



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

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Advice No. 6283-G
(U 904 G)

Public Utilities Commission of the State of California

Subject: Submittal of Southern California Gas Company's Third-Party Marketplace Program Contract Amendments

Southern California Gas Company (SoCalGas) hereby submits this Tier 2 Advice Letter for approval from the California Public Utilities Commission (Commission) for a contract extension and budget increase for the SoCalGas Marketplace (Marketplace) program third-party contract. In Decision (D.)18-01-004,¹ the Commission requires that SoCalGas file an Advice Letter for each third-party contract valued at \$5.0 million or more for Commission review.

Background

In D.18-01-004, the Commission directed the California investor-owned utilities (IOUs), including SoCalGas, to conduct competitive solicitation to procure third-party designed and delivered energy efficiency programs. The Decision directed the IOUs to meet specific third-party outsourcing targets by certain dates to transition to a majority third party-implemented portfolio by 2023. Specifically, D.18-01-004 and D.18-05-041 ordered the IOUs to have at least 25 percent of their 2020 program budgets under contract for programs designed and implemented by third-party providers by December 19, 2019, at least 40 percent by December 31, 2020, and at least 60 percent by December 31, 2022.

Additionally, SoCalGas is required to outsource at least 60% of its energy efficiency portfolio to third-party program providers.² The SoCalGas Marketplace is authorized and mandated by the Commission through Resolution E-4820.

Purpose

In compliance with D.18-01-004, SoCalGas submits this Advice Letter to the Commission to increase the Marketplace³ program contract value from \$4.851 to \$16.627 million.

¹ Ordering Paragraph (OP) 2

² D.16-08-019, OP 12.

³ CEDARS ID SCG3829.

SoCalGas began its competitive solicitation for the initial Marketplace program in 2021. However, the executed Marketplace Agreement did not initially trigger the need for an Advice Letter. The proposed contract amendments that are the subject of this Advice Letter serve to extend the contract term and increase the program budget. Due to the increased contract budget and duration, this amendment requires CPUC approval via Tier 2 Advice Letter approval.

Requested increase in program funding will enable development work by the program contractor to enable the following features and capabilities for program years 2024 and 2025:

- Add rebate/incentive dollars to the program and agreement to cover rebates that are offered and processed through marketplace.
- Add Disadvantaged Community (DAC) and Hard-to-Reach (HTR) customer identification and tracking to improve the program's ability to target these customer groups for educational and promotional messaging.
- Evaluation, Measurement & Verification (EM&V) enhancements will be made through program contractor and their fulfilment partners (program subcontractors) for measures that are delivered and installed.
- Final development and deployment of a marketplace for Small & Medium Business (SMB) customers. The scope of the SMB marketplace increased to cover all rebate product categories with improved connection to/referrals to program implementers operating in the field.
- A new "global home page" will direct customers to either a "For your Home" or "For your Business" button or link to improve ease of navigation.
- Will launch an integration project with the existing digital rebate service provider to enable a digital rebate payment consistent with what we do with other programs.
- Will design and develop a new post-purchase rebate processing capability for Marketplace.
- Will launch a new product offering through a leading home warranty and service plan provider to provide customers an option to purchase warranty and maintenance coverages for home appliances. This type of coverage ensures products continue to operate at their peak efficiency and also guarantees any replacement of products under the warranty program will be of a highest efficiency equivalent product.
- Will enable instant rebates for two new thermostatic valve products – a showerhead solution and a tub spout solution.
- Will enhance the existing integration with SoCalGas to better enable automatic matching of rebate reservations (leads) with rebate applications.
- Will design new pages and internal advertisements for education about federal tax incentives (IRA) for energy-efficient products. This will include tracking and reporting of efforts to promote/leverage IRA funds through Marketplace.
- Will design and deploy a new system integration with a leading utility measure distributor to expand availability of energy efficient measures offered through the Marketplace program and improve pricing for such measures.

Program Overview

The Marketplace program aligns well with the Commission's objectives for market support programs. The Marketplace's key objectives include increasing demand for energy-efficient products and services, influencing supply chains such as manufacturers, adding retail

fulfillment partners and installation contractors, building strategic partnerships to tap into natural replacement cycles, offering affordable financing solutions to consumers, and enabling more equitable access to capital to purchase energy-efficient products.

The program's overall goal is to encourage customers to use energy-efficient products. The Marketplace breaks down the market barriers that prevent customers from buying these products, such as the lack of capital. By educating customers on the benefits of energy efficiency and providing discounts on energy-efficient goods and services, the Marketplace helps increase customer adoption. Additionally, customers can take advantage of rebates and low-interest loans through GoGreen Financing.⁴ Several of these rebates are applied immediately to their purchases, making it easier for them to access the funds they need.

This additional funding will help the program achieve its objectives by providing more access to instant rebates for a broader range of products and enhancing the Marketplace for nonresidential customers with contractor referrals and transactional capabilities. It will also help the program increase the purchase of energy-efficient products and provide additional educational resources to customers through online platforms (e.g., personal computers and mobile devices), making it easier and more convenient for customers to shop and save. Identification and tracking of DAC and HTR customers is a new capability to be enabled from additional funding, as is enhancing Measurement & Verification efforts for delivered and installed products. Currently, the Marketplace offers instant rebates from other EE programs in SoCalGas's portfolio. To improve operational efficiency, the Marketplace will fund select customer rebates directly from the increased program budget.

Third-Party Contract Solicitation

In August 2021, SoCalGas launched a two-stage competitive solicitation for an innovative and comprehensive marketplace program to increase customer adoption of energy-efficient products. As an outcome of the competitive solicitation, SoCalGas awarded Enervee a contract to implement the Marketplace program.⁵ Consistent with CPUC's direction, SoCalGas held a public webinar on February 16, 2023, to receive public feedback on the program's draft Implementation Plan.

The original Agreement resulting from the competitive Marketplace solicitation is summarized in Table A 1, provided below.

Table A 1: Contracts in Marketplace Solicitation				
Contract		Budget	Duration	
Market Support				
1.1	SoCalGas Marketplace Program	\$4,851,400	36 months	

This advice letter presents the contract amendment as summarized in Table A 2. The contract amendment includes changes to increase the budget and duration of the contracts, provide more access to instant rebates for a broader range of products, and enhance the Marketplace

⁴ Welcome to GoGreen Financing | Upgrade for Comfort & Efficiency

⁵ Agreement Number 5660068224. The agreement number was subsequently updated to 4700012416 in February 2023 and most recently updated again to the current Agreement Number CW16705.

for nonresidential customers with contractor referrals and transactional capabilities. It will also help the program increase the purchase of energy-efficient products and provide additional educational resources to customers through online platforms (e.g., personal computers and mobile devices), making it easier and more convenient for customers to shop and save. Currently, the Marketplace offers instant rebates from other EE programs in SoCalGas' portfolio. To improve operational efficiency, the Marketplace will fund future customer rebates directly from the increased program budget. The amended contract was signed by SoCalGas and the implementer on December 29, 2023.

Table A 2: Amendments to Contract Budget and Term			
Implementer	Program	New Budget	New Contract Term
Enervee	SoCalGas Marketplace	\$16.627 million	December 11, 2022, thru December 31, 2027 (48 months)

SoCalGas, the contract amendment to extend the Marketplace program is the most prudent action due to the additional funding will:

- Fund rebates for selective EE products where previously rebates were funded through SoCalGas' Residential Energy Efficiency program.⁶ The Marketplace will continue to perform rebate validation and enrollment.
- Launch an information-only/educational section for commercial customers in Quarter 1 of 2024.
- Offer transactional and contractor referral capabilities to our commercial Marketplace with development work starting in Quarter 2 of 2024.
- Introduce a strategy and capability to deliver small EE measures through Marketplace, where individual shipping costs frequently make these items costly to deliver through online ordering.
- Add transactional product categories for efficient patio heaters, pool heaters, and solar thermal water heaters to our Marketplace.
- Introduce a leasing option for Marketplace that will expand access to capital for all customers, focusing on customers in Disadvantaged Communities and CPUC-defined Hard-to-Reach (HTR).⁷

Table B summarizes the Marketplace contract, including the budget increase and extended contract duration subject to this advice letter.

Table B: General Contract Summary – Enervee		
1	Solicitation name	SoCalGas Marketplace
2	Type of program: local, regional, or statewide	Local
3	Delivery Type – specify the delivery type (i.e., direct install, upstream, midstream, or downstream).	Downstream
3.1	A. Direct Install/Downstream Customer Targeting (Yes or No)	Yes

⁶ SoCalGas' Residential Energy Efficiency program is a deemed, downstream gas measure rebate program. CEDARS ID SCG3702.

⁷ D.23-06-055, COL 33.

Table B: General Contract Summary – Enervee		
3.2	B. Customer Targeting brief description, if applicable.	Targets residential and small businesses, including DAC and HTR customers.
3.3	C. Midstream/Upstream Market Actors receiving incentives (i.e., manufacturers, distributors, contractors, or other (specify).	N/A
4	Market/Sector(s)	Residential, Commercial
5	Customer Segment(s)	All segments within the Residential and Commercial sectors
6	Third-Party Implementer/Subcontractor name	Enervee
7	Name of program or service	SoCalGas Marketplace
8	Brief description of program or service (2-3 sentences).	Marketplace provides online education about energy efficiency and energy-efficient products. It also allows customers to purchase energy-efficient products with any applicable rebates applied instantly to their purchase price. Qualified customers also have access to GoGreen financing.
9	Total kWh Energy Savings (First year, net)	2023 = 0 kWh 2024 = 70,001.78 kWh 2025 = 70,001.78 kWh Total = 140,003.56 kWh
10	Total MW Energy Savings (First year, net)	2023 = 0 MW 2024 = 70.0 MW 2025 = 70.0 MW Total = 140.0 MW
11	Total therms Energy Savings (First year, net)	2023 = 0 therms 2024 = 54,038.36 therms 2025 = 54,038.36 therms Total = 108,076.72 therms
12	HTR Customers. 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.	Residential 2023 = 1196 2024 = 1315 2025 = 1447
13	DAC Customers. Provide forecasted total number of DAC customer accounts (by customer segment) receiving program and total savings (net first year kWh, kW, and	Pending Residential 2023 = 1088 2024 = 1197 2025 = 1316

Table B: General Contract Summary – Enervee		
	therms) to DAC customers over all years program is in effect.	
14	Forecasted Number of Customers Served by PY	PY2023 – 626,300 PY2024 – 720,200 PY2025 – 828,200
15	Area(s) Served (including service territory, climate zones, cities, and/or counties, as applicable).	Entire SoCalGas' service territory.
16	Program TRC ratio (CET output)	0.265
17	Program Administrator Cost (PAC) ratio (CET output)	0.274
18	Program \$/kWh (TRC levelized cost, CET output)	\$1.09
19	Program \$/kWh (PAC levelized cost, CET output)	\$1.05
20	Program \$/MW (TRC levelized cost, CET output)	N/A
21	Program \$/MW (PAC levelized cost, CET output)	N/A
22	Program \$/therm (TRC levelized cost, CET output)	\$12.58
23	Program \$/therm (PAC levelized cost, CET output)	\$12.13
24	Budget: Forecast budget by PY for each year contract in effect.	PY 2023 - \$1,657,323 PY 2024 - \$4,277,750 PY 2025 - \$4,278,750
25	Budget: Forecast expenditures by PY for each year contract in effect.	PY 2023 - \$1,657,323 PY 2024 - \$4,277,750 PY 2025 - \$4,278,750
26	Budget: Total Program Budget (include explanation for difference, if any).	\$16,627,178
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)	Smart Thermostats Ovens & Ranges Clothes Dryers Water Heaters Pool Heaters Thermostatic Shut-off valves paired with 1.5 GMP showerhead and/or tub spout Gas Furnaces
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

Table B: General Contract Summary – Enervee		
31	Contract start date and end date.	January 1, 2023, thru December 31, 2025.
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.	January 1, 2023, thru December 31, 2025.

Solicitation Process Overview

SoCalGas conducted a local Marketplace solicitation as 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 Don Arambula Consulting. Further details of the solicitation process are explained below.

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 August 20, 2021. 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 six weeks to develop RFA documents, which were required to be submitted to PowerAdvocate on February 25, 2022. 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.

SoCalGas notified bidders of its abstract evaluations on November 9, 2021. 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. The Bidders submitted attachments as a response to the RFA requirements. Additionally, several required and mandatory fields needed to be completed by the Bidder in PowerAdvocate. SoCalGas identified to the bidders all required fields and schedules 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 four respondents to move to the RFP stage. The Stage Two RFP release was issued through PowerAdvocate on January 14, 2022. Bidder submissions were due through PowerAdvocate on February 25, 2022. The RFP requested that bidders provide more details about their proposed abstracts and other documents to assist SoCalGas in making its selection. The Bidders' Stage Two proposals were required not to offer a program materially different from those described in the Bidders' Stage One abstracts. Failure to comply with this requirement would have disqualified the Bidder's Stage Two proposal.

After scoring the proposals, with oversight by the IE, and presenting them to the EE PRG, SoCalGas notified the participating bidders of SoCalGas selection on April 11, 2022.

Negotiation of contracts followed starting on June 23, 2022, with the execution of the contract on December 29, 2022.

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 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 Industrial 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, SoCalGas held a pre-bid conference on August 25, 2021. A pre-bid conference was held on January 19, 2022, during the RFP stage. 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.

Throughout the solicitation, SoCalGas received a total of 24 questions (17 questions in the RFA Q&A round and 7 questions in the RFP Q&A rounds) on an array of topics from the bidding community. In the RFA stage, overarching themes included program scope, annual budget caps, rebates for thermostats, a list of current EE programs, the future of the existing Marketplace, cost-effectiveness requirements, targeted customer groups, and prior customer participation rates. In the RFP stage, overarching themes included availability of customer incentives in other programs, marketing support, IOU scoring, and appliance sales data.

1.c) Independent Evaluator Participation

The Industrial IE, Don Arambula Consulting (DAC), reviewed the RFA and RFP packages. The IE reviewed all Bidder communication before SoCalGas issuance, including bidder shortlisted communications, webinar notifications, Q&A responses, and finalist notifications. Following the 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 scoring team's composition before the evaluation period's commencement. Once Bidder submittals were received, the IE reviewed 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 confirm that all required documents were on time. SoCalGas provided the results of the threshold review to the assigned IE for IE's agreement/feedback.
- **RFP:** SoCalGas conducted an RFA/RFP consistency review to confirm whether the proposal differed significantly from the abstract based on the criteria identified in the RFP. At the end of the evaluation period, SoCalGas presented its assessment for IE confirmation.

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 reviewed and evaluated the proposals to better understand how the scoring team conducted its scoring and to help ensure the results were fair. The IE's evaluation was not part of SoCalGas' scores.

D. Calibration Meeting: SoCalGas held an evaluation team meeting after the evaluators completed the initial scoring. IEs monitored the calibration meetings and offered observations.

E. Shortlists Meetings: The SoCalGas scoring team met with SoCalGas management to discuss the results of the bids and recommend shortlisting and selection. The IE monitored these discussions.

F. Contract Negotiations: The IE oversaw the entire negotiation process, was included in all email communications, and was 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 Part 1 (Public), Appendix A of this advice filing.

RFA/RFP Development:

The IE made 14 recommendations on various iterations of the draft RFA. The recommendations addressed various aspects of the draft RFA, including improved RFA instructions, promotion of integrated demand-side management, statewide program coordination, scoring rubric, refinements to bidder questions, updates to reference documents, and various PRG recommendations previously not adopted. SoCalGas accepted all recommendations. As part of SoCalGas' RFA development, SoCalGas accepted all items on the PRG Checklist (over 80 discrete recommendations) with one exception. SCG does not provide a standard contract as part of its RFA, though SCG does include all proposed terms and conditions. SoCalGas collaborated with the assigned IE to refine the scoring guidelines and improve the scorecard instructions for various questions.

In SoCalGas' RFP development, the IE provided 25 discrete comments and corresponding recommendations; all but one recommendation was accepted by SoCalGas. The recommendation related to PRG's general guidance is to make a standard contract available for bidders to review while preparing their proposals. As in the RFA development phase, SoCalGas indicated that, although it does not include a standard Contract, it does include its proposed additional terms and conditions along with the CPUC's standard and modifiable terms and conditions.

The PRG also provided two additional recommendations, including a preference for a future marketplace to promote financing to small businesses and to coordinate with SCE on its local marketplace offering. SoCalGas indicated to the PRG its willingness to promote financing options once the future marketplace demonstrated it can effectively reach out to small businesses. SoCalGas also indicated the implementer would be required to coordinate with other program administrators overseeing energy efficiency, water efficiency, environmental improvement measures, or clean energy programs in the same geographic area as SoCalGas.

The IE reported no significant issues identified in the program solicitation.

RFA/RFP Shortlist Process:

The IE reported that SoCalGas' evaluation process was transparent, fair, and unbiased.

At the RFA stage, SoCalGas selected 3 of 5 proposals to proceed to the RFP stage. The IE supported this approach.

Before making its final selection, SoCalGas held bidder interviews with the top-ranked proposals at the RFP stage. SoCalGas held a post-interview calibration to discuss changes to the evaluator's scores based on the bidder interviews. Various evaluators had adjusted their scores based on the bidder interviews. The IE confirmed that all adjustments were reasonable and resulted in Envervee having the highest-ranked proposal.

Contract Negotiations:

SoCalGas concluded contract negotiations by December 2022. The IE provided 39 discrete recommendations (e.g., insurance requirements, program innovations, etc.) to SoCalGas on the draft Contract. SoCalGas agreed to accept or partially accept all IE recommendations.

Key contract issues also took some time to negotiate, including the frequency of mass emailing to SoCalGas customers using SoCalGas' customer contact lists and the bidder not wanting to

accept key contract terms (e.g., liability, etc.). Ultimately, the parties resolved all issues but significantly extended the timeline of the negotiations.

Marketing and Outreach

To increase public and potential Bidder awareness of its upcoming solicitations, SoCalGas posted a notification to the California Energy Efficiency Coordinating Committee (CAEECC) website and hosted a webinar on August 29, 2018. The webinar included information regarding upcoming solicitations. 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 local Marketplace RFA release notification on the CAEECC website and the statewide PEPMA website, 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 successful, resulting in more than 20 registered bidders attending SoCalGas' optional RFA bidders' conference.

Transition Plan from Pre-Existing Program to New Program

The Marketplace program replaced the SoCalGas marketplace offering. The "Effective Date" of the transition was January 1, 2023.

Solicitation Event Schedule

Table C presents the event schedule for the solicitation.

Table C: Solicitation Event Schedule	
Milestones	Completion Date
RFA Stage	
1. RFA Released	August 20, 2021
2. Optional Bidder Conference	August 25, 2021
3. Bidder Questions Due	September 1, 2021
4. Responses to Bidder Questions Due	September 8, 2021
5. Bidder Abstract Submission Due	September 24, 2021
6. Bidders Notified-Advancement to RFP Stage	November 9, 2021
RFP Stage	
1. RFP Released	January 14, 2022
2. Optional Bidder Conference	January 19, 2022
3. Bidder Questions Due Round 1	January 25, 2022
4. Responses to Bidder Questions – Round 1	January 31, 2022
5. Bidder Questions Due Round 2	February 3, 2022
6. Responses to Bidder Questions – Round 2	February 8, 2022
7. Bidder's Proposal Due	February 25, 2022
8. Notification Selection	April 11, 2022
Selections & Contracting Stage	
1. Contract Negotiations Begin	June 23, 2022
2. Contract Execution Date	December 29, 2022
Contract Approval and Program Rollout	
1. Company Advice Letter Filing	Not applicable
2. CPUC Contract Approval	Not applicable

Table C: Solicitation Event Schedule	
Milestones	Completion Date
3. Contract Issued (Notice to Proceed)	December 29, 2022

Independent Evaluator (IE)

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

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

The IE presented findings throughout the solicitation and negotiation periods to the EE PRG monthly from the initial RFA development through the final contract review and the program's Implementation Plan development.

Transition Plan from Pre-Existing Program to New Program

The local Marketplace program replaced SoCalGas' previous closed marketplace (SCG3829) program and will replace SoCalGas' core Residential EE Program (SCG3702 - REEP) with the proposed contract amendments. The current Core REEP program will stop funding rebates for EE measures. SoCalGas will initiate REEP shut-down activities will be finalized after the contract amendments become effective.

Compliance Requirements

In D.18-01-004, the Commission requires that IOUs file a Tier 2 Advice Letter for each energy efficiency third-party implementer contract valued at \$5 million or more and/or with a term longer than three years.

The Commission also developed a template that outlines the required information and documentation for each third-party advice letter submission.⁸ Table B below lists the required content and indicates where SoCalGas provides the content within this submission.

Confidentiality

Due to the confidential nature of the information in Attachment A, a declaration requesting confidential treatment is included. The List of the Affected Customers in Attachment A is being provided to the Energy Division only under the confidentiality provisions of General Order (GO) 66-D, Section 583 of the Public Utilities Code, and Decision 21-09-020.

⁸Decision 23-02-002, Attachment C.

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 submitted electronically and must be received within 20 days after the date of this Advice Letter, which is April 16, 2024. Protests should be submitted to the attention of the Energy Division Tariff Unit at:

Email: EDTariffUnit@cpuc.ca.gov

In addition, protests and all other correspondence regarding this Advice Letter should also be sent electronically to the attention of:

Attn: Gary Lenart
Regulatory Tariff Manager
Email: GLenart@socalgas.com
Email: Tariffs@socalgas.com

Effective Date

SoCalGas asserts this submittal is subject to Energy Division disposition and should be classified as Tier 2 (effective after staff approval) pursuant to General Order (GO) 96-B. SoCalGas respectfully requests that this submittal become effective April 26, 2024, which is 30 calendar days after the date submitted.

Notice

A copy of this Advice Letter is being sent to SoCalGas' General Order (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 email to Tariffs@socalgas.com or call 213-244-2424. For changes to all other service lists, please contact the Commission's Process Office at 415-703-2021 or via email 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 ANDREW STEINBERG
REGARDING CONFIDENTIALITY OF CERTAIN DATA/
DOCUMENTS PURSUANT TO D.21-09-020**

I, Andrew Steinberg, do declare as follows:

1. I am Andrew Steinberg, Director of Customer Programs and Assistance 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 Marketplace 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.”) 21-09-020 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 18th day of March 2024, at Los Angeles.

/s/Andrew Steinberg

Andrew Steinberg
Director of Customer Programs and Assistance

ATTACHMENT A

SoCalGas Request for Confidentiality of its Marketplace 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"> • 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); • SCC Acquisitions, Inc. v. Superior Court, 243 Cal. App. 4th 741, 756 (2015) (corporations have right to privacy over their financial information); • See, e.g., D.20-03-021, 2020 WL 1807503 (2020) (allowing for confidential treatment of applicants' agreements and financial information); • See, e.g., D.20-02-054, 2020 WL 1667279 (2020) (agreeing that non-public proprietary financial information should remain confidential); • 15 U.S.C. § 1, et. seq. 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; • 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). <p>CPRA Exemption, Gov't Code § 6255(a)</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 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>

	(Balancing Test)	The contract is provided confidentially in its entirety per the advice letter template provided by Energy Division.
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APPENDIX A
Advice No. 6283-G
Public Version

Final IE Report

Energy Efficiency Independent Evaluator's Final Report

Southern California Gas Company's
Local Marketplace Solicitation

Contract: **Enervee Corporation – Marketplace Program**

Prepared by:
Don Arambula Consulting



February 2023

Southern California Gas Company
Local Marketplace Solicitation

Contents

1. Solicitation Overview	2
1.1. Background	2
1.2. Timing.....	4
1.3. Key Observations.....	5
2. RFA, Bidders Response, and Selections.....	9
2.1. RFA Development.....	9
2.2. RFA Outreach	9
2.3. RFA Bidders' Conference	9
2.4. RFA Bidders' Response.....	10
2.5. RFA Abstract Selection Process	10
2.6. PRG and IE Feedback to Abstract Process and Selection	12
3. RFP, Bidder Response, and Selections.....	13
3.1. RFP Development	13
3.2. RFP Bidders' Conference.....	13
3.3. RFP Bidders' Response	14
3.4. Proposal Selection Process	14
3.5. PRG and IE Feedback to Proposal Process and Selections.....	17
4. Contracting Process.....	17
4.1. Contract Negotiations	18
4.2. Final Selection.....	21
4.3. Contract Execution.....	21
4.4. PRG and IE Feedback to Contracting.....	22
5. Assessment of Final Contract.....	22
5.1. Bid Selection Respond to Portfolio Needs	22
5.2. Bid Selection Provides the Best Overall Value to Ratepayers	23
6. Overall Assessment of Solicitation.....	26

Executive Summary

Southern California Gas Company (SoCalGas or the Company) sought qualified bidders to propose, design, implement, and deliver an innovative marketplace program(s) to increase participation in SoCalGas' energy efficiency programs applicable to all sectors, including hard-to-reach customers, disadvantaged communities, smaller-sized customers and larger customer groups in nonresidential sectors. This solicitation enables SoCalGas to comply with the CPUC requirement to solicit for third-party energy efficiency programs proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility Program Administrator.¹

The Independent Evaluator Report (IE Report) provides a final assessment of SoCalGas' third-party energy efficiency (EE) program solicitation process and executed contracts (Contracts) between the IOU and the program implementers. Don Arambula Consulting, an Independent Evaluator (IE) assigned to monitor SoCalGas' local marketplace program solicitation, provides this IE Report.

The IE Report addresses SoCalGas' contract with Enervee Corporation (Enervee) on the SoCalGas Marketplace (Marketplace or Program) powered by Enervee.

Local Marketplace Program Summary

The implementer-designed local Marketplace Program will encourage participation in SoCalGas energy efficiency programs to drive residential and small business customer retail purchases of qualified energy efficiency measures, especially in disadvantaged communities (DAC), by eliminating market barriers, including financial barriers critical to engage DAC/ Hard-to-Reach (HTR) customers. The Marketplace includes an educational platform that supports applicable SoCalGas residential and nonresidential programs and a transactional e-commerce platform featuring eco-financing, which compliments SoCalGas programs by integrating instant, point-of-sale rebates on qualified products.

The program budget is \$4,851,400. Enervee did not forecast Diverse Business Enterprise (DBE) spending on the program's subcontracting services.

¹ Decision 16-08-019, OP 10.

1. Solicitation Overview

This final IE Report summarizes the local marketplace solicitation process. It provides the IE's assessment of the solicitation from developing the draft RFA through contract execution. The IE also provided this final IE Report to the IOU's Procurement Review Group (PRG). Due to the contract value (i.e., less than \$5 million), this contract does not require SoCalGas to file an advice letter requesting CPUC contract approval.

1.1. Background

The IOUs must file a Tier 2 advice letter seeking the CPUC's approval of any proposed energy efficiency third-party contract with a value of \$5 million or greater and/or a contract term longer than three years.² An IOU is required to include a final IE Report on every executed energy efficiency third-party contract on the corresponding program solicitation process in the advice filing.³ Also, a final IE Report is provided to the IOU's Energy Efficiency PRG regardless of the contract value.⁴

In August 2016, the CPUC adopted Decision 16-08-019, which defined a "third-party program" as proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator. In January 2018, the CPUC adopted Decision 18-01-004, requiring the four California IOUs to ensure that their EE portfolios contain a minimum percentage of third-party designed and implemented programs by predetermined dates over three years. The CPUC further directed, in Decision 18-05-041, that:

*The third-party requirements of Decision (D.)16-08-019 and D.18-01-004 are required to be applied to the business plans of the investor-owned utilities approved in this decision. All utility program administrators shall have at least 25 percent of their 2020 program year forecast budgets under contract for programs designed and implemented by third parties by no later than December 19, 2019.*⁵

In October 2019, SoCalGas requested an extension of time from the CPUC for the 25 percent threshold target date to fully execute its planned solicitation schedule to procure new third-party programs and account for the newness of the program solicitation process. On November 25, 2019, the CPUC's Energy Division (ED) granted SoCalGas an extension of time to meet the 25 percent threshold by September 30, 2020.⁶

The CPUC further stated that consistent with Decision 18-05-041, the IOUs must meet at least 40 percent of their EE portfolios under contract for programs designed and implemented by third parties by December 31, 2020, and 60 percent by December 31, 2022. The CPUC has indicated that it will not provide further time extensions to the IOUs to meet the third-party percentage requirements specified in Decision 18-05-041.⁷

² Decision 18-01-004, OP 2.

³ Id, OP 5.d.

⁴ Id, OP 5.b.

⁵ Decision 18-05-041, OP 4.

⁶ 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.

⁷ OP 4.

On March 11, 2020, the Energy Division provided additional guidance to the IOUs in response to concerns raised during the semi-annual CPUC-hosted public workshops about solicitation delays. Among other guidance, the Energy Division provided guidance on program solicitation timing, including:

- Allocate up to 12 weeks from RFA release to notification of bidders' invitation to respond to RFP.
- Allocate up to 15 weeks from RFP release to notification of bidders' invitation to contract negotiation.
- Execute the contract 12 weeks after an invitation to contract negotiation unless the IOU is conducting multiple negotiations within the same solicitation, the Program is complex, or the contract addresses challenging contract elements.

Two-Stage Solicitation Approach

At the beginning of this solicitation, the CPUC required the IOUs to conduct a two-stage solicitation approach for soliciting third-party program design and implementation services as part of the energy efficiency portfolio. All IOUs were required to conduct a Request for Abstract (RFA) stage followed by a Request for Proposal (RFP) stage.⁸

The CPUC also required each IOU to assemble a PRG. The IOU's PRG, a CPUC-endorsed entity, is composed of non-financially interested parties such as advocacy groups, utility-related labor unions, and other non-commercial, energy-related special interest groups. The PRG oversees the IOU's EE solicitation process (both local and statewide), reviewing procedural fairness and transparency. This oversight includes examining the procurement process and providing feedback during all solicitation stages. Each IOU briefs its PRG periodically throughout the process on topics including RFA and RFP language development, abstract and proposal evaluation, and contract negotiations.

Each IOU must select and utilize a pool of EE IEs to serve as consultants to the PRG.⁹ The IEs must observe and report on the IOU's entire solicitation process, preparation, evaluation, selection, and contracting process. The IEs review and monitor the IOU solicitation process, valuation methodologies, selection processes, and contracting to confirm that a fair, unbiased, and transparent competitive process is devoid of market collusion or manipulation. The IEs are privileged to view all submissions. The IEs, bound by confidentiality obligations, are invited to participate in all phases of the IOU's solicitation through selection-related discussions.

A. Scope

In the solicitation, SoCalGas asked the bidder community to propose, design, implement and deliver a fresh, updated, innovative non-resource marketplace program(s) directed at all customer sectors (residential, commercial, industrial, agricultural, and public).

SoCalGas categorized the Marketplace program within the CPUC-defined market support segment with its EE program portfolio. Market support program types focus on supporting the long-term success of the energy efficiency market by educating customers, training contractors, building

⁸ Decision 18-01-004, p. 31.

⁹ Id, OP 5.a.

partnerships, or moving beneficial technologies towards greater cost-effectiveness.¹⁰ The program solicitation budget ranged between \$1.5 - \$2.5 million per year, beginning in 2022 through 2025.

B. Objectives

As presented to the bidders in the RFA, the CPUC required SoCalGas to launch an online energy marketplace in compliance with Assembly Bill 793¹¹ to educate customers on products, services, or software that allows a customer to understand better and manage energy usage in the customer’s home or place of business. SoCalGas envisioned the Marketplace as a compliant and complementary component for all SoCalGas energy efficiency programs targeting all customer sectors, including hard-to-reach customers, disadvantaged communities, smaller-sized customer groups, and larger customer groups in nonresidential sectors.

SoCalGas intended the Marketplace to promote existing EE programs within its program portfolio and create greater participation by educating customers and local market actors on energy management technologies and other EE products and services. SoCalGas requested that a new marketplace program benefit SoCalGas' energy efficiency portfolio by:

- Increasing general market and customer awareness of energy savings rebate programs, EE education, energy tips, and EE opportunities.
- Providing outreach education and support for customers, including residential, smaller-sized customers, large customer groups in nonresidential sectors, and market actors to develop knowledge, skills, and abilities to participate in various programs and energy efficiency opportunities.
- Driving eligible customers to participate in SoCalGas’ energy efficiency rebate program offerings and guiding eligible customers to the ESA program, California Alternate Rates for Energy (“CARE”), and other demand-side management opportunities.
- Supporting customers and market actors with technical and energy efficiency information and advice in adopting EE technologies and services.

1.2. Timing

The program solicitation release was consistent with the projected release timeframe, as shown in the IOU’s solicitation schedule presented to the bidder community through the [CAEECC site](#). The RFA stage maintains the key dates listed in the RFA. However, due to a delayed RFP release and extended contract negotiations, the RFP stage and negotiations phase did not conclude on time. Table 1.1 below includes key milestones for this program solicitation and identifies missed milestone dates.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFA Stage		
1. RFA Released	August 20, 2021	11 weeks
2. Optional Bidder Conference	August 25, 2021	
3. Bidder Questions Due	September 1, 2021	

¹⁰ Decision 21-05-031, p. 14.

¹¹ Resolution E-4820 and [AB 793 \(ca.gov\)](#)

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
4. Responses to Bidder Questions Due	September 8, 2021	
5. Bidder Abstract Submission Due	September 24, 2021	
6. Bidders Notified-Advancement to RFP Stage	November 9, 2021	
RFP Stage		
1. RFP Released	January 14, 2022 *	26 weeks
2. Optional Bidder Conference	January 19, 2022 *	
3. Bidder Questions Due Round 1	January 25, 2022 *	
4. Responses to Bidder Questions – Round 1	January 31, 2022 *	
5. Bidder Questions Due Round 2	February 3, 2022 *	
6. Responses to Bidder Questions – Round 2	February 8, 2022 *	
7. Bidder's Proposal Due	February 25, 2022 *	
8. Notification Selection	April 11, 2022 *	
Selections & Contracting Stage		
1. Contract Negotiations Begin	June 23, 2022 *	27 weeks
2. Contract Execution Date	December 29, 2022 *	
Contract Approval and Program Rollout		
1. Company Advice Letter Filing	Not applicable	14 weeks*
2. CPUC Contract Approval **	Not applicable	
3. Contract Issued (Notice to Proceed) **	December 29, 2022 *	
4. Implementation Plan Uploaded to CEDARS **	Q1 2023 *	
5. Full Program Roll Out **	Q1 2023 *	
* - Delayed from the original schedule. ** - Estimated.		

1.3. Key Observations

The solicitation successfully procured a marketplace program for residential and small business EE product needs. The solicitation did not result in a marketplace strategy that addressed other nonresidential customer groups. However, by the nature of today’s consumer-focused EE marketplaces, expanding such a strategy to other customers is not realistic as larger, more sophisticated customers rely on different market channels (e.g., wholesalers, distributors, etc.) to procure EE products.

SoCalGas’ conduct and management of the energy efficiency program solicitation were fair, equitable, and transparent.

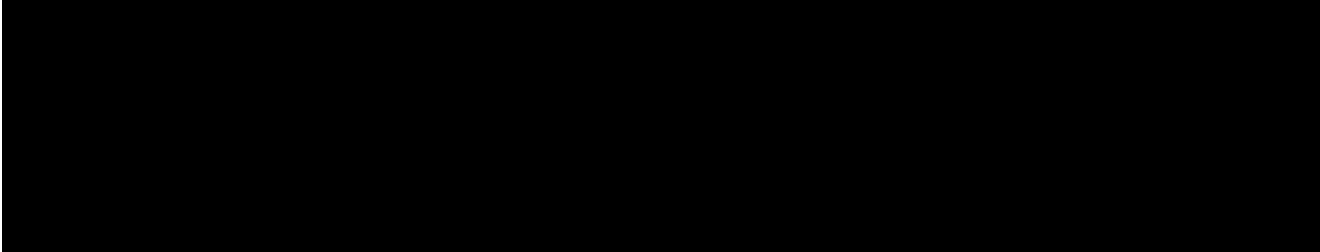
SoCalGas allowed the IE to monitor all aspects of the solicitation, from developing the initial RFA materials to contract negotiations. Throughout the solicitation, the IE provided feedback to the IOU on various activities such as RFA and RFP development, bidder instructions, scorecards, and bidder questions and answers. SoCalGas was responsive to the IE's feedback throughout the solicitation.

During the solicitation, the IE shared recommendations with the IOU and the PRG. The IOU had an opportunity to review, consider, accept, or reject the IE recommendations. Table 1.2 presents the IE's key recommendations and the IOU's responses during the solicitation and new recommendations identified in the development of the final IE Report.

Table 1.2: Key Issues and Observations			
Topics	Key Observations	IE Recommendations	Outcomes
RFA			
RFA Requirements	The limited number of questions helped the IOU more efficiently review abstracts while identifying the preferred program designs and bidder capabilities.	The IE notes that SoCalGas can further refine and reduce the RFA questions without impacting the quality of the submission or the evaluation process.	SoCalGas continues to refine its RFA requirements to improve the timeliness of its solicitations.
Reduce Solicitation Timelines	SoCalGas allotted five weeks to evaluate the abstracts.	Given the reduced RFA requirements, SoCalGas should significantly reduce the RFA evaluation period for future solicitations (e.g., 2 weeks). This change would have reduced the overall solicitation schedule.	New recommendation.

Table 1.2: Key Issues and Observations

Topics	Key Observations	IE Recommendations	Outcomes
Partnering Opportunities	In some cases, bidders had a limited number of subcontractors on their proposal teams.	Future solicitations should encourage partnering among prime and subcontractors by providing a process for registered bidders to view and optionally add their names to a solicitation-specific contact list of subcontractors and prime bidders.	New recommendation.



SBE and DBE Outreach	Some bidders had no SBE and/or DBE subcontractors on their proposal teams.	<p>In future solicitations, the IOU should proactively reach out to the bidder community through its Company's DBE outreach efforts to increase the participation of DBE-qualified firms either as a bidder or subcontractor.</p> <p>The IOU should also reach out to Small Business Enterprises (SBEs) to encourage them to participate in future solicitations.</p>	New recommendation.
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RFP

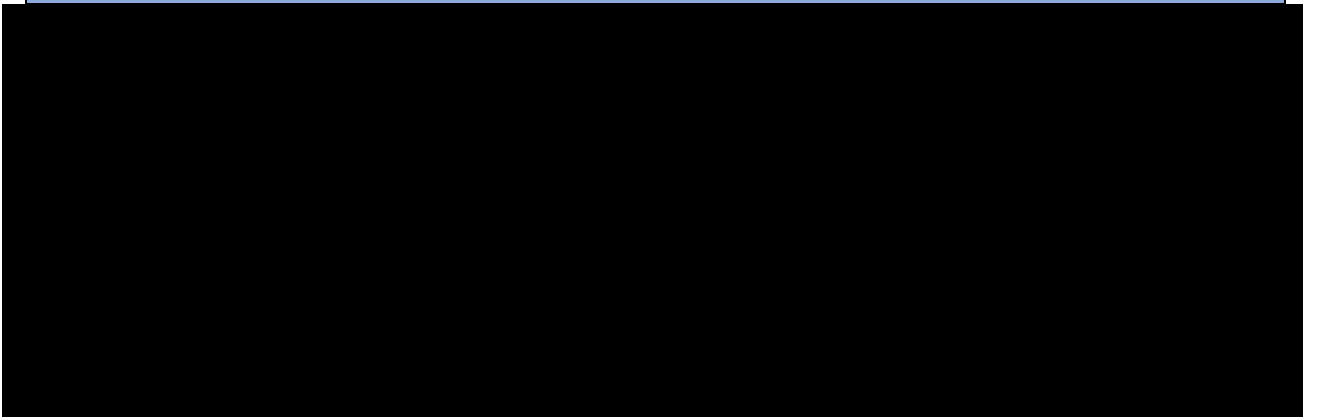


Table 1.2: Key Issues and Observations			
Topics	Key Observations	IE Recommendations	Outcomes
Negotiations and Contracting			
IOU Presentations to the PRG	SoCalGas presented the general status of contract negotiations to the PRG at monthly PRG meetings throughout contract negotiations. The IE also presented a comprehensive list of emerging issues to the PRG at the monthly meetings.	In future solicitations, SoCalGas should strive to share more details during the PRG monthly meetings on ongoing contracting issues emerging during negotiations.	New recommendation.
Timely Contract Negotiations	The 27 weeks of negotiations surpassed the ED's target of completing contract negotiations within 12 weeks.	The IOU should commit to the necessary staffing to support negotiations and create a project schedule with weekly agendas and discrete objectives. A project schedule will enable both parties to have the necessary resources available when called upon during negotiations.	New recommendation.

During the solicitation, the IE observed emerging effective practices by the IOU that made the process more effective, efficient, and transparent. The IE recommends that the IOU continue these practices, as presented below, and share them with other IOUs for their consideration and potential adoption.

Table 1.3: Effective Practices	
Emerging Effective Practice	IE Analysis
Monthly IE Coordination Meetings	SoCalGas holds a monthly meeting with its collective IEs to discuss and act on IE recommendations across various program solicitations. The meetings help to advance enhancements to the solicitation process.

Table 1.3: Effective Practices	
Emerging Effective Practice	IE Analysis
Evaluation Team Check-in Meetings	The SoCalGas evaluation team met periodically to check the evaluators' progress with their reviews. These check-in meetings encourage evaluators to conduct scoring at a reasonable cadence throughout the review period. These meetings also allowed evaluators to ask clarifying questions on the proper application of scoring criteria as they conducted their evaluations.

2. RFA, Bidders Response, and Selections

The RFA design met SoCalGas' intended purpose to procure a fresh, updated, innovative, non-resource marketplace program(s) directed at all customer sectors (residential, commercial, industrial, agricultural, and public). The solicitation met the CPUC's requirement for a competitive, two-stage solicitation.

2.1. RFA Development

SoCalGas further refined its RFA to reduce the number of bidder questions while still gathering sufficient information on the bidders' proposals. Many previous SoCalGas solicitations included bidder questions seeking program details that may have been unnecessary during the RFA stage. The limited number of questions helped the IOU more efficiently review abstracts while identifying the preferred program designs. The IE notes that SoCalGas can further refine and reduce the RFA questions without impacting the quality of the submission or the evaluation process.

Consistent with the PRG and CPUC recommendation to encourage SBE and DBE involvement in the EE program solicitations, SoCalGas should promote teaming among prime and subcontractors. Future RFAs should explain how registered bidders can view and optionally add themselves to a solicitation-specific subcontractors and prime contractor contact list.

2.2. RFA Outreach

The solicitation outreach relied on general awareness of SoCalGas' program solicitations to the bidder community through several announcements and IOU-specific workshops regarding upcoming EE program solicitations. The IOU also posted available information on its third-party solicitation webpage and the [CAEECC site](#).

In future solicitations, the IOU should proactively reach out to the bidder community through its Company's Diversified Business Enterprises (DBE) outreach efforts to increase the participation of DBE-qualified firms either as prime contractors and/or subcontractors. The IOU should also outreach to Small Business Enterprises (SBEs) to encourage them to participate in future solicitations, as defined by the CPUC.¹²

2.3. RFA Bidders' Conference

¹² SBEs are defined according to Title 2, Section 1896.12, of the California Code of Regulations.

SoCalGas held the bidders' conference on August 25, 2021, with over 20 attendees at the meeting. Registered bidders had ample time during the conference to ask questions. After the conference, SoCalGas provided the potential bidders an opportunity to provide written questions. In response, SoCalGas received 17 questions covering various topics: program scope, annual budget caps, rebates for thermostats, list of current EE programs, future of the existing Marketplace, cost-effectiveness requirements, targeted customer groups, and prior customer participation rates.

SoCalGas allowed the IE to review its draft responses to bidder questions. The IE found that the responses reasonably addressed each question. SoCalGas provided its written responses to bidders by the scheduled date, September 8, 2021.

2.4. RFA Bidders' Response

Table 2.1 below summarizes the number of abstracts received in response to the RFAs released by SoCalGas.

Table 2.1: RFA Response	
	Number
Abstracts Expected	3-5
Abstracts Received	05
Abstracts Disqualified	00

2.5. RFA Abstract Selection Process

A. RFA Bid Screening Process and Management of Deficient Bids

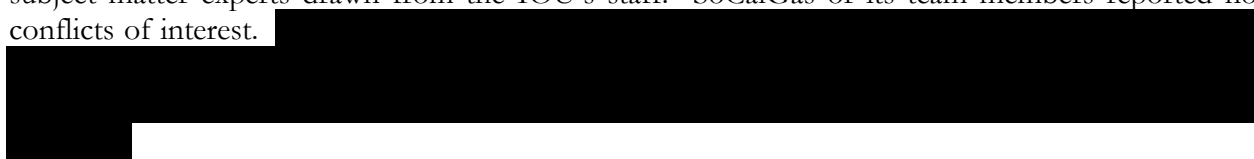
Before scoring the bidder abstracts, SoCalGas conducted a bid screening process that consisted of two threshold reviews: (1) minimum requirements (timeliness and completeness of submissions) and (2) program eligibility (consistency with the prescribed scope of work). SoCalGas' supply management group conducted the minimum requirement screening.

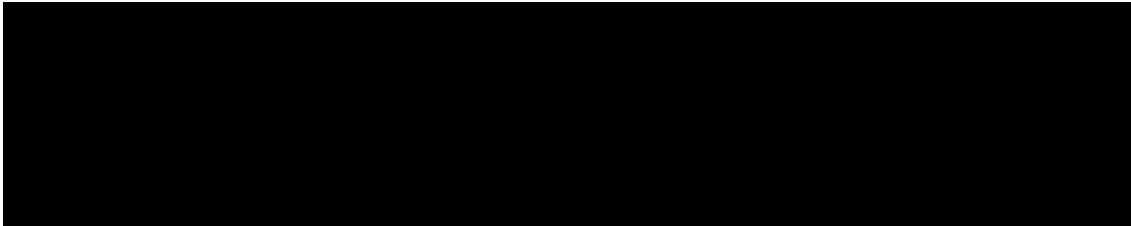
An added feature to SoCalGas' screening process includes a program eligibility review conducted by the IOU's program lead. The program eligibility screen confirms that the abstracts meet the prescribed scope of work. This review effectively prevents the evaluation team from unnecessarily expending time and effort to score a deficient abstract that does not conform to the prescribed scope of work.

All five abstracts passed the initial minimal requirements screening. One other registered bidder provided a set of questions in lieu of an abstract. SoCalGas did not consider this a submission; therefore, SoCalGas did not include it in the number of abstracts received. The IE reviewed and agreed with the IOU's assessment for both threshold reviews.

B. RFA Evaluation Team Profile

The SoCalGas evaluation team roster is listed below in Table 2.2. The team consisted of experienced subject matter experts drawn from the IOU's staff. SoCalGas or its team members reported no conflicts of interest.





C. RFA Scoring Rubric Design

The following is the scoring rubric that SoCalGas applied to evaluate the bidder's abstracts. Overall, the scoring rubric and corresponding criteria weighting balanced the IOU's needs and CPUC's direction regarding third-party programs. The assigned category weights are consistent with the PRG recommendation on RFA.

Table 2.3: RFA Scoring Rubric	
Category	
Program Design (includes Innovation with the assigned weight of 15%)	
Compliance	
Cost and Pricing	
Experience and Capability	
Total	100%

SoCalGas applied the corresponding scorecard to each of the bidders' responses. The number of questions was far less than previous solicitations, which helped reduce the burden on the IOU's evaluation team and, likely, the participating bidders. The number of questions was sufficient to identify the quality of the bidder's abstract and to determine a shortlist at the conclusion of the RFA stage.

D. RFA Evaluation Process and Scoring Calibration

SoCalGas allotted five weeks to evaluate the abstracts. Given the reduced RFA requirements, SoCalGas should significantly reduce the RFA evaluation period for future solicitations (e.g., 2 weeks). This change would reduce the overall solicitation schedule by one month. SoCalGas should coordinate with its PRG when an off-cycle meeting is needed to support a timely abstract selection process.

The IE monitored the RFA evaluation process, including the team check-in and calibration meetings. The evaluation team held several check-in meetings during the evaluation period to confirm the progress of the evaluations and address any questions regarding the scorecard. The IE considers these evaluation check-in meetings effective as they allow the evaluators to raise questions about the

scorecard before completing their evaluations.

[REDACTED]

[REDACTED]

E. RFA Abstract Selections

SoCalGas held the final selection meeting on October 26, 2021. The IOU relied on the final aggregate team scores to rank the abstracts.

[REDACTED]

[REDACTED]

2.6. PRG and IE Feedback to Abstract Process and Selection

SoCalGas allowed the PRG and the IE to review and comment on the RFA materials before releasing the RFA to the bidder community. The PRG asked the IOU to consider the PRG Guidance document in preparing the IOU's RFA materials. The IOU's response to the PRG's guidance and the IE feedback is discussed below.

A. Adherence to PRG RFA Guidance and Feedback

In support of the IOUs' EE program solicitations, the PRG created a PRG Guidance document listing various PRG recommendations regarding all aspects of the IOUs' solicitations, including the RFA stage. The PRG Guidance document included over 80 discrete PRG recommendations regarding the RFA stage. As confirmed by the IE, the IOU incorporated all applicable PRG recommendations into the RFA materials and scoring rubric, with one exception. The PRG recommends that IOUs include a standard contract in the RFA for bidders as information only. SoCalGas did not provide a standard contract but included the Company's proposed terms and conditions and the CPUC standard and modifiable terms and conditions. This approach offers potential bidders an understanding of the CPUC's standard and modifiable terms and conditions and the IOU's proposed changes to the CPUC's modifiable terms and conditions, which are the basis of SoCalGas' standard contract.



The PRG requested that, during the RFP stage, SoCalGas ask bidders how their proposal will address SoCalGas' Hard-to-Reach (HTR) customers as defined by the CPUC. SoCalGas agreed to address this at the RFP stage. The PRG also requested that SoCalGas ask bidders to self-identify whether they are an SBE and/or DBE during the RFA stage. SoCalGas stated it would address this in future solicitations.

B. Response to IE Feedback on RFA

The IE provided 14 recommendations to SoCalGas on the draft RFA materials and scorecard. The recommendations addressed various aspects of the draft RFA, including improved RFA instructions, promotion of integrated demand-side management (IDSM), statewide program coordination, scoring rubric, refinements to bidder questions, updates to reference documents, and various PRG recommendations previously not adopted. SoCalGas accepted all recommendations.

3. RFP, Bidder Response, and Selections

3.1. RFP Development

The RFP balanced the need for information to evaluate bidder proposals with the effort placed on the bidder in responding to the RFP. The RFP included general instructions, a response form (narrative and data), and the CPUC-required standard and modifiable contract terms and conditions. SoCalGas also presented its proposed Company-specific terms and conditions for the bidder's consideration. SoCalGas asked bidders to respond to 20 questions and populate program-related data in a workbook template. The RFP imposed reasonable page limits that allowed ample opportunity for bidders to provide a clear and complete response.

3.2. RFP Bidders' Conference

On January 19, 2022, SoCalGas held an RFP bidders' conference. The attendance of the invited bidders at the bidders' conference was optional. Two bidder representatives attended. It was not clear from the attendance sheet what bidders they represented. In future solicitations, SoCalGas should ask attendees to identify the bidder they represent. Attendees had ample time during the conference to ask questions. However, bidders did not ask questions during the meeting. After the

conference, SoCalGas provided bidders two opportunities to provide written questions by January 25 and February 3, 2022. SoCalGas received seven questions covering various topics, including the availability of customer incentives in other programs, marketing support, IOU scoring, and appliance sales data. The IOU allowed the IE to review SoCalGas’ draft response to each question before releasing it to the bidders. The responses were complete and accurate. The IE recommended minor adjustments to a few draft responses, and SoCalGas accepted them. SoCalGas responded to all bidder questions on schedule.

3.3. RFP Bidders' Response

All invited bidders responded to the RFP with full proposals, as presented in Table 3.1 below.

Table 3.1: Solicitation Response	
	Number
Proposals Expected	3
Proposals Received	3
Proposals Disqualified	0

3.4. Proposal Selection Process

A. RFP, Bid Screening Process, and Management of Deficient Bids

SoCalGas implemented a bid screening process that was generally consistent with the approach presented to bidders in the RFP package. The bid evaluation consisted of two parts: (1) a threshold assessment to determine the responsiveness of the proposal to minimum requirements; and (2) proposal content scoring (for proposals that meet the threshold assessment requirements). All proposals passed the bid screening review.

SoCalGas first evaluated the threshold assessment criteria (Items A, B, and C) on a pass/fail basis, as presented below. SoCalGas only evaluated proposals for content that received a “Pass” on the threshold assessment.

Threshold Assessment Criteria

- On-time submittal via PowerAdvocate
- Proposal responsiveness

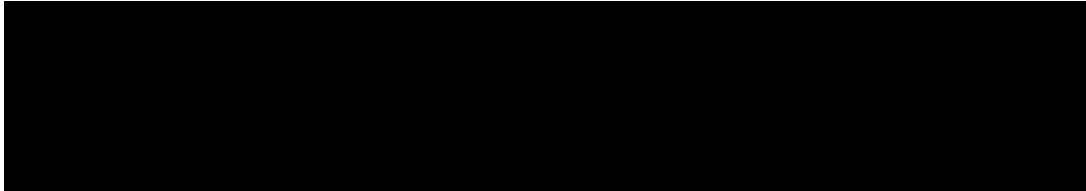
The bidder’s proposed program is eligible if the bidder meets the RFP requirements and the proposal does not include the following:

- Programs that are primarily resource-based;
- Programs that are primarily based on behavioral measures;
- Unproven new technologies, demonstration, pilot or “proof of concept” projects, R&D prototypes, or limited production technologies that cannot support an effective EE program;
- Income-qualified energy efficiency programs;
- Non-energy efficiency programs outside of and not related to AB793;
- EM&V consulting services; and/or

- Programs that overlap or duplicate the efforts of Regional Energy Networks.¹³

B. RFP Evaluation Team

Table 3.2 lists the SoCalGas evaluation team roster. The team consisted of experienced subject matter experts drawn from the IOU’s staff. SoCalGas or individual team members reported no conflicts of interest. SoCalGas held a group training session for the scoring team before evaluating the proposals. The training included a review of the solicitation schedule, RFP scope, RFP scoring process, calibration meeting objectives, and detailed scorecard review, including a detailed discussion of the scoring guides for each bidder question.



C. RFP Scoring Rubric Design

The scoring categories and weighting generally followed the PRG and the IE guidance. The following table presents SoCalGas’ scoring rubric for evaluating the proposals received in the RFP stage.

Table 3.2: Scoring Rubric		
Category	Category	Category
Program Design & Strategies	Program Design & Objectives	
	Strategic Partnering	
	Program Outreach	
	Program Operations	
	Program Innovation	
	Measurement & Verification	
Costs & Feasibility	Customer Motivation and Incentive Design	
	Program Feasibility & Forecast	
	Program Budget	
Skills & Experience	Program Experience and Results	
	Staffing Plan	
Social Responsibilities	Diverse Business Enterprises and Small Business Enterprises	
	Social Responsibility Questionnaire	

¹³See D.18-05-041, OP 30, “The investor owned utilities must work with Local Government Partnership partners to improve cost-effectiveness and to meet the local governments’ needs with respect to data sharing and contract terms that align with local government budgeting, legal, and other constraints; quantify co-benefits and local economic benefits of Local Government Partnerships in hard-to-reach and disadvantaged communities; and support local governments’ efforts to increase local capacity to conduct energy efficiency activities.” See also Joint Cooperation Memorandum of SoCalGas, PG&E, SCE, and 3C-REN, Pg. 1-2, “D.18-05-041 acknowledged the potential overlaps between IOU PAs and non-IOU PAs and directed PAs with overlapping service areas to submit annual JCMs that show how the PAs would avoid or minimize duplication for programs that address a common sector in overlapping service territories. Specifically, OP 38 of D.18-05-041 directed the IOU PAs and Non-IOU PAs to submit their first annual JCMs for approval via Tier 2 advice letters no later than August 1, 2018, noting that the IOU PAs and Non-IOU PAs shall: (1) summarize all the programs they intend to run and indicate which programs may overlap; (2) describe how each will work with the other so that customers are informed of all options and not steered simply to their own programs; and (3) describe how each will ensure customers are also aware of the others’ programs, where that administrator does not have a similar offering.

Table 3.2: Scoring Rubric		
Category	Category	Category
	Total	100%

D. RFP Evaluation Processes and Scoring Calibration

On February 25, 2022, SoCalGas received proposals from all the invited bidders. All proposals passed the initial screening. The evaluation team began their scoring on March 4, 2022. SoCalGas held an evaluator check-in meeting on March 11, 2022, where evaluators reported on the progress of their reviews. Evaluators completed their reviews on March 18, 2022.

SoCalGas held an evaluation team calibration meeting from March 23-24, 2022. [REDACTED]

SoCalGas held bidder interviews on April 20 and 21, 2022, with [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

E. RFP Shortlist and Final Selection

On April 27, 2021, SoCalGas held its final selection meeting with its senior management. The evaluation team presented an overview of both proposals and the final scores. [REDACTED] of all proposals received. SoCalGas senior management agreed with the team's recommendation.

3.5. PRG and IE Feedback to Proposal Process and Selections

A. Adherence to PRG Guidance and Feedback

RFP

The PRG provided the IOU with the PRG Guidance document, which includes more than 100 PRG recommendations regarding the RFP stage. As confirmed by the IE, SoCalGas incorporated all applicable PRG recommendations into the RFP materials and scoring rubric.

SoCalGas considered two additional PRG recommendations regarding the selection and contracting process. These PRG recommendations are presented below:

- **Nonresidential Financing:** Encourage SoCalGas to promote financing opportunities for small and medium business (SMB) customers. **Response:** The SMB marketplace will be promoted with Enervee's digital marketing program Engage, focusing on email and paid media channels (e.g., Google Search, LinkedIn, etc.). The goal is to test strategies to reach SMB customers via an online marketplace and see if the model is successful enough for SoCalGas to scale more widely across other customer segments. Based on this experience, SoCalGas may look to promote financing opportunities to commercial customers in the future.
- **SoCalGas and SCE Marketplace Coordination:** The two IOUs should coordinate their marketplaces, given their shared customer base. **Response:** SoCalGas requires the implementer to coordinate with other Program Administrators overseeing energy efficiency, water efficiency, environmental improvement measures, or clean energy programs in the same geographic area as SoCalGas.

B. Response to IE Feedback

The IE provided 25 discrete comments and corresponding recommendations; all but one recommendation was accepted by SoCalGas. The recommendation related to PRG's general guidance is to make a standard contract available for bidders to review while preparing their proposals. SoCalGas indicated that, although it does not include a standard Contract, it does include its proposed additional terms and conditions along with the CPUC's standard and modifiable terms and conditions. The approach seems reasonable as SoCalGas uses these documents as the basis of its proposed Contract at the start of negotiations.

4. Contracting Process

[REDACTED] with Assembly

Bill 793¹⁴ to educate customers on products, services, or software that allows them to understand better and manage energy usage in the customer’s home or place of business.

4.1. Contract Negotiations

[REDACTED]

Negotiations, including contract execution, spanned over 27 weeks, extending well beyond the ED’s target of completing contract negotiations within 12 weeks. [REDACTED]

[REDACTED]

In future solicitations, the IE recommends that the IOU create a standard weekly negotiation schedule that includes predetermined meeting agendas and deliverables at the onset of negotiations. Parties can agree to the set schedule and agenda at the onset of negotiations. The preset schedule will allow parties to track deliverables, work on multiple issues concurrently, and make the necessary resources (e.g., engineering, legal, etc.) available to both parties to complete deliverables and arrive at resolutions promptly.

A. Collaboration on Final Program Design and Scope

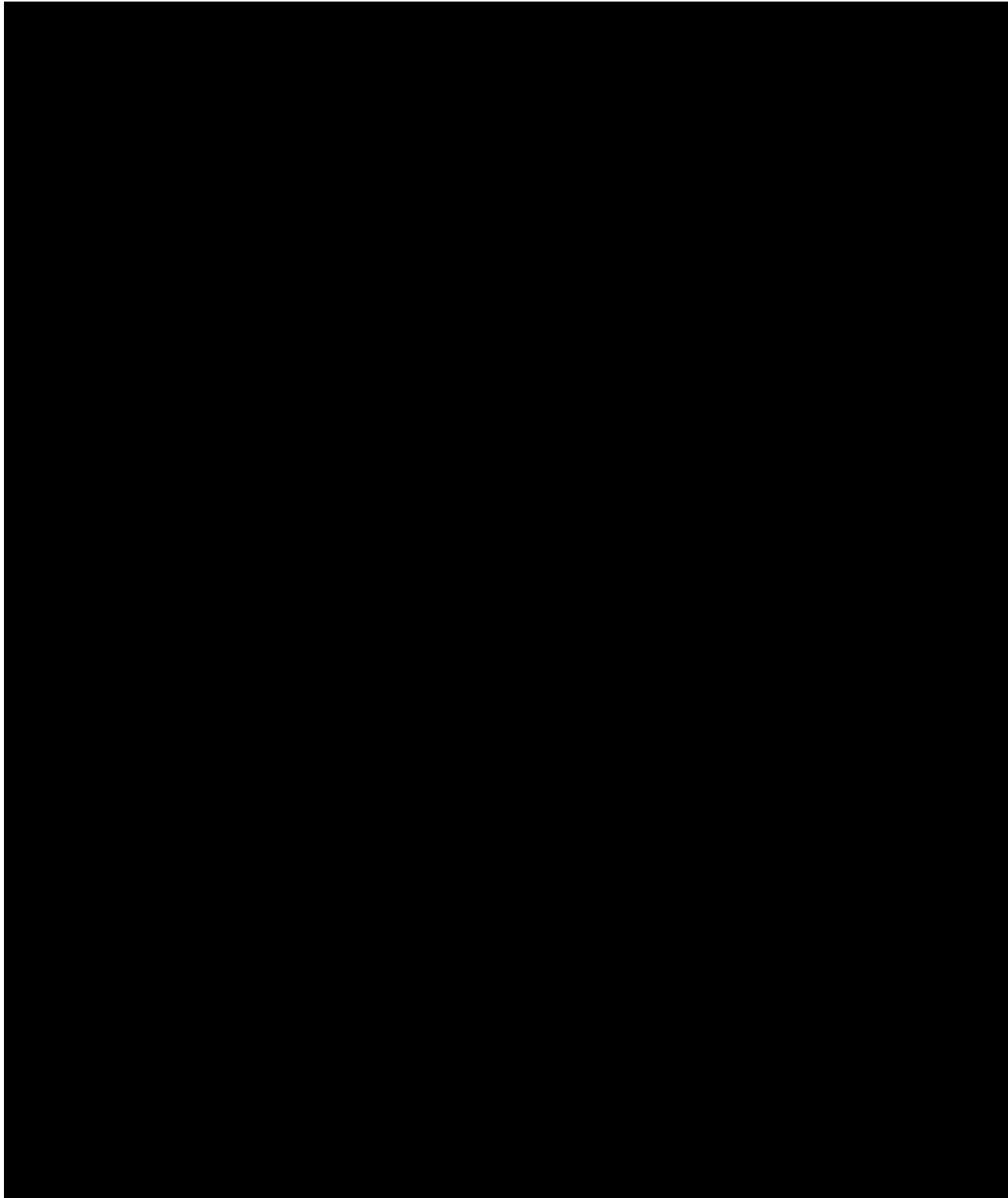
In Decision 16-08-019, the CPUC allows the IOU and the selected bidder, after program selection, to collaborate on the ultimate program design implemented by the third party.¹⁶ Collaboration enables the IOU to share its understanding of its customers and prior program implementation experience with the selected bidder to optimize the program offers. Contract negotiations are also the time for the bidder to share greater levels of program details and to address any IOU concerns they may have regarding the program design and delivery.

[REDACTED]

¹⁴ Resolution E-4820 and [AB 793 \(ca.gov\)](http://leginfo.ca.gov/pub/07_01_bill_007901_0800_bill_007931_00.html)

¹⁵ Decision 18-05-041, OP 4.

¹⁶ Conclusion of Law 57.



B. Fairness of Negotiations

The contract negotiations were fair and transparent. The contract negotiations resulted in a contract that closely resembled the scope of the bidder's proposal.



Table 4.1: Proposed vs. Final Agreement		
		Contracted
EE Budget		\$4,851,400
EE Products Sold		8,950
EE Products Sold to DAC/TRC Customers		2,850

C. Changes to Contract Terms & Conditions

To comply with CPUC directives, SoCalGas provided the bidder with standard and modifiable CPUC terms and conditions at the start of contract negotiations.¹⁷ The IE reviewed all documents and confirmed that the Contract includes the CPUC's standard terms and conditions. The IOU also proposed a set of additional terms and conditions. These other terms do not conflict with the CPUC standard terms and conditions since SoCalGas included an additional contract term that clarified that the CPUC standard terms and conditions take precedence over any potentially contradictory terms in the Agreement. The IOU and the bidder agreed to all terms and conditions. The IE also reviewed the Contract against the PRG's Contract Checklist and found no issues with SoCalGas' contract.

D. Conformance with CPUC Policies and Objectives

The table below summarizes how the program elements align with those CPUC policies and other PRG recommendations the contracted Program should support.

Table 4.2: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
IOU should develop a standard contract template with CPUC standard terms to be compliant with applicable CPUC policies, decisions, or specific directives, consider PRG and IE feedback, and not use language/concepts that are inappropriate or typically not used in the EE industry. (PRG Guidance on Contracting, Section 6.1.1)	See Section 4.1.C.
The Contract must include all CPUC standard (non-modifiable) contract terms in the contract (6.1.2)	See Section 4.1.C.
The Contract includes CPUC modifiable contract terms as a starting point. (6.1.3)	See Section 4.1.C.
Other aspects of the contract template do not conflict with CPUC terms and conditions, policies, decisions, or direction. (6.1.4/5)	See Section 4.1.C.
IE pool reviews standard contract template and provides comments (6.1.6)	Confirmed. The IE reviewed the contract template. The IE recommended that the IOU include an additional term that specifies that the CPUC standard terms and conditions take precedence over

¹⁷ Decision 18-10-004, OP 7.

Table 4.2: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
	all contract terms. The IOU accepted this recommendation.
IOU must present its contracting negotiation process to the IE/PRG for review (6.2.1)	Confirmed. The IOU informed the IE and PRG of the process and approach to the contract.
IEs should monitor all bidder communications during the negotiation process (6.2.2)	Confirmed. The IE was included in all bidder communications and attended all meetings.
IOUs should explain their contracting process to selected bidders (6.2.3)	Confirmed. The IOU presented the contracting process to the bidder at the initial meeting.
Before execution, the assigned IE and PRG should review the final contracts for each Program recommended for award. (6.3.1)	Confirmed. The IE reviewed the final contracts.
A reasonable number of KPIs.	Confirmed. The Contract includes 6 KPIs addressing program performance, which appears reasonable.
KPIs make sense in terms of measuring, scale, and timeframe.	Confirmed.
The contract includes appropriate performance issue remedies.	Confirmed. The Contract identifies the process to remedy KPI performance issues, including program cancellation, if remedies are ineffective in increasing performance to acceptable levels.
The contract clearly addresses Support Services.	The Contract does not include any enhanced or basic IOU services. The IOU offered these services, but the implementer opted not to utilize such IOU services.
Innovative aspects of the Program are retained.	Confirmed.
If applicable, IDSM components are included.	In the Program Manual, the implementer will also elaborate on plans to ensure customers are informed of available energy efficiency programs.
If applicable, program considerations for Hard-to-Reach (HTR) and Disadvantaged Communities (DAC) are incorporated.	Confirmed. The Contract includes direct marketing plans for DACs and a commitment to track DAC and HTR participation.
Changes proposed by the IOU and the implementer were reasonable and fair.	Confirmed.

E. Uniformity of Contract Changes

Not applicable. SoCalGas negotiated with only one party in this solicitation.

4.2. Final Selection

SoCalGas made its final selection based on the outcome of its evaluation and ranking of all the proposals. As presented in Section 3.4 of this Report, SoCalGas concluded that Enervee could offer the best marketplace experience for SoCalGas’ residential and SMB customers.

4.3. Contract Execution

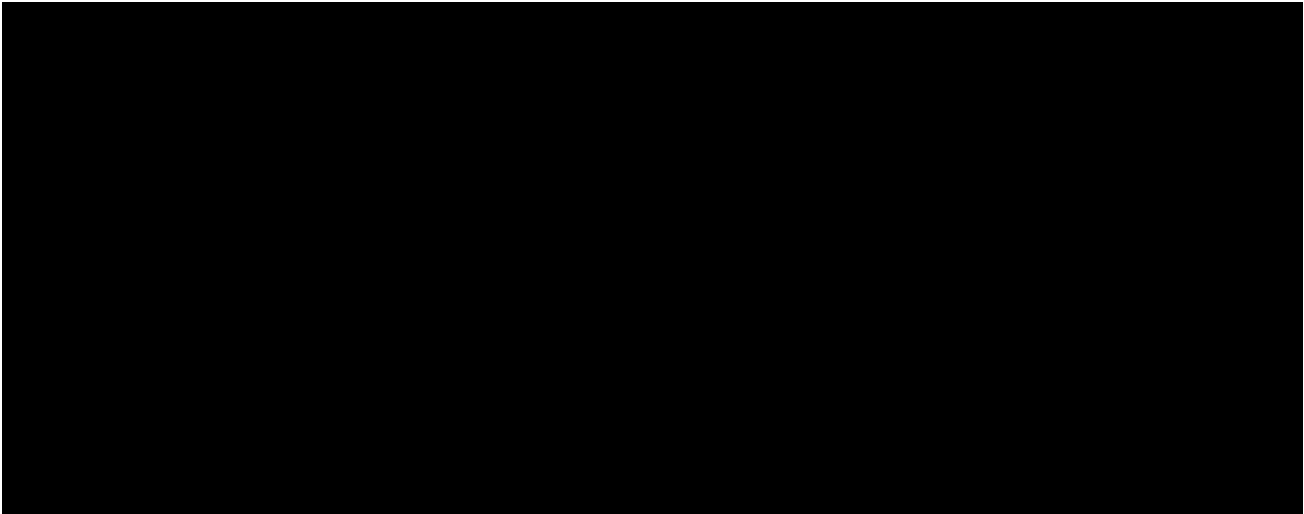
SoCalGas executed the Marketplace Program contract with Enervee on December 29, 2022. The contract is effective as the Contract value and term are below the CPUC’s threshold for seeking CPUC contract approval. SoCalGas and the implementer must complete the Program's Implementation Plan by February 23, 2023.

4.4. PRG and IE Feedback to Contracting

The IOU sought and considered PRG and IE feedback throughout the contracting process. As previously stated, SoCalGas' standard contract agreement met the PRG contracting recommendations. The IE actively monitored all contract negotiations. The IOU also met with the IE to discuss emerging contracting issues throughout the contracting phase. Section 4.1 of this Report addresses many of these issues.

SoCalGas presented the general status of contract negotiations to the PRG at monthly PRG meetings throughout contract negotiations. The IE also presented a comprehensive list of emerging issues to the PRG at the monthly meetings. SoCalGas should strive to share more details during the PRG monthly meetings on ongoing contracting issues emerging during negotiations in future solicitations.

SoCalGas sought input from the PRG and IE on the draft Contract. The PRG did not provide any comments on the draft Contract. The IE provided 39 discrete recommendations to SoCalGas on the draft Contract. SoCalGas agreed to accept or partially accept all IE recommendations. Table 4.4, shown below, lists the key IE recommendations and the IOU's responses.



5. Assessment of Final Contract

The final Marketplace Contract represents the bidder's original program design. The final Program should be considered third-party proposed, designed, and delivered consistently with CPUC's definition of a third-party program. The contract complies with all specific CPUC directives related to third-party contracts, including incorporating all standard CPUC terms and conditions without modification. The final KPIs and implementer compensation structure allow the IOU to actively monitor key program management and performance elements, including achieving EE product sales through the online Marketplace.

5.1. Bid Selection Respond to Portfolio Needs

SoCalGas intended for the Marketplace Program to promote existing EE programs within its program portfolio and increase participation by educating customers and local market actors on energy management technologies and other EE products and services. SoCalGas sought various

characteristics for the Marketplace. Below is a list of those preferences and whether the proposed Marketplace met those preferences.

Table 5.1: List of IOU Preferences for Marketplace Program	
IOU Preference	Outcome
Increasing general market and customer awareness of energy savings rebate programs, EE education, energy tips, and EE opportunities.	The Marketplace includes an educational platform that supports SoCalGas residential and SMB programs and a transactional e-commerce platform featuring Eco Financing, which compliments SoCalGas programs by integrating instant, point-of-sale rebates on qualified products.
Providing outreach education and support for customers, including residential, smaller-sized customers, large customer groups in nonresidential sectors, and market actors to develop knowledge, skills, and abilities to participate in various programs and energy efficiency opportunities.	<p>The solicitation successfully procured a marketplace program for residential and small business EE product needs.</p> <p>The solicitation did not result in a marketplace strategy that addressed other nonresidential customer groups. However, by the nature of today’s consumer-focused EE marketplaces, expanding such a strategy to other customers may not be realistic as larger, more sophisticated customers rely on different market channels (e.g., wholesalers, distributors, etc.) to procure EE equipment.</p>
Driving eligible customers to participate in SoCalGas’ energy efficiency rebate program offerings and guiding eligible customers to the ESA program, California Alternate Rates for Energy (CARE), and other demand-side management opportunities.	The Marketplace will serve as a hub for customers to manage their energy better, whether by making efficient purchases, participating in other SoCalGas programs, or taking advantage of income-qualified CARE tariffs.
Supporting customers and market actors with technical and energy efficiency information and advice in adopting EE technologies and services.	The Marketplace addresses the increasing demand for energy-efficient products and services; influencing supply chains (including manufacturers, retail fulfillment partners, and installation contractors); building strategic partnerships to tap into natural replacement cycles and offering affordable financing to consumers; increasing the sales share of cutting-edge, efficient products, by tying financing to efficient products only; and enabling more equitable access to capital.

5.2. Bid Selection Provides the Best Overall Value to Ratepayers

A. Introduction

Enervee’s Marketplace Program received the highest overall score in the competitive solicitation. In its evaluation, SoCalGas determined that Enervee’s Marketplace provides the best overall value to ratepayers and, most importantly, the best opportunity to advance the online purchase of EE products

to SoCalGas’ residential and SMB customers.

The IE monitored every aspect of the solicitation, including the IOU's evaluation, leading to SoCalGas’ final selections. Based on this monitoring, the IE agrees with SoCalGas’ assessment that the Marketplace provides the best value to the IOUs' ratepayers among the proposals received in this solicitation.

B. Program Description

The implementer-designed local Marketplace Program will encourage participation in SoCalGas energy efficiency programs to drive residential and small business customer retail purchases of qualified energy efficiency measures, especially in disadvantaged communities, by reducing market barriers, including financial barriers critical to engage DAC and HTR customers. The Marketplace includes an educational platform that supports SoCalGas residential and nonresidential programs and a transactional e-commerce platform featuring Eco Financing, which compliments SoCalGas programs by integrating instant, point-of-sale rebates on qualified products.

C. Budget and Cost-Efficiency

The program budget is \$4,851,400. The final budget is within the CPUC’s cost category targets, except for the direct implementation category (20% target). Given that the Program is an online platform, SoCalGas deemed the direct implementation (DI) budget reasonable. The budget does not reflect the administration budget. Such costs are likely presented in the marketing and DI cost categories. Parties have agreed to revise the administration budget as part of the Program’s Implementation Plan. Any such revision will not increase the overall budget.

Cost Category	2023	2024	2025	Total	% of Total Budget
Administration *	\$0	\$0	\$0	\$0	0%
Marketing	350,200	343,200	343,200	1,036,600	21%
Direct Implementation	1,307,032	1,253,084	1,253,884	3,814,800	79%
Customer Incentives	0	0	0	0	0%
Total EE Budget	\$1,657,232	\$1,597,084	\$1,597,084	\$4,851,400	100%

* - Parties have agreed to include an estimate of the program administrative budget in the final Implementation Plan.



D. Expected Program Performance

The Program expects to encourage customers to purchase 8,950 EE products, including 2,850 EE products purchased by the CPUC-defined HTR and DAC customers over three years, as shown in Table 5.2 below. The Program also includes a goal to promote eco-financing to residential renters.

Forecast	2024	2025	2026	Total
EE Products Purchased	3,508	2,721	2,721	8,950
DAC & HTR customer participation*	695	808	1,347	2,850
Share of renters purchasing with Eco Financing	10%	10%	10%	10%

E. Cost-Effectiveness

As a non-resource program type within the CPUC’s Market Support category of the EE program portfolio, the Marketplace Program is not required to include a cost-effectiveness forecast.

F. IDSM

Within the Program’s Implementation Plan, the implementer will elaborate on plans to ensure customers are informed of available energy efficiency programs and other demand-side management programs, as applicable.

G. Disadvantaged Communities and Hard-to-Reach Customers

The Program will promote the Marketplace to HTR customers and customers in DACs. The Contract assigns a specific DAC/HTR goal to the Program’s overall goals.

H. Disadvantaged Worker Policy

The implementer will comply with the CPUC’s disadvantaged worker policies. The implementer will provide plans to promote these policies in the Program’s Implementation Plan. SoCalGas requires the implementer to report its efforts on an annual basis. The IE encourages the IOU and implementer to provide greater detail on how the Program will support these CPUC policies in the final Implementation Plan.

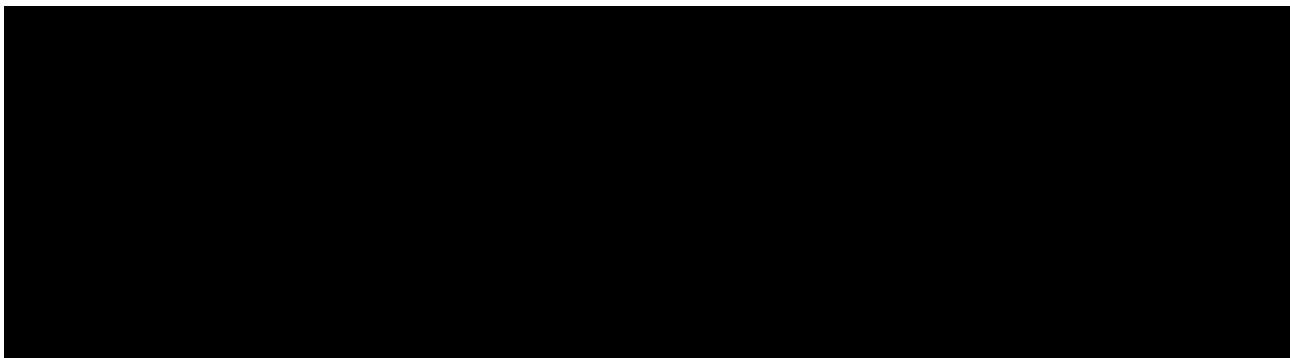
I. Workforce Standards Policy

The CPUC workforce standards requirements do not apply to the Marketplace Program, where the incentive is paid to any manufacturer, distributor, or retailer of HVAC equipment unless the manufacturer, distributor, or retailer installs or contracts for the installation of the equipment.

J. M&V Plan

The Contract requires the implementer to coordinate with SoCalGas on a final M&V Plan. The Plan should describe how the Program will perform data collection, savings estimations, verification, and reporting. The final detailed M&V Plan will be included in the final Implementation Plan.

K. Implementer Compensation





L. Innovation

The Marketplace Program relies on Enervee's new Commerce solution, featuring Choice Engine technology, integrated eco-financing, and sophisticated digital marketing to increase participation in cost-effective energy efficiency programs. Innovations include:

- **One-stop shop for energy management.** The Marketplace will serve as a hub for customers to manage their energy better, whether by making efficient purchases, participating in other SoCalGas programs, or taking advantage of income-qualified CARE tariffs, to provide some examples.
- **Efficient shopping ecosystem to reduce perceived barriers.** The Marketplace offers an efficient shopping ecosystem, bringing together strategic partners to eliminate market, cognitive/psychological, and financial barriers and transform markets at scale.
- **Inclusive Eco-financing.** Customers can pay with no money down and low monthly payments via credit-enhanced term loans instead of a one-time, lump sum payment. The implementer will partner with financial institutions and CAEATFA to offer affordable payment options, making it easier for people to buy the most energy-efficient products that meet their needs while building good credit.

M. Key Performance Indicators

The Program's KPI achievement is the primary means of assessing the Program's operational performance on an ongoing basis. There are 6 KPIs tied to program performance. The KPI performance is monitored monthly throughout the program implementation period. SoCalGas will use the KPIs to determine (1) the program's success and whether or not corrective actions are required; (2) if funding should be added or removed from the program; and (3) program renewals toward the end of the contract term. The Contract does not tie KPI performance to the implementer's compensation.

6. Overall Assessment of Solicitation

SoCalGas' conduct during the local industrial program solicitation was fair, equitable, and transparent.

Reduce Contract Negotiation Schedule

Negotiations, including contract execution, spanned over 27 weeks, extending well beyond the ED's target of completing contract negotiations within 12 weeks. In future solicitations, the IE recommends that the IOU create a standard weekly negotiation schedule that includes predetermined meeting agendas and deliverables at the onset of negotiations. The preset schedule will allow parties to track deliverables, work on multiple issues concurrently, and make available the necessary resources

(e.g., engineering, legal, etc.) by both parties to complete deliverables and arrive at resolutions promptly. Parties can agree to the set schedule and agenda at the onset of negotiations.

[REDACTED]

RFA Criteria Weighting

In future solicitations, the IOU should revisit the RFA scoring criteria weighting for non-resource programs (i.e., market support or equity) to ensure sufficient weighting is assigned to key elements within the proposal [REDACTED]