 2.2: Key Issues and Observations			
Topics	Key Observations	IE Recommendations	Outcomes
Threshold and RFA Screening Process	SoCalGas incorporated an objective and transparent process that first identified possible reasons for disqualification, but ultimately kept in proposals where there was room for doubt.	None, SoCalGas should continue this process.	
RFA Scorecard	The RFA scorecard worked relatively well but caused some confusion for bidders and/or scorers in the following areas: <ul style="list-style-type: none"> • Comprehensiveness • Innovation • Program Experience 	SoCalGas should consider making the following adjustments to the RFA scorecard: <ul style="list-style-type: none"> • Reference tables of measures rather than just the bidder’s description for factors such as program comprehensiveness. • Improve clarity of the scorecard related to the metrics associated with innovation. • Adjust program experience scoring to be less strict on what constitutes a similar or successful bid. 	SoCalGas has adjusted the scorecard for these items.
RFA Scoring			
Multi-Sector Request	There was confusion by some scoring team members about whether Commercial proposals were acceptable or appropriate. Commercial proposals may have been scored in comparison to residential proposals where there is more industry experience.	Separate and score bids for each sector to ensure that bids are evaluated consistently among the program designs for that sector.	These issues were worked out during the calibration meeting and individual team members revised their scores after discussions, which reduced the wide variance among scorers. SoCalGas separated the two sectors in the RFP process.
RFA Scoring Rubric on Innovation	One scoring team member was knowledgeable about the current program approaches while others were not. Approaches that may sound innovative but were actually being implemented in the current program were scored differently depending on scorer’s knowledge of existing programs.	Provide all scorers with information about how the current program is designed and implemented so that team members can identify innovation from standard practice.	This was included in the RFP.

Table 2.2: Key Issues and Observations			
Topics	Key Observations	IE Recommendations	Outcomes
RFP Stage			
Application of the Scorecard	At least one scorer tested the approach recommended by the IE after the RFA to use a checklist to help score each metric.	The checklist helped in calibration discussions to determine whether the response adequately addressed RFP requirements. SoCalGas should work with IEs to discuss incorporating checklists into scoring metrics for future RFPs.	SoCalGas presented the checklist approach during RFP scorer training, and the approach was used and liked by at least one scorer.
Calibration Meeting Process	In some cases, objective scores that had only one scorer were miscalculated. Subjective scores most often deviated by individual scorer opinions on the adequacy of details provided by the bidder.	SoCalGas should have a second internal scorer check any objective calculations to ensure calculations are correct. Reducing the number of sub-questions and complexity in the scorecard would also reduce the likelihood of scorer deviations (see recommendation on next line).	Scores were checked during the calibration meetings. Pending IOU consideration for future RFPs.

Table 2.2: Key Issues and Observations			
Topics	Key Observations	IE Recommendations	Outcomes
Scorecard Improvements	The RFP scorecard worked relatively well, but certain areas of the scorecard and related RFP questions could be improved.	<p>Topics to address in the future include:</p> <ul style="list-style-type: none"> • Complexity of scorecard elements could be reduced. • Many of the RFP questions included sub-questions that most bidders did not address. Consider adjusting or removing some of these questions. • Key performance indicator (KPI) scoring should identify topics that KPIs should cover and score how well the KPIs address the topics. • Cost-Effectiveness and Energy Savings scoring metrics should be revised to ensure differentiation among bids. <p>Overall, the RFP scorecard should better balance being scored on the level of detail provided versus the content.</p>	Recommendations have been implemented to the extent applicable in the Outreach RFP.
Shortlist Selection	SoCalGas shortlist discussions resulted in SoCalGas deciding not to limit the Residential selection to only the top bidder and to propose the second-ranked bidder in the Commercial selection. The PRG requested more information about the Commercial process and recommended resolving SoCalGas concerns with the top-ranked proposal through the negotiation process, which SoCalGas pursued. Ultimately, the top-ranked Commercial bidder withdrew from negotiations.	SoCalGas should consider these possible outcomes in setting future scoring weights and metrics to align the scoring metric with the desired outcome.	Weighting being considered in future RFPs.

Table 2.2: Key Issues and Observations			
Topics	Key Observations	IE Recommendations	Outcomes
Contracting Stage			
Contract Template	The contract template implies a traditional program of incentives and installations rather than a software-as-a-service program. This program has no on-site work, no direct contact with customers, and no materials. It also relies on proprietary software from the contractor. Many of these types of terms and conditions are still in the contract as SoCalGas was unwilling to make major changes to the terms and conditions.	SoCalGas should conduct a detailed review and modification of the template to modify for non-traditional programs prior to the Outreach contracting process (which is similarly non-traditional) to facilitate a smoother process.	SoCalGas intends to review contracts prior to beginning negotiations for Outreach program.
Risk Shifting to Bidders	The detailed Oracle review identified nine areas of major legal concerns where Oracle legal team felt there was unbalanced risk sharing between SoCalGas and the bidder. SoCalGas only made a minor accommodation to a cap on limits of liability. The IE has previously recommended one area of concern be adjusted for all future contracts, one that allowed SoCalGas to have sole judgement on whether a force majeure event provides an allowable reason for delay.	The IE recommends that SoCalGas adjust the language in Excusable Delays in all future contracts. The IE recommends that SoCalGas consider all major areas of Oracle concerns to revise its contract for all future bids to better balance the risk.	This change has been implemented in the Oracle contract.
Contract Negotiations Timeline	The SoCalGas legal team did not actively engage in the negotiations until after repeated requests by Oracle and nearly three months after negotiations began.	The IE recommends that the SoCalGas legal team be more actively involved in contract negotiation from the beginning.	New recommendation.

Table 2.2: Key Issues and Observations			
Topics	Key Observations	IE Recommendations	Outcomes
Consistency Among Bidders	SoCalGas refused to negotiate many of the terms proposed by Oracle and, to a limited extent, other bidders. The Oracle-requested changes were reportedly agreed to in SoCalGas' existing Behavioral Program contract with Oracle. SoCalGas cited a need to maintain consistency among third-party bidders. This approach did not consider the fact that, as a large corporation, Oracle's risk profile is different from smaller bidders given its larger financial holdings.	The IE recommends that SoCalGas consider all aspects of a contract (price and offering, bidder risk profile, bidder characteristics) when negotiating rather than ensuring the contract terms and conditions are the same among bidders.	New recommendation.

3. Solicitation Outreach and Bidder Response

3.1. Bidder Response to Solicitation

Bidders were informed about solicitation opportunities through three main sources. SoCalGas used Proposal Evaluation & Proposal Management Application (PEPMA) to notify bidders regarding the solicitation. Contractors registered in PEPMA received emails informing them of the solicitation opportunity. SoCalGas also sent a notification from a Strategic-sourcing SoCalGas address to registered bidders in PowerAdvocate and sent notification through the California Energy Efficiency Coordinating Committee (CAEECC) web site. SoCalGas also sent notification to the Service List R.13-11-005 and to supply management's list of identified diverse business enterprises (DBEs).

SoCalGas' outreach approach using PEPMA, supplemented with additional communications, is fair, transparent, and equitable. SoCalGas was fair in its selection of bidders who received information about the bid and transparent in terms of the ways the utility sought to engage potential bidders. Table 3.1 provides statistics on the bidder response to the Behavioral Program solicitation. SoCalGas led the solicitation outreach without IE involvement. The IE tracked the progress of the outreach efforts based on abstracts and proposals received, as well as questions from bidders.

For the RFA, 84 bidders downloaded bid documents, 76 bidders accessed the RFA documents, 14 abstracts were submitted, and 7 bidders were invited to the RFP phase. For the RFP, 5 of 7 residential bidders and 3 of 5 commercial bidders invited to the RFP phase submitted complete bids and were scored. Table 3.1 provides statistics on the bidder response to the Behavioral Program solicitation.

Table 3.1: Solicitation Response	
	Number
RFA	
Bidders Registered	84
Bidders Accessing RFA	76
Abstracts Received	14
Abstracts Disqualified	█
Redundant Abstracts	1
Complete and Eligible Abstracts	11
RFP	
Residential Proposals Invited	7
Residential Proposals Received	6
Commercial Proposals Invited	5
Commercial Proposals Received	3
Residential Bidders Advanced to Contracting	2
Commercial Bidders Advanced to Contracting ⁸	1

3.2. Bidder's Conference and Q&A

SoCalGas held bidder conferences and responded to the bidders' questions at both the RFA and RFP stages in a complete, accurate, and timely manner consistent with their solicitation schedules (conferences are summarized in Table 3.2). SoCalGas developed written responses to questions posed by bidders during the webinars and submitted to PowerAdvocate. SoCalGas sent these responses to all potential bidders through PowerAdvocate. In both phases, the IE was asked to review conference materials and review Q&A responses prior to sending them to bidders. The IE suggested minor edits, which were accepted and included by SoCalGas.

At the RFA Bidder's Conference (September 2, 2020), bidders asked 31 questions and bidders submitted 70 additional questions for the Behavioral solicitation through PowerAdvocate. The IE noted that several questions were asking for detailed demographic information about SoCalGas customers, average energy use, customer segments, or past participants. Due to confidentiality concerns, SoCalGas informed bidders that this type of information could only be supplied to the winning bidder. It is expected, however, that existing contractors may have some or all this information, though it is unclear whether the information provides a competitive advantage. The IE recommended that SoCalGas consider providing to all bidders the same information that existing contractors have, to ensure a level playing field among bidders. Otherwise, the IE suggested minor edits that were accepted and included by SoCalGas.

At the RFP phase, SoCalGas offered two rounds of bidder Q&A for each of the Residential and Commercial RFPs. SoCalGas conducted the bidders' conference for the Residential RFP package on January 20, 2021, and the Commercial conference on January 27, 2021. SoCalGas shared its draft responses to bidder questions, with Residential bidders asking 40 questions in Round 1 and one additional question in Round 2. The questions were varied and were mainly seeking clarification on budgets, forms, requirements, and costs around legacy waves, page limits and required forms, program scaling, and what SoCalGas' idea of a winning program would be. The IE generally agreed with the responses but provided clarification suggestions to some of the

⁸ One Commercial bidder, █, advanced to contracting phase and ultimately chose not to complete negotiations. At that time, the second place bidder was invited to the contracting phase, which is still underway.

response wording.

SoCalGas received 18 questions from Commercial bidders in Round 1 and no additional questions in Round 2. Questions were varied and included topics such as how accounts, meters, and locations related for commercial accounts, how COVID-19 and possible economic stimulus could impact the program, and if SoCalGas could provide counts of email addresses, multiple meters per location, and segment breakdowns for SoCalGas commercial accounts. The IE provided suggestions on clarifying responses and recommended SoCalGas provide metrics that they initially intended to provide only to the winning bidder. SoCalGas did provide these additional metrics in a follow-up response.

Table 3.2 displays information on bidders' conferences and questions.

RFA Bidder Conference Date	September 2, 2020
Number of Questions Received	101
Residential RFP Bidder Conference Date	January 20, 2021
Number of Questions Received	41
Commercial RFP Bidder Conference Date	January 20, 2021
Number of Questions Received	18

3.3. Solicitation Design Assessment

The solicitation design met SoCalGas' intended need to procure a resource-based program(s) targeting a continuation of the existing Residential Behavioral Program with opportunities to expand the program to additional residential and commercial customers. SoCalGas' solicitation strategy aligned with its Business Plan. The solicitation requested that bidders propose programs that would help achieve SoCalGas' savings goals and applicable portfolio and sector-level metrics. Specifically, the Behavioral Program solicitation sought to obtain program ideas to address various segment barriers identified in the Business Plan, with a focus on intelligent outreach and expanding participation.

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

4. RFA and RFP Design and Materials Assessment

4.1. RFA Design Requirements and Materials

The RFA design and approach were fair, sufficiently transparent, and equitable. SoCalGas allowed for PRG and IE review of the template. The IE reviewed the RFA package multiple times. SoCalGas worked with the IE to identify key areas of the RFA that could be removed or streamlined to reduce bidder effort. The RFA for the Behavioral Program solicitation was composed of eight documents, including the RFA main document, three attachments for the bidder to populate, and four exhibits for bidder reference. The IE believes this was a reasonable number of documents for the RFA. The RFA was primarily based in Microsoft Word, with some associated Microsoft Excel tables.

The RFA packet was somewhat challenging to design due to the unique nature of the Behavioral Program solicitation. The IE worked with SoCalGas to ensure the request was clear in that it

was asking for continuation of the program to existing participants, expanding to additional residential customers, and further expanding into the commercial sector. Ultimately, the IE believes that the RFA packet was well designed in terms of clarity and quantity of required information to be provided by the bidder. In general, SoCalGas used a template strategy, where they developed a template to use with all solicitations and modified it to apply specifically to this solicitation. Improvement areas included ensuring that the request for information was aligned with the scoring rubric, clarifying that cost-effectiveness, pay-for-performance metrics, and performance and reporting plans will be requested in the RFP and are not required for the RFA. Across the multiple rounds of review, the IE had 31 comments. All comments were reviewed and considered by SoCalGas, and the vast majority were accepted.

4.2. RFP Design Requirements and Materials

SoCalGas prepared separate RFPs for Residential and Commercial sectors. For each RFP solicitation, SoCalGas released a total of 15 documents, including the RFP main document, 4 attachments for the bidders to populate (3 Word files and 1 Excel file), and 10 informational exhibits.

While largely similar in terms of required submittals and scoring approach, the RFPs differ by sector specifics such as having bidders define how they will segment the sector into more granular subsegments. The RFPs also differ in providing background information on the current approach (Residential provides a brief description), and the type of experience in sector-specific behavioral programs for the scoring section (the Commercial RFP asks for general Commercial Program experience and general behavioral program experience, rather than Commercial-sector behavioral program experience).

The IE did not have any major issues of disagreement with SoCalGas on the RFP design. SoCalGas was open and collaborative with the IE in adjusting the RFP. The IE identified points where the RFP language was vague, where scoring could be better defined or better aligned with the submittal template, where requested information was duplicative of information requested elsewhere, and places where SoCalGas may be requiring information that is not used in proposal scoring. These instances of required information not used in scoring the RFP include some of the Social Responsibility information requested, Compliance, and Workforce standards, which SoCalGas confirmed was needed for contracting purposes.

The IE offered 50 comments, which SoCalGas considered and largely incorporated. Specific areas of discussion include the following:

- Circumstances under which RFP proposed program responses could differ from RFA responses. In response to IE concerns, SoCalGas adjusted the RFP language to allow any change that would make the proposal more cost-effective, while also requiring bidders to justify and describe any significant changes.
- In response to IE comments, SoCalGas modified its draft innovation scoring to be based on expected incremental savings impacts for the innovative approach. For Residential Behavioral Programs, the RFP stipulated that innovation must be a practice not already implemented in SoCalGas' past or current program designs. For Commercial programs the bidder was asked to describe the innovation relative to other utility Commercial Behavioral Programs and the associated incremental savings.

The IE expressed concern that scoring based on overall proposal size could unfairly bias results towards larger proposals, which may or may not be more cost-effective. In

response, SoCalGas split its scoring of Energy Savings Forecast criteria worth [REDACTED] into two pieces: (1) [REDACTED] based on total therm savings proposed by the bidder and (2) [REDACTED] based on therm savings per customer. SoCalGas stated that, since CPUC requires total savings goals be achieved, SoCalGas would like to retain a portion of the scoring tied to the proposal's total therm savings.

4.3. Response to PRG and IE Advice

As noted above, SoCalGas integrated IE feedback throughout the process and no substantial issues raised by the IE were unresolved. SoCalGas presented the draft RFP to the PRG and received comments and responded with revisions. The PRG suggested additional language be included that moving on to contract negotiations does not guarantee the process will result in a contract. In response, SoCalGas strengthened language in Section 5.I – Contract Negotiations, of the RFP Main Document. SoCalGas also updated the definition of “innovation” to align more closely with PRG guidelines and ensure consistency across the RFP Main Document, Attachment 1 – Proposal Guide & Template and RFP Scorecard, and clarified the program period and start/end dates.

The IE reviewed the language and provided minor feedback to ensure consistency and clarity across all RFP documents, which were incorporated by SoCalGas.

5. Bid Evaluation Methodology Assessment

The IE finds that the evaluation process was fair, sufficiently transparent, and equitable. In general, the IE finds that SoCalGas staff were open to IE and PRG feedback and conducted adaptive management of the solicitation processes to continually improve. Apex shared detailed feedback with SoCalGas on recommended improvements to the scorecard and template to reduce bidder confusion and ensure consistency and efficiency for reviewers in future solicitations.

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. After attending a scoring training, the scoring team independently scored each bid following the scoring guidance reviewed by the PRG and the IE. Lastly, SoCalGas held calibration meetings among scorers and a shortlist meeting to decide on final selections.

5.1. Bid Screening Process

At both the RFA and RFP stage, SoCalGas utilized a bid-screening process consistent with the approach presented to bidders in solicitation materials. First, SoCalGas supply management conducted a threshold assessment (pass/fail) on the following factors:

- A. On-Time Submittal Via PowerAdvocate
- B. Proposal Responsiveness (Bidder must complete and upload all mandatory documents and attachments in PowerAdvocate)
- C. Compliance with the RFA and RFP requirements, and confirming that the Proposal does not include the following:
 - Programs or designs that do not abide to Behavioral Program definition as mandated by the CPUC;

- Consultancy services or software Programs;
- Programs based solely on deemed and custom retrofit measures;
- Incentive programs offering bundled measures;
- Unproven new technologies¹⁵, tool development, research and development (R&D), or completion (market testing) of a product;
- Demonstration, pilot, or “proof of concept” projects, R&D prototypes, and limited production technologies that cannot support an effective EE program;
- Customers on Medical Baseline or those identified with medical conditions, Collection account customers, etc.;
- Programs that solely promote demand response;
- Non-EE programs/services and services that support other EE programs;
- Evaluation, measurement, and verification (EM&V) consulting services and program support services¹⁶;
- Programs that are solely a non-resource program; and
- Programs that overlap or duplicate the efforts of Local Government Partnerships or Regional Energy Networks.

During the RFA stage, two bidders ([REDACTED]) were deemed ineligible during threshold screening for not meeting the above criteria. The [REDACTED] [REDACTED] proposal was based on social media advertising, which does not follow an RCT design (required as part of the CPUC Behavioral Program definition), and the [REDACTED] proposal was to provide back-office support. For the RFP, all bids passed the initial screening process.

At the RFP phase, an additional step was taken at this phase to assess all bids for RFA/RFP conformance. SoCalGas hosted a meeting with the scoring team and the IE to discuss the results. The IE agreed with the SoCalGas assessment that all bids were sufficiently similar to the RFA.

5.2. Scoring Rubric Design

SoCalGas’ evaluation criteria (scoring rubric) and associated weightings for the RFA and RFP stages were generally consistent with CPUC direction and the Company’s approved Business and Solicitation Plans. The RFA stage placed heavier weighting on Innovation, Skills and Experience, and general program approach/design factors than the RFP stage. The RFP-stage scoring rubric placed greater emphasis on program feasibility, cost and energy savings, and M&V than the RFA. This was consistent with PRG guidance and with the strategy of the RFP focusing on the proposed program’s details, including specifically how the program will deliver energy savings. Prior to issuance of the RFA and RFP, SoCalGas shared the scoring weights and scorecard with the IE for review and feedback. After integrating IE feedback, SoCalGas shared these adjusted weights with the PRG for feedback.

Table 5.1 provides the RFA Scoring Rubric for the Behavioral Program solicitation.

Table 5.1: RFA Scoring Rubric			
Category	Weighting	Subcategory	Weighting
Program Design	[REDACTED]	Program Meets CPUC Policy Goals	[REDACTED]
		Bidder’s Understanding of Savings	
		Behavioral Change Intervention Strategies	
		Behavioral Program Strategy, Design and	

Table 5.1: RFA Scoring Rubric			
Category	Weighting	Subcategory	Weighting
		Implementation	
		Innovation	
Compliance		Compliance	
Cost and Pricing		Pricing Strategy	
		Cost Effectiveness	
Experience and Capability		Program Experience	
		Key Personnel	

The categories, subcategories, and weights shown in Table 5.2 were used for scoring RFPs. The scoring rubric was designed to balance multiple factors and was generally consistent with PRG guidance.

Table 5.2: Scoring Rubric			
Category	Scoring Criteria Rubric	Sub-Category Weight	Category Weight
Social Responsibility	License and Financial Information		
	DBEs		
	Social Responsibility Questionnaire		
Program Design and Strategy	Program Description		
	Proposed Design and Delivery		
	Marketing Outreach and Strategy		
	HTR and DAC		
	Program Innovation		
	Customer Data Integration and Privacy		
	Program Budget Overview		
	Confidence in Forecast		
	KPIs		
	Work Plan and Implementation Timeline		
Cost and Energy Savings	Energy Savings Forecast		
	Compensation Structure		
	Cost-Effectiveness		
Skills and Experience	Program Experience and Results		
	Staffing Plan and Staff Qualifications		

In addition to the scoring weights, an essential part of the RFA and RFP templates was the scorecard. During both phases, the IE shared feedback on the scorecard.

5.3. Evaluation Team Profile

For the RFA and RFP, SoCalGas maintained a consistent team of scorers, as shown in Table 5.3 below. SoCalGas conducted scorer trainings separately for the RFA and for the RFP, which included detailed information on the scoring rubric, weights, and FAQs. Apex provided input into the scorer training materials and attended both sessions. In both cases, the scoring training was well attended (~15 SoCalGas members) and was useful for discussing scoring approaches and aligning expectations across the organization. The training provided helpful overviews of general processes and each scorecard item. In addition, SoCalGas requested that reviewers attest there was no conflict of interest related to performing their evaluation responsibilities; there were no conflicts of interest reported by scorers.

Number of Reviewers	Position Title	Position Role	Area(s) Scored
	Manager/Advisor	Supply Management	License and Financial Information, DBEs, and Social Responsibility Questionnaire
	Customer Programs Specialist/Advisor	Program Staff	Program Implementation, Skills and Experience
	Engineer	Engineering Staff	Total Resource Cost (TRC)/Energy Savings
	Program Management Lead	Program Solicitations	Shadow Scorer/Screeener

5.4. Scoring Processes

The SoCalGas process for scoring includes individual scoring of each bid for each scorecard item and an in-person calibration meeting to discuss scores that deviated from each other by two or more points. At the meeting, an overview of each bid was presented, then each score that had more than a two-point deviation was discussed. The order of these discussions was organized by scorecard topic (rather than bid), which helped to improve consistency of scores across bids. The IE conducted shadow scoring of bids, shared those scores with SoCalGas, and attended the scoring calibration meeting.

As noted below, SoCalGas followed its scoring processes. During the RFA scoring, the IE noted some opportunity to improve the RFA scorecard related to:

- Confusion about whether Commercial proposals were acceptable or appropriate and how to score relative to residential proposals. Based on this, the IE recommended separating the two solicitations by sector for the RFP.
- Addressing confusion of scorers about what was innovative, given most scorers were not familiar with existing programs. The IE recommended that the RFP specify what is existing and that team members with knowledge should educate remaining team members about existing designs to differentiate what is innovative.
- Scoring of program experience questions, which was difficult due to specificity related to “success” and “similar”.

During the RFP phase, SoCalGas had to request changes to all bidders’ Cost-Effectiveness Tool (CET) files to ensure accurate measure inputs, as there were errors by all bidders. The IE and one of the scorers tested an approach to use a checklist to help score each metrics, in particular documentation to assist in the calibration process about whether all elements of the RFP were

adequately addressed. This approach worked well. Certain scorecard topics could be improved for future RFPs, including reducing the complexity of scorecard elements. Also, many of the RFP questions included numerous sub-questions that most bidders did not address and possibly could be reduced. Both the cost-effectiveness and energy-savings metrics had threshold scoring levels that, as set, did not allow for much differentiation among bids. The IE suggests scoring by rank rather than thresholds to ensure differentiation. Further, on the topic of KPIs, a question was left open for bidders to propose KPIs; however the IE observed that SoCalGas staff had an internal list of KPI topics they felt were appropriate. The IE suggests these topics be provided in future RFPs.

5.5. Response to PRG and IE Advice

As noted above, SoCalGas integrated IE feedback throughout the process and no substantial issues raised by the IE were unresolved. The PRG did not provide specific feedback on this round of bid evaluation methodologies, as they were very similar to previous solicitations due to the template strategy.

6. Final Bid Selection Assessment

6.1. Conformance with Established Evaluation Processes

SoCalGas conducted its RFA and RFP evaluations in conformance with its established scoring criteria and process.

- The calibration meetings were efficient and well facilitated. SoCalGas integrated previous recommendations to allow IEs to identify areas of variance prior to the meeting. Therefore, additional scores were flagged for team discussion due to the IE request for discussion. This helped to add to consistency of scoring and application of the scorecard and was more efficient than the previous process.
- Scorers generally followed the scorecard and, when they didn't use the scorecard faithfully, other scorers often brought this deviation to their attention. This indicates increasing maturity and sophistication in the process.
- The IE and SoCalGas' final RFP scores and bid rankings were very similar, with individual scores differentiating; however, both the groups of top-ranked proposals and bottom-ranked proposals were similar between the IE and the average scoring team scores.

The SoCalGas process to score bids was consistent, with established scoring criteria and defined processes. The calibration team meetings were well planned and well facilitated. The process worked well and the scoring team was focused, consistently applying the rubric. During the meeting, scorers were respectful and open to incorporating new information and changing scores, as appropriate. SoCalGas was also very careful to ensure consistency in CET scoring between bidders to ensure underlying measure assumptions were aligned and therefore resulting scores of TRC, energy savings, and levelized cost were appropriate among bids. During the calibration meeting, the scorers were well prepared and engaged in effective dialogue on scores with deviations. The scorers used the scorecard effectively and were open to adjustments if any issues with following the scorecard were identified by others in the calibration meeting. Generally, the IE scored with consistent rankings but generally lower than SoCalGas.

6.2. Management of Deficient Bids

In both the RFA and RFP phases, there were no deficient bids.

6.3. Shortlist and Final Selections

A) Conformance with Established Evaluation Processes

The RFA shortlist meeting conformed with established evaluation process. The meeting was well attended and included all scoring team members, solicitation team members, supply management staff, management, and the IE. There was detailed discussion of each bid, including the differences in measures among bids. Ultimately, the scoring team recommended that seven Residential bidders and five Commercial bidders move to the RFP phase, as four of the seven Residential bids were incumbents and SoCalGas wanted to ensure non-incumbents had a chance at winning when more detailed information was supplied. Further, SoCalGas believed it may choose more than one winning bidder for each market sector. The IE agreed with this decision.

The RFP shortlisting and final selections conformed with established processes and scoring rubric. SoCalGas held a shortlist meeting with all scorers, the program manager, and the IE. At the end of the calibration process, Oracle followed by Bidgely were the highest Residential bids, as scored by both SoCalGas and the IE. For Commercial, SoCalGas and the IE both scored ██████ as the highest bid and SoCalGas scored ██████ in second place, with ██████ in third. The IE scored ██████ slightly higher than ██████. The deviation was primarily driven by the IE's higher scores in the program design and delivery and experience for ██████ however, these differences were due to differences in subjective opinions on the amount of detail provided and not substantive differences between the two proposals.

SoCalGas held a shortlist meeting with all scorers, the program manager, and the IE. The team discussed the selection possibilities and decided to move to the contracting phase for the top two highest scoring bids (Oracle and Bidgely) in Residential and the highest scoring bid (██████) for Commercial. During the Residential discussions, SoCalGas noted that Residential waves could be easily split between two bidders and, while Oracle's strength was in the printed report, Bidgely was more efficient in emailed reports. The IE agreed with the decision to pursue contract negotiations with both bidders.

For the Commercial solicitation there was considerable discussion about potential risks from both the first-place ██████ and third-place bidders (██████). ██████ was considered risky because it proposed a compensation approach that was 95% time and materials and because it would utilize SoCalGas to perform data analytics on its behalf. Further the proposed budget was over the targeted amount. Given limited experience with commercial-sector behavioral programs, the team was concerned that the ██████ commercial forecasts for \$/therm and cost-effectiveness were not feasible. Initially, SoCalGas wished to pursue negotiations with ██████ due to perceived risks of the ██████ proposal. The PRG, however, felt that SoCalGas should follow the scoring outcome and recommended addressing SoCalGas' concerns through contract negotiations. SoCalGas agreed to do so, and the IE supported this decision.

B) Portfolio Fit

The winning bidders' proposals were consistent with the Scope of Work and consistent with the Business Plan needs. Portfolio fit was not directly used in the bid selection.

6.4. Response to PRG and IE Advice

The RFP process adhered to PRG Guidance and incorporated their feedback. SoCalGas accepted the IE and PRG recommendation to separate the RFP solicitation by sector. SoCalGas also accepted the PRG’s suggestion to update to the definition of “innovation” to align more closely to PRG guidelines and ensure consistency across RFP documents. Finally, SoCalGas accepted PRG’s recommendation to pursue negotiations with the top-scoring Commercial bidder and use the negotiation process to address SoCalGas’ concerns with that proposal, rather than to pursue negotiations second-place scorer.

6.5. Affiliate Bids and Conflict of Interest

The IOU did not receive a bid from an affiliate and there were no identified conflicts of interest.

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 Business Plan and Solicitation Plan.

7.2. Bid Selections Provide Best Overall Value to Ratepayers

Overall, the IE found that the selected Residential Behavioral Programs—Oracle Dynamic Actionable Customer Feedback program (DACF) and Bidgely Performance-Based Next Gen Home Energy Reports (HERs)—provide the best overall value to ratepayers. Both were chosen through a transparent, competitive process; they were the two highest scoring bidders (first and second, respectively) of the RFP processes; and they met SoCalGas business plan goals. The Commercial bid selection will be addressed in a separate report. The remainder of this report focuses on the Oracle DACF program only.

Program Description

As described in Oracle’s contract, the DACF program is a comprehensive, Residential Behavioral Program. Oracle will provide customers the following services and be responsible for overall program delivery:

- Program Management Service Implementation and Provision for the following products:
 - Paper Home Energy Reports
 - Email Home Energy Reports
 - Inside Opower
 - Customer Service Interface – Program Management
 - Energy Efficiency Web FAQs Page
- Implementation Support Services
- Implementation Launch Services
- Live Operate Services
- AMI Data Integration

- Implementation Service Assumptions

Quantitative Metrics

Table 7.1 shows a summary of the quantitative information from the Oracle contract.

Topic	Oracle
Offerings	Paper Reports, Email Home Energy Reports, Online Tools, Customer Interface, FAQ Web Page, AMI Data Integration, Implementation Support Services
Existing Behavioral Waves	1, 2, 4, 5, 7, 10, 13
Contract Value	██████████
Pay-for-Performance	100% Performance
Number of Customers (Initial)	1,124,819
Net Therm Savings	26,500,000
Program TRC	3.63
Program PAC	3.63
Total System Benefits	\$26,934,828
DBE %	31%
Contract Period	Up to 3 years

The behavioral program aligns with California energy policies in helping achieve energy savings and other benefits. Specifically, the program aligns with Senate Bill (SB) 350's pursuit of doubling statewide EE savings by 2030 and seeking to overcome barriers to DACs participating in EE programs.⁹

Measurement and Verification (M&V)

The program primarily consists of behavior changes; therefore, its M&V requirements are limited to confirming participants and attrition and monitoring ongoing savings that are confirmed by a third-party evaluator.

Compensation

As shown above, the Oracle program is based on 100% pay-for-performance based on measured savings with payments occurring after program savings are verified.

Support for Portfolio and Applicable Sector Metrics Achievements

The final contracted program and its KPIs support the portfolio and applicable sector metrics, as shown in Table 7.2 below.

Program KPI	SoCalGas Metric
Net Energy Savings Delivered	Energy Savings
Cost Effectiveness	NA
Levelized Cost-per-Unit Saved	NA
Opt-Out Rate	Number of customers adopting whole-house gas

⁹ SB 350 is the Clean Energy and Pollution Reduction Act of 2015.

https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB350



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 PRG Guidance.

Table 8.1: Alignment with CPUC Policies and PRG Guidance	
PRG Guidance and Other Considerations	Oracle - Apex Comment
IOU should develop standard contract template. (PRG Guidance on Contracting, Section 6.1.1)	Confirmed. SoCalGas developed contract template and received review from PRG.
Contract must include all CPUC standard (non-modifiable) contract terms in the contract. (6.1.2)	Confirmed. Final contract includes all CPUC standard (non-modifiable) contract terms.
Contract includes CPUC modifiable contract terms as a starting point. (6.1.3)	Confirmed. Contract template included CPUC modifiable contract, which remained unchanged except for updating payment terms specific to the contract, noting sections that are not applicable to behavioral programs, and adding a description that the contractor software is intellectual property.
Other aspects of the contract template do not conflict with CPUC terms and conditions, policies, decisions or direction. (6.1.4/5)	Confirmed. IE reviewed the contract in entirety for conflicts.
IE pool reviews standard contract template and provides comment. (6.1.6)	Confirmed. IE pool reviewed contract template.

Table 8.1: Alignment with CPUC Policies and PRG Guidance	
PRG Guidance and Other Considerations	Oracle - Apex Comment
IOU must present its contracting negotiation process to the IE/PRG for review. (6.2.1)	Confirmed. IE was informed of the IOU process and approach to 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.
IOU should explain its contracting process to selected bidders. (6.2.3)	Confirmed. SoCalGas met with the bidder early in the process to explain the contracting process.
Prior to execution, the assigned IE and PRG should review final contracts for each program recommended for award. (6.3.1)	Confirmed. IE reviewed final contracts on 9/2/21.
Reasonable number of KPIs.	Confirmed. There are five KPIs addressing different aspects of the Contractors performance.
KPIs make sense in terms of measuring, scale, timeframe.	Confirmed. IE provided comments on the initial draft to ensure the Company, and the contractor ensured that KPI metrics were clearly specified in the KPI table.
Contract includes appropriate performance issue remedies.	Confirmed. Time and scores that trigger performance issues are identified and described. Performance corrective processes are triggered by Performance goal accomplishment, cost-effectiveness alignment, service delivery, and DBE spending.
Contract clearly addresses Support Services.	Confirmed. Attachment 2 lays out Support Services offered by SoCalGas.
Innovative aspects of program are retained.	The original program design of the proposal was retained. SoCalGas worked to clarify aspects of the program approach, increase comprehensiveness, and improve pricing.
If applicable, IDSM components are included.	NA
If applicable, program considerations for HTR and DAC are incorporated.	NA
Changes proposed by SoCalGas and contractor were reasonable and fair.	Oracle and SoCalGas negotiated prices and P4P terms along with general terms and conditions to reduce cost per therm for program and balance risk.

8.5. Uniformity of Contract Changes

SoCalGas worked to ensure uniformity in contracts between Oracle and other contracts, however significant differences exist in the program design, compensation approach, and size and risk tolerance of each company that drove final differences. SoCalGas began with a uniform contract template and adjusted each for unique aspects of each contract. Then, as adjustments were made to each contract during negotiation, SoCalGas also worked to ensure consistency, where relevant, with the other contract.

9. Implementation Plan

This section is not applicable for this report.

10. Conclusion

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

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

Overall, SoCalGas' Behavioral Program solicitation produced this Oracle DACF program contract that will enable the Company, its customers, and the State to benefit from the more efficient use of energy. The program is highly cost-effective and is expected to achieve are expected to achieve net system benefits of over \$26 million throughout the contract period.