

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



June 13, 2023

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

**Subject: Staff Disposition of Southern California Gas Company's Advice Letter (AL) 6095-B for Approval of Energy Efficiency (EE) Third-Party Community Language Efficiency Outreach (CLEO) Program Contract with Global Energy Services, Inc. (GES).**

Dear Mr. Mock,

The California Public Utilities Commission's (CPUC) Energy Division (ED) approves Southern California Gas Company (SoCalGas) AL 6095-B with an effective date of June 13, 2023.

**Background**

On February 17, 2023, Pursuant to Ordering Paragraph (OP) 2 of D.18-01-004, SoCalGas submitted AL 6095-G, containing its Residential Single-Family Energy Efficiency Third-Party Contract with Global Energy Services, Inc. (GES) to administer the CLEO Program.

Decision D.18-01-004, the Third-Party Solicitation Process Decision, requires the four California Investor-Owned Utilities (IOUs) to file a Tier 2 AL for any third-party contracts that are valued at \$5 million or more and/or that have contract terms of longer than three years.<sup>1</sup> The initial Single Family CLEO contract, executed on June 2, 2020, with a total value of \$4,994,249 and a term of 36 months, did not meet that threshold.

The contract amendment with GES in this AL incorporates the CPUC third-party contract terms, supplements the budget and extends the contract through December 31, 2025. This contract requires an AL due to the new total contract budget of \$7,152,200 and contract duration of 69 months.

On March 13, 2023, Energy Division staff suspended this AL for additional staff review.

On May 25, 2023, SoCalGas submitted AL 6095-A containing additional information about the contract's budget and scope. On June 2, 2023, SoCalGas submitted AL 6095-B, containing additional details regarding the purpose of the program. SoCalGas AL 6095-B met staff's satisfaction.

**Protests**

No protests to the AL were filed.

**Discussion**

In operationalizing the review of third-party advice letter contract amendments, EE Staff focused its review on the reasonableness of the contract amendment, including use these funds, size of contract

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

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budget, forecasted savings, and the contract's contribution to the portfolio-level cost-effectiveness requirements. Approval of this AL is not evidence of CPUC approval of ongoing or future program implementation. It is SoCalGas' 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 CPUC approval if the contract meets the advice letter threshold. With the issuance of this disposition, the implementation plan for this program is due to be updated and posted no later than August 13, 2023.

Please direct any questions regarding Energy Division's findings in this non-standard disposition to Jessie Levine at [jessica.levine@cpuc.ca.gov](mailto:jessica.levine@cpuc.ca.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "L. Tesfai", followed by the word "FOR" in capital letters.

Leuwam Tesfai  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division  
California Public Utilities Commission

Cc: Service List R.13-11-005  
Simon Baker, Energy Division  
Jennifer Kalafut, Energy Division  
Alison LaBonte, Energy Division  
Jessie Levine, Energy Division



**Joseph Mock**  
Director  
Regulatory Affairs

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

June 2, 2023

Advice No. 6095-B  
(U 904 G)

Public Utilities Commission of the State of California

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

Southern California Gas Company (SoCalGas) hereby submits for approval by the California Public Utilities Commission (CPUC or Commission) a third-party contract for the Community Language Efficiency Outreach (CLEO) Program, resulting from the Residential Single-Family (Res S-F) Program solicitation.

This supplemental replaces Advice No. (AL) 6095-A, submitted on Thursday, May 25, 2023, in its entirety to include additional details regarding the purpose of the program.

### **Purpose**

Pursuant to D.18-01-004, Ordering Paragraph (OP) 2, program administrators (PAs)<sup>1</sup> are directed to submit a Tier 2 Advice Letter for each third-party contract, or a batch of third-party contracts, which is valued at \$5 million or more and/or with a term of longer than three years, for Commission review.<sup>2</sup> The initial contract value of \$4,994,249 for a duration of 36 months was below this threshold. Therefore, SoCalGas respectfully requests approval of this advice letter which is required due to (1) the addition of the implementation activities to the existing CLEO contract which increases the value of the total contract budget to more than \$5 million, (2) the addition of \$4,381,664 for program years 2023-2025, which includes \$450,000 for EE Kits, \$2,223,713 to conduct activities associated with the remaining scope of work and contract dollars not completed in program years 2020-2022, to be utilized in the current and future program years (2023-2025) and \$1,707,951 of additional funding to provide customer direct marketing and outreach, large retailer partnering, and Direct Implementation (DI) activities to untapped SoCalGas markets in Ventura, Riverside and San Joaquin Valley, and

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

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

(3) the extension of the CLEO contract through December 31, 2025 for a total new contract value of \$7,152,200 and duration of 69 months.

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

SoCalGas' Customer Language Efficiency Outreach (CLEO) program targets low and medium income, ethnic communities in hard-to-reach (HTR) and disadvantaged communities (DAC).<sup>3</sup> The HTR/DACs require focused and targeted in-language, culturally sensitive and innovative marketing to enroll these customers in direct install programs. Colorful, in-language brochures with in-language marketing personnel, as well as a toll-free, in-language support line will ensure that customers can access the EE offerings comfortably in their language of preference. Creative outreach and channel marketing strategies build trust and bolster community participation. In-language installers conduct walk-throughs of EE measures and educate customers about available EE programs. CLEO's community focus predominantly incorporates zip codes listed as DACs. Many of the zip codes have ethnic and low-income communities exceeding 70%. These communities frequently include families with lower-than-median income and education levels, thereby meeting the HTR/DAC guidelines.

A solicited third-party contract to implement the CLEO program was originally executed between SoCalGas and Global Energy Services, Inc. (GES) on June 2, 2020, and did not require a Tier 2 advice letter based on the contract value and duration. A contract change order was executed on August 1, 2020, to expand the scope of work to include Riverside County and San Bernardino County and measures aimed at providing additional benefits to customers in those communities. Due to the success of the program, a second change order was executed on October 22, 2021, to include additional contract dollars supporting higher savings measure fulfillment.

The CLEO program is expected to contribute 101,086 net therms over three years. One hundred percent of the therms will target HTR customers and those in DACs. The focus on these in-language customers solidifies SoCalGas' commitment to reach this target audience.

In 2022, in order to seek innovative approaches and competitive pricing, SoCalGas intended to conduct a solicitation to offer no-cost Energy Efficiency Kits (EE Kits) to help customers with continued energy and water savings. The EE kit contains a low-flow showerhead, kitchen aerator, and bathroom faucet aerators. The EE kit is available to customers through the SoCalGas website, outreach events, and

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<sup>3</sup> Advice Letter Template, Energy Division, CPUC, April 2020. pp. 5-6

partnership activities throughout the year. SoCalGas believes the EE Kit delivery scope will be a good fit as part of the CLEO program, as targeted kit delivery is part of the program's current scope of work.

Approval of this advice letter will enhance the scope of the CLEO program, implementing the EE Kit delivery approach, provide customer direct marketing and outreach, large retailer partnering, and Direct Implementation (DI) activities to untapped SoCalGas markets in Ventura, Riverside and San Joaquin Valley, and extend the CLEO contract through December 31, 2025, which is beyond the initial three-year contract period.

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

Initially in the Res S-F solicitation, one of the two contracts had a budget that met the approval threshold requiring Commission approval of the contract. The Residential Advanced Clean Energy Program Tier 2 advice letter, AL 5709, was approved by the CPUC on November 11, 2020. These contracts from the Res S-F solicitation are listed in Table A, below.

<b>Table A: Contracts in Residential Single-Family Solicitation</b>			
<b>Contract</b>		<b>Budget</b>	<b>Duration</b>
<b>Residential</b>			
1.1	Residential Advanced Clean Energy Program	\$9,000,000	36 months
1.2	Community Language Efficiency Outreach – Direct Install	\$7,152,200	69 months

Table B summarizes the GES contract. SoCalGas requests approval of a change order that revises the scope of the program and increases the value to exceed \$5 million.

<b>Table B: General Contract Summary – Global Energy Services, Inc.</b>		
1	Solicitation name	Community Language Efficiency Outreach Program (SCG3861)
2	Type of program: local, regional, or statewide	Local
3	Delivery Type – specify the delivery type (i.e., direct install, upstream, midstream, or downstream).	Direct Install
3.1	A. Direct Install/Downstream Customer Targeting (Yes or No)	Yes
3.2	B. Customer Targeting brief description, if applicable.	Intelligent direct outreach with SoCalGas approved flyers and door hangers will be the primary strategy to achieve participation commitment. Outreach specialists will work with single-family neighborhood residents to promote the program benefits

<b>Table B: General Contract Summary – Global Energy Services, Inc.</b>		
		and acquire referrals. Customer participation data will be geo-mapped and displayed on outreach iPads to know which homes are available for participation and achieve deep saturation by city block.
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)	Single-Family
6	Third-Party Implementer/Subcontractor name	N/A
7	Name of program or service	Community Language Efficiency Outreach Program
8	Brief description of program or service (2-3 sentences).	The SoCalGas Community Language Efficiency Outreach program delivers energy efficiency and comprehensive advanced clean energy solutions for single-family customers. The program delivers direct install measures with high therm savings potential. The program transitions to deeper comprehensive energy efficiency measures, and/or clean energy retrofit measures that can be financed by outside sources.
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)	33,695
12	HTR Customers. <sup>1</sup> Provide forecasted total number of HTR customer accounts (by customer segment) receiving program and total savings (net first year kWh, kW, and therms) to HTR customers from program over all years program in effect.	Program Year (PY) 2021 – 900 customers and 33,695 forecasted net therms PY2022 – 900 customers and 33,695 forecasted net therms PY2023 – 900 customers and 33,695 forecasted net therms

<b>Table B: General Contract Summary – Global Energy Services, Inc.</b>		
13	DAC Customers. <sup>2</sup> Provide forecasted total number of DAC customer accounts (by customer segment) receiving program and total savings (net first year kWh, kW, and therms) to DAC customers over all years program is in effect.	PY2021 – 700 customers and 18,964 forecasted net therms PY2022 – 700 customers and 16,160 forecasted net therms PY2023 – 700 customers and 18,964 forecasted net therms
14	Forecasted Number of Customers Served by PY	PY2021 – 900 PY2022 – 900 PY2023 – 900
15	Area(s) Served (including service territory, climate zones, cities, and/or counties, as applicable).	Across SoCalGas' service territory.
16	Program TRC ratio [Cost Effectiveness Tool (CET) output]. <sup>4</sup>	.32
17	Program Administrator Cost (PAC) ratio (CET output)	.32
18	Program \$/kWh (TRC levelized cost, CET output)	\$0.10
19	Program \$/kWh (PAC levelized cost, CET output)	\$0.07
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)	\$0.61
23	Program \$/therm (PAC levelized cost, CET output)	\$0.44
24	Budget: Forecast budget by PY for each year contract in effect.	PY2020 - \$1,000,683 PY2021 - \$1,996,283 PY2022 - \$1,997,283 PY2023 - \$719,317 PY2024 - \$719,317 PY2025 - \$719,317
25	Budget: Forecast expenditures by PY for each year contract in effect.	PY2020 - \$1,000,683 PY2021 - \$1,996,283 PY2022 - \$1,997,283 PY2023 - \$719,317 PY2024 - \$719,317 PY2025 - \$719,317
26	Budget: Total Program Budget (include explanation for difference, if any, from total contract budget provided in Table A).	PY2020 - \$1,000,683 PY2021 - \$1,996,283 PY2022 - \$1,997,283 PY2023 - \$719,317 PY2024 - \$719,317 PY2025 - \$719,317

<b>Table B: General Contract Summary – Global Energy Services, Inc.</b>		
27	Budget: If EE/Demand Response component to the program, provide dollar amount and percent of total budget dedicated to EE/DR component.	N/A
28	Measure(s)	<ul style="list-style-type: none"> <li>• Smart Wi-Fi Thermostat</li> <li>• Duct Test &amp; Seal</li> <li>• Pipe wrap</li> <li>• Low Flow Showerhead</li> <li>• Low Flow Aerator</li> <li>• Tub Spout with Thermostatic Shutoff Showerhead</li> <li>• High Efficiency Furnace</li> <li>• Tankless Water Heaters</li> <li>• Storage Water Heaters</li> <li>• EE Kits</li> <li>• Gas Fireplace Insert</li> </ul>
29	Savings Determination Type (i.e., custom, deemed, Net Metered Energy Consumption, or randomized Control Trial).	Deemed
30	Savings Calculation Method(s) (Meter-Based, Deemed, Calculated, Multiple and/or Other). If Multiple or Other, please specify.	Deemed
31	Contract start date and end date.	Contract changes will commence by April 1, 2023 or upon Advice Letter approval.
32	Program start date and end date. If program dates aren't defined by the period the program is open for customer participation, explain, and include customer participation period.	Customer Participation for EE Kits will begin shortly after Advice Letter approval.

## Notes:

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



- (Customers whose annual electric demand is less than 20kW, or whose annual gas consumption is less than 10,000 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).
2. DAC Customers: DACs are located in the most environmentally burdened California census tracts, as determined by the top 25 percent highest scores when using California Environmental protection Agency's (CalEPA's) CalEnviroScreen tool. DACs are the communities that suffer a disproportionate impact from one or more environmental hazards and are likely to experience disparate implementation of environmental regulations and socioeconomic investments in their communities.
  3. TRC is for the implementer only. The TRC filed in The California Energy Data and Reporting System will include SoCalGas administrative costs.

## **Solicitation Process Overview**

The Res S-F 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 The Mendota Group. Further details of the solicitation process are explained below.

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

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

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

The first stage began with an RFA, which was open to all interested parties. Potential bidders were notified of the release of the Stage One RFA through a SoCalGas posting to the Proposal Evaluation and Proposal Management Application (PEPMA) website on November 26, 2018. PEPMA is a public website, administered by the California IOUs, under the auspices of the Commission. The PEPMA notice directed bidders to access the SoCalGas sourcing platform, PowerAdvocate, to download the RFA documents and receive additional information regarding the solicitation. Respondents were required to utilize the provided abstract template to respond to the solicitation. Bidders had 42 days to develop RFA documents, which were required to be submitted to PowerAdvocate on January 7, 2019. Abstracts were evaluated by SoCalGas, with oversight by the IE, and presented to the EE PRG. SoCalGas' evaluation of the abstracts, in consultation with the EE PRG, determined which Bidders were selected to continue to Stage Two. Bidders selected to move to the next stage were notified on June 3, 2019.

The RFA was intentionally designed to be less burdensome for Bidders and aimed to foster a marketplace for innovative ideas. However, Bidders were advised to carefully adhere to the

RFA's guidelines and seek to present information regarding themselves and their proposed program designs, implementation approaches, and management of the proposed program that were clear and convincing and included sufficient detail to enable SoCalGas to assess whether the program was likely to be successful in implementation.

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

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

### *Stage Two – Requests for Proposals*

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

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

After scoring the proposals, with oversight by the IE, and presenting to the EE PRG, SoCalGas notified the selected shortlist of Bidders on December 3, 2019. Negotiation of contracts followed, with execution of the GES contract occurring on June 3, 2020. The initial GES contract did not meet the CPUC threshold that would require a Tier 2 advice letter. The CLEO program was implemented in the California Energy Data and Reporting System (CEDARS) on August 3, 2020.

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

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

employees and any direct contact with any SoCalGas employees regarding the Res S-F solicitation may have resulted in disqualification.

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

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

Over the course of the Res S-F solicitation, SoCalGas received a total of 12 questions from the bidding community. In the RFA stage, overarching themes included clarification on budget, subcontractors, and licensing requirements. In the RFP stage, overarching themes included Diverse Business Enterprises (DBE), insurances, budgets, CET, and energy saving determinations.

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

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

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

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

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

#### **B. Scoring Training:** SoCalGas conducted scoring team training to help inform the scoring team about the scoring process and answer any immediate questions. The IE

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

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

***Consensus/Calibration Scoring Meetings:***

- SoCalGas solicitation team and reviewers have dedicated considerable time and effort to reviewing abstracts and seeking to ensure that the abstracts are fairly reviewed.
- The process has been fair and discussions among reviewers to resolve differences have been respectful and thorough.
- SoCalGas’ process concentrates on discussing those scoring items for which there is a divergence of two or more points among scorers – consensus is achieved when that gap has narrowed to less than two points among the most divergent scorers.
- Used average of reviewers’ scores to arrive at final Bidder’s score in each category.
- Facilitators sought to keep reviewers consistent in their approaches to scoring individual items and focused on wording of the criteria as it applied to each abstract.
- SoCalGas recognized that certain scoring items (items based simply on math - \$/therm, need only be reviewed by a specific member of the scoring team (e.g., Engineering) and not all scorers to speed the scoring process.

***Shortlist Process:***

- SoCalGas provided ample time for IE review of final scores and comparison with The Mendota Group scores.
- It remains unclear how the IE’s scores should factor into the IOU’s shortlist process. SoCalGas’ current approach is to, following consensus meetings, compare IOU’s and IE scores, determine what a likely shortlist might look like based on each entity’s scores and highlight any significant areas of potential disagreement. SoCalGas then asks the IE to review our observations and provide a response.
- SoCalGas felt strongly about its recommendations and did not change its conclusions. IE considered this SoCalGas’ prerogative.

- Opportunities for Improvement:
  - Scoring training before receipt of abstracts (to include IEs) helps inform reviewers about process, Solicitation Team's recommended approaches to scoring, and ensures that scoring team is on the same page. Scoring guidelines (which SoCalGas provided) help further align scorers as do one or more mid-process check-ins to address any questions scoring team members may have. IE recommends including IEs in any future scoring trainings and mid-process check-ins and are very pleased that SoCalGas incorporated such a training into its Round 2 solicitation process.
  - Establish a clear process for development and review of shortlist recommendations.
  - IE believes it would be useful to establish a clearer process for IE participation in the shortlist process. It remains unclear how SoCalGas plans to approach the shortlist process for future rounds, particularly how and when the IE will be involved, who from SoCalGas should be part of the shortlist discussions with the IE present, and what would work best to ensure that the solicitation process is not slowed down.

***RFP Stage:***

- RFP documents over the last month, the IEs have been actively engaged with SoCalGas in reviewing RFP template documents in preparation for EE PRG review and distribution to bidders selected to advance to the RFP Stage of the Res S-F and Residential Multifamily solicitations. SoCalGas assigned individual IEs (Lead IEs) to review and provide edits to specific documents within the RFP package, with all IEs then reviewing the product of these efforts. SoCalGas assigned The Mendota Group to review the following:
  - RFP Scorecard (with The Apex Consulting Group)
  - CET Tool
  - Allowable Costs
  - Standard and Modifiable Terms & Conditions
  - SoCalGas Additional Terms & Conditions
  - Customer Privacy form
  - Proposal Acknowledgment Form / Bidder Checklist
  - Information Security Requirements
- In general, SoCalGas' active project management of the process ensured that IE efforts were well-coordinated with those of SoCalGas and have resulted in a very thorough review of the relevant documents and a very solid RFP package.
- Observation: The "divide and conquer" approach to reviewing solicitation template documents as a team seemed to work well. Assigning Lead IEs to review specific documents was a good approach, noting that SoCalGas' active project management made this possible as did the ample amount of time afforded IEs to conduct their reviews.
- Recommendation: IE suggests that SoCalGas employ a similar approach to development/revisions to future solicitation documents, to include RFAs for additional rounds and contract documents.

**RFP Stage:**

- Evaluating Proposal Cost Effectiveness
  - Recommendation: SoCalGas incorporated Public Advocates Office's (Public Advocates) suggested approach to relative scoring, which IE agrees was a good approach. SoCalGas has not yet provided the Annual Budget Advice Letter (ABAL) submitted TRC values for the Single Family and Multifamily programs. IE strongly believes this information should be incorporated into the scorecard before the scoring process begins.
- Evaluating Bidder Approaches to Compensation
  - Recommendation: Public Advocates recommended that SoCalGas use relative scoring to evaluate bidder approaches to compensation (see Public Advocates Recommended Scoring Rubric for RFPs). IE disagrees with this approach and suggests that SoCalGas' approach (assigning scoring bands to different approaches to compensation) was preferable. IE discussed this issue with Public Advocates and believes that Public Advocates now agrees with this conclusion.
- Support Services
  - Recommendation: SoCalGas adopted Public Advocates' "Option 3" as presented in the June 24, 2020, document ("Public Advocates Office guidance on IOU Support Services"). SoCalGas removed Account Executive (AE) services from the Single-Family and Multifamily RFPs because AEs do not serve these sectors but included other enhanced services that would be further discussed during contract negotiations. Bidders are instructed to submit proposals based on a "self-serve" approach but indicate in their proposals the enhanced services in which they are interested and the scope of those services.
  - IE recommended that SoCalGas refine and more clearly document the process by which support services will be incorporated into contracts. Support Services that Bidders requested include Energy Usage Automated Data Transfer, Marketing support, and Data Analytics. SoCalGas has more clearly communicated to contractors and incorporated into contracts its Support Services offerings. The residential contracts only include Basic Support Services; and, therefore, the question of costs and terms associated with Enhanced Support Services is not part of the contracts.
  - IE still encourages SoCalGas to flush out how this would be managed in contracting before the contracting process begins because: 1) this could easily bottleneck the contracting process; and 2) terms and conditions need to be clearly defined to ensure fair treatment of Bidders and ratepayers. Without clearly defined parameters in that, it introduces additional variables to a process that is already lengthy and difficult to manage.

**Contract Negotiations:**

- SoCalGas has successfully concluded negotiations with the selected contractors.
- Contract negotiations have generally proceeded smoothly, both in terms of the process and in terms of constructive discussions with SoCalGas and contractors. In brief, IE has been very impressed with the effort put forward by the SoCalGas

team, its willingness to listen to IE feedback, its clear communications with Contractors (and the IE), and its fair treatment of Contractors.

## 2. Marketing and Outreach

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

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

## 1. Solicitation Event Schedule

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

<b>Table C: Solicitation Event Schedule</b>		
<b>Activities</b>		<b>Date</b>
<b>Stage 1 RFA Events</b>		
1	RFA issued	11/26/2018
2	Pre-Bid Conference (optional)	12/5/2018
3	Bidder's deadline to submit written questions	12/10/2018
4	IOU response due to bidder questions	12/17/2018
5	Bidder's abstract submission due	1/7/2019
6	Shortlist notification	6/3/2019
<b>Stage 2 RFP Events</b>		
1	RFP issued	7/31/2019
2	Pre-Bid Conference (optional)	8/8/2019
3	Bidder's deadline to submit questions to IOU	8/13/2019
4	Bidder's deadline to submit CET to IOU for preliminary review (optional)	8/13/2019
5	IOU responses due to bidder questions	8/28/2019
6	IOU responses due to preliminary CET review	8/28/2019
7	Bidder's proposal submission due	9/11/2019
8	Bidder interviews conducted by IOU	N/A
9	Bidder shortlist notification	1/22/2020
10	Contract negotiations and execution	6/2/2020
11	Tier 2 Advice Letter submission	2/17/2023 <sup>5</sup>

<sup>5</sup> The original GES contract, executed 6/2/2020, did not meet the requirements for a Tier 2 AL. Amendments caused the contract to exceed \$5 million, requiring this AL.

### **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 S-F solicitation was The Mendota Group.

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

The IE provided findings to the EE PRG on:

- Final RFA Package - 11/6/18
- RFA Evaluation Results and Shortlist Recommendations - 3/5/19
- Final RFP Package - 7/2/19
- RFP Evaluation Results and Shortlist Recommendations - 11/5/19
- Contract Update report-outs - 3/3/20, 4/7/20, 5/5/20

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

The Residential Community Language Outreach – Direct Install Program, SCG3861, replaced SoCalGas' existing third-party implemented single-family direct install program, Residential CLEO (RES CLEO), SCG3762. The Residential Community Language Outreach – Direct Install Program "Effective Date" will be the date that the CPUC issues its written approval ("Written Approval") of the Advice Letter, which will also begin shutdown activities for the current RES CLEO program. Shut down activities include direction that all services must be complete, all projects and measures installed, all incentives paid, along with the issuance of a Final Program Report.

### **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.21-09-020.

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.

### **Protests**

SoCalGas asks that the Commission, pursuant to General Order (GO) 96-B, General Rule 7.5.1, maintain the original protest and comment period designated in Advice No. 6095 and



not reopen the protest period. The modifications included in this supplemental AL do not make substantive changes that would affect the overall evaluation of the AL.

### **Effective Date**

SoCalGas believes that this submittal is subject to Energy Division disposition, and should be classified as Tier 2 (effective after staff approval) pursuant to GO 96-B. SoCalGas respectfully requests that this submittal be approved on June 13, 2023, which is eleven (11) calendar days after 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 list in R.13-11-005. Address change requests to the GO 96-B service list should be directed via e-mail to [Tariffs@socalgas.com](mailto:Tariffs@socalgas.com) or call 213-244-2837. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or via e-mail at [Process\\_office@cpuc.ca.gov](mailto:Process_office@cpuc.ca.gov).

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

Attachments



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



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

Company name/CPUC Utility No.:

Utility type:

ELC       GAS       WATER  
 PLC       HEAT

Contact Person:

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

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type:  Monthly    Quarterly    Annual    One-Time    Other:

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

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

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

Confidential treatment requested?  Yes    No

If yes, specification of confidential information:

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

Resolution required?  Yes    No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

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

Pending advice letters that revise the same tariff sheets:

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

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

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

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

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

**ATTACHMENT A**

**Advice No. 6095-B**

**Third-party contract for the Community  
Language Efficiency Outreach (CLEO) Program, resulting from the  
Residential Single-Family  
(Res S-F) Program solicitation**

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

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

**DECLARATION OF DARREN HANWAY  
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS  
PURSUANT TO D.21-09-020**

I, Darren Hanway, do declare as follows:

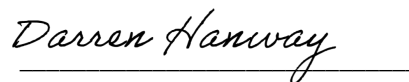
1. I am Darren Hanway, Energy Programs and Strategy Manager in the Customer Programs and Assistance Department of Southern California Gas Company (“SoCalGas”). I was delegated authority to sign this declaration by Donny Widjaja, in his role as Vice President of Customer Solutions at SoCalGas. I have reviewed the confidential information included within SoCalGas’ Energy Efficiency Solicitations SharePoint regarding the *CONFIDENTIAL Energy Efficiency Community Language Efficiency Outreach Program Third-Party Solicitation Advice Letter* submitted concurrently with this Declaration. I am personally familiar with the facts in this Declaration and, if called upon to testify, I could and would testify to the following based upon my personal knowledge and/or information and belief.

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

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

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

Executed this 17th day of February 2023, at Los Angeles.



Darren Hanway  
Energy Programs and Strategy Manager

# ATTACHMENT A

## SoCalGas Request for Confidentiality of its Energy Efficiency Community Language Efficiency Outreach Program Third- Party Solicitation Advice Letter

Location of Protected Information	Legal Citations	Narrative Justification
<p>All information marked for redaction in the documents provided to SoCalGas by bidders are subject to non-disclosure agreements, confidentiality agreements, and/or other confidentiality restrictions. Such information includes:</p> <ul style="list-style-type: none"> <li>• Vendor bid and pricing information (including rates and invoices)</li> <li>• Vendor proprietary information</li> <li>• Information submitted in connection with a Request For Abstract or Request For Proposal with expectations of confidentiality on the part of the bidders.</li> <li>• Negotiated draft contract resulting from the solicitation process.</li> </ul>	<p>CPRA Exemption, Gov't Code § 6254(k) ("Records, the disclosure of which is exempted or prohibited pursuant to federal or state law")</p> <ul style="list-style-type: none"> <li>• See, e.g., D.18-01-004, 2018 WL 555610 (2018) (allowing for confidential treatment of bid information submitted in the Energy Efficiency Solicitation process);</li> <li>• SCC Acquisitions, Inc. v. Superior Court, 243 Cal. App. 4th 741, 756 (2015) (corporations have right to privacy over their financial information);</li> <li>• See, e.g., D.20-03-021, 2020 WL 1807503 (2020) (allowing for confidential treatment of applicants' agreements and financial information);</li> <li>• See, e.g., D.20-02-054, 2020 WL 1667279 (2020) (agreeing that non-public proprietary financial information should remain confidential);</li> <li>• 15 U.S.C. § 1, et. seq. prohibits price fixing between competitors;</li> <li>• Section 5 of the Federal Trade Commission Act prohibits "unfair methods of competition" and has been applied to a broad range of pricing and contracting practices;</li> <li>• See, e.g., D.20-12-021, 2020 WL 7862639(2020) (agreeing that risk of exposure of proprietary information should outweigh public interest in disclosure of information).</li> </ul>	<p>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 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</p>

	<p>CPRA Exemption, Gov't Code § 6255(a) (Balancing Test)</p>	<p>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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