

PUBLIC UTILITIES COMMISSION  
505 Van Ness Avenue  
San Francisco CA 94102-3298



**San Diego Gas & Electric Company**  
**ELC (Corp ID 902)**  
**Status of Advice Letter 4115E/3144G**  
**As of December 21, 2022**

Subject: San Diego Gas & Electric Company's Energy Savings Assistance Third-Party Solicitation Advice Letter for the Southern Multi-Family Whole Building Program and Third-Party Contract

Division Assigned: Energy

Date Filed: 11-30-2022

Date to Calendar: 12-02-2022

Authorizing Documents: D2106015

<b>Disposition:</b>	<b>Accepted</b>
<b>Effective Date:</b>	<b>12-30-2022</b>

Resolution Required: No

Resolution Number: None

Commission Meeting Date: None

CPUC Contact Information:

[edtariffunit@cpuc.ca.gov](mailto:edtariffunit@cpuc.ca.gov)

AL Certificate Contact Information:

Norma Toothman

619.2401371

[nltoothman@sdge.com](mailto:nltoothman@sdge.com)

**PUBLIC UTILITIES COMMISSION**  
505 Van Ness Avenue  
San Francisco CA 94102-3298



To: Energy Company Filing Advice Letter

From: Energy Division PAL Coordinator

Subject: Your Advice Letter Filing

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Clay Faber – Director  
Regulatory Affairs  
8330 Century Park Court  
San Diego, CA 92123

CFaber@sdge.com

November 30, 2022

**ADVICE LETTER 4115-E/3144-G**  
(U 902 M)

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

**SUBJECT:** San Diego Gas & Electric Company's Energy Savings Assistance Third-Party Solicitation Advice Letter for the Southern Multi-Family Whole Building Program and Third-Party Contract

**PURPOSE**

In accordance with Ordering Paragraph (OP) 122 of Decision (D.) 21-06-015, San Diego Gas & Electric Company (SDG&E) hereby submits to the California Public Utilities Commission (Commission or CPUC) this Tier 2 Advice Letter (AL) for approval of the Energy Savings Assistance (ESA) Southern Multi-family Whole Building (S. MFWB) Program. This advice letter details the program design, including a budget by category, measure offerings, energy savings goals, treatment targets, cost effectiveness values, executed contract, and the Independent Evaluator (IE) report. This final S. MFWB package is herein, which includes the public Attachments and confidential Appendices. As indicated in Attachment 4 of D.21-06-015,<sup>1</sup> the executed contract and IE Report may be considered confidential in-full or in-part and therefore have been redacted where appropriate in the respective attachments.

D.21-06-015 directed SDG&E and PG&E ("Lead IOUs") to solicit for, and administer on behalf of, the state's investor-owned utilities (IOUs) a Northern and Southern Multifamily Whole Building Program.<sup>2</sup> The CPUC directed SDG&E to administer the Southern program to provide energy efficiency EE services to customers in the SDG&E, Southern California Gas Company (SoCalGas) and Southern California Edison Company (SCE) service territories, and PG&E to administer the Northern program to serve customers in PG&E's service territory.<sup>3</sup>

This AL was prepared in conformance with the Advice Letter Template (ED Template) that the Energy Division (ED), the Independent Evaluator (IE), and Pacific Gas and Electric Company (PG&E) and SDG&E developed and agreed to implement.<sup>1</sup> Table 1 below represents the sections in this AL which demonstrate compliance with ED's Template and identify the public attachments and confidential appendices.

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<sup>1</sup> D.21-06-015 at Attachment 4, Section C, Timeline and Advice Letter submittal.

<sup>2</sup> *Id.* at 355.

<sup>3</sup> *Id.* at OP 120.

**Table 1 – Summary of Compliance Requirements for ESA MFWB Third-Party Solicitation**

	<b>Contents, Attachments, and Appendices</b>	<b>Part 1 Public</b>	<b>Part 2 Confidential</b>
1	Introduction: Purpose and Subject (Summary of Contracts)	Part 1.1.A - 1.1.B	Appendix D
	Introduction: Program Design and Portfolio Impacts	Part 1.1.C - 1.1.D	
2	Introduction: Solicitation Process Overview	Part 1.1.E	Appendix B
3	Transition Plan	Part 1.2	
4	Implementation Plan	Attachment B	
5	Confidentiality	Part 1.3	
6	Final IE Report	Attachment A	Appendix A
7	Selection spreadsheet (in Excel)		Appendix C
8	Executed third-party contract		Appendix E

## **PART ONE: PUBLIC SECTION OF ADVICE LETTER**

### **1. INTRODUCTION**

SDG&E and PG&E collaborated on the overall solicitation process and Request for Proposal (RFP) and issued separate solicitations for the Northern and Southern ESA MFWB programs. For purposes of jointly administering the shared aspects of the solicitation, the two utilities combined efforts until receipt of Bidder proposals for the North and South programs. Bidder proposals were evaluated separately by the respective Lead IOU for Northern and Southern California. SDG&E and PG&E also collaborated to select the IE and solicit members for the Peer Review Group (PRG).

SDG&E released the S. MFWB solicitation with the desired result of contracting with one or more non-utility companies (“Third-Parties”) for a whole building program that serves multi-family customers and their facilities for the 2023-2026 program years in SDG&E, SCE and SoCalGas service territories. The program will offer ESA Services for In-Unit, Common Area Measures (CAM), and Whole Building Measures to deed restricted and non-deed restricted multi-family buildings. The CPUC’s adopted approach will combine all multi-family services within one program (in-unit, CAM, MFWB) as this is deemed to be in the best interest of customers.<sup>4</sup>

The RFP required that the selected third-party implementer(s) develop and implement a program that drives deep energy savings and provides robust grid benefits in the residential multi-family sub-sector through targeted customer engagement, data-driven programs that leverage market actors, and strategic partnerships in Southern California. Bidders must propose programs to install measures that produce reliable, documented energy savings (kWh, kW and/or therms) and promote health, comfort, and safety (HCS) in the multifamily subsector. Although individual ESA programs do not have specific cost-effectiveness requirements, this solicitation seeks programs that support the overall cost-effectiveness of the IOUs’ ESA portfolios. Third-operating under contract will be required to abide by all CPUC policies and guidance for ESA EE programs.

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<sup>4</sup> *Id.* at OP 116.

SDG&E has complied with the ED Template requirements and submits this AL in accordance with the guidance to provide specific details of the solicitations for the S. MFWB program. Note that SDG&E includes the instructions for the various sections of the AL template as part of the AL.

### A. Purpose

This advice letter details the program design, including a budget by category, measure offerings, energy savings goals, treatment targets, cost effectiveness values, executed contract, and the Independent Evaluator (IE) report. This final S. MFWB package is herein incorporated as the Appendices. As indicated in Attachment 4 of D.21-06-015, the executed contract and IE Report may be considered confidential in-full or in-part and therefore has been redacted where appropriate in the respective appendices. Table 1 above identifies the various sections of this AL that are considered confidential.

### B. Southern MFWB Third-Party Selection – RHA Energy Contract

Table 2 below provides the contract awarded from the MFWB Solicitation.

**Table 2: Contract Awarded from MFWB Solicitation**

Contract		Budget	Duration
<b>Multifamily Sector</b>			
1.1	Energy Savings Assistance (ESA) Multifamily Whole Building (MFWB) Program	Not to Exceed \$163,528,207 (this includes the NGAT budget*)	48 months

\*Although the Natural Gas Appliance Testing (NGAT) budget is not part of the MFWB program budget, this contract includes the budget for the NGAT services that the implementer will provide to multifamily customers that require NGAT service.

Table 3 below summarizes the contract details requiring approval via this AL.

**Table 3: General Contract Summary**

1	Solicitation name	Energy Savings Assistance (ESA) Southern Multifamily Whole Building (MFWB)
2	Type of program: local, regional, or statewide	Regional
3	Delivery Type – specify the delivery type (i.e., direct install, upstream, midstream, or downstream)	Direct Install for in-unit treatments and deed-restricted common area measures (CAM); copay required for CAM of non-deed restricted properties

3.1	A. Direct Install/Downstream Customer Targeting (Yes or No)	Yes
3.2	B. Customer Targeting brief description, if applicable	Yes – refer to Attachment B Implementation Plan
4	Market/Sector(s)	Multifamily sector
5	Customer Segment(s)	Multifamily income-qualified customers
6	Third-Party Implementer/Subcontractor name	Richard Heath and Associates (RHA)
7	Name of program or service	Southern Multifamily Whole Building Program
8	Brief description of program or service (2-3 sentences)	MFWB Program will offer ESA services for in-unit, CAM, and whole building measures to deed restricted and non-deed restricted multifamily customers. In addition, NGAT services will be provided as needed. For more information, please refer to the Implementation Plan (Attachment B)
9	Total kWh Energy Savings (2023-2026 First year)	See Table 7 below
10	Total MW Energy Savings (2023-2026 First year)	See Table 7 below
11	Total therms Energy Savings (2023-2026 First year)	See Table 7 below
12	Forecasted Number of Units Served by Program Year	See Table 7 below
13	Forecasted Number of Properties Served by Program Year	Estimated 867 properties (common areas)
14	Area(s) Served (including service territory, climate zones, cities, and/or counties, as applicable)	Southern California Edison Company, Southern California Gas Company, and San Diego Gas & Electric Company service territories

15	Program ESA CET ratio (ESA CET output)	See Table 8 below
16	Program TRC ratio	See Table 9 below
17	Budget: Forecast budget by program year (PY) for each year contract in effect	See Tables 4, 5, 6 below
18	Budget: Forecast expenditures by program year (PY) for each year contract in effect	See Tables 4, 5, 6 below
19	Budget: Total Program Budget (include explanation for difference, if any, from total contract budget provided in Table A)	See Tables 4, 5, 6 below
20	Measure(s)	HVAC, lighting, weatherization, refrigerators, water heaters/boilers, pool pumps, smart thermostats, furnace repairs, low flow showerheads
21	Savings Determination Type (i.e., custom, deemed, Net Metered Energy Consumption, or Randomized Control Trial)	Deemed measures
22	Savings Calculation Method(s) (Meter-Based, Deemed, Calculated, Multiple and/or Other) If Multiple or Other, please specify	Deemed savings methodology
23	Contract start date and end date	November 1, 2022– December 31, 2026 (effective start date subject to AL approval and SDG&E Notice to Proceed)
24	Program start date and end date. If program dates are not defined by the period the program is open for customer participation, explain, and also include customer participation period.	July 1, 2023 – December 31, 2026

### C. Program Design

The ESA MFWB Program is a future-focused, market-informed approach to serving low-income multifamily households in the Southern investor-owned utility (IOU) territories. Consistent with D.21-06-015, the Program will offer ESA services for in-unit, common area measures (CAM) and whole building measures to deed restricted and non-deed restricted multifamily customers. The Program will provide a streamlined, enhanced ESA experience offering a single in-take application, cost-effective measures and the support needed to overcome barriers to program participation for Owners and Customers. The implementer will coordinate referrals with the IOU single Point of Contacts so that customers can take advantage of other utility programs that could benefit them, e.g., Demand Response programs, Self-Generation Incentive program, and other utility services. The program will result in upgraded properties that realize deeper energy savings, greater health, safety and comfort for tenants and a reduction in overall energy burden. For a more detailed description of the program, please refer to Attachment B - Implementation Plan.

### D. Statement on ESA Portfolio Impacts

The following tables provide the 2023-2026 MFWB budgets, energy savings targets and unit targets.

**Table 4 Implementation Annual Budget by Utility**

Budget by IOU	2023 (Jul - Dec)	2024	2025	2026	Total
SCE	\$5,027,980.64	\$13,186,898.97	\$13,508,739.80	\$12,579,027.57	\$44,302,647.00
SoCalGas	\$7,685,788.24	\$20,157,538.44	\$20,649,505.43	\$19,228,344.16	\$67,721,176.28
SDG&E Electric	\$2,247,984.60	\$5,895,795.52	\$6,039,688.92	\$5,624,019.31	\$19,807,488.35
SDG&E Gas	\$1,107,216.29	\$2,903,899.29	\$2,974,772.16	\$2,770,039.36	\$9,755,927.10
<b>Total</b>	<b>\$16,068,969.78</b>	<b>\$42,144,132.23</b>	<b>\$43,172,706.31</b>	<b>\$40,201,430.41</b>	<b>\$141,587,238.72</b>

**Table 5 NGAT Annual Budget by Utility**

NGAT Budget	2023 (Jul - Dec)	2024	2025	2026	Total
SoCalGas	\$512,557.52	\$1,565,858.00	\$1,565,858.00	\$1,565,858.00	\$5,210,131.52
SDG&E	\$219,667.51	\$671,082.00	\$671,082.00	\$671,082.00	\$2,232,913.51
<b>Total</b>	<b>\$732,225.03</b>	<b>\$2,236,940.00</b>	<b>\$2,236,940.00</b>	<b>\$2,236,940.00</b>	<b>\$7,443,045.03</b>



**Table 6 Implementation Yearly Budget plus NGAT by Utility**

<b>Budget by IOU</b>	<b>2023 (Jul - Dec)</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
SCE	\$5,027,980.64	\$13,186,898.97	\$13,508,739.80	\$12,579,027.57	\$44,302,646.98
SoCalGas	\$8,198,345.76	\$21,723,396.44	\$22,215,363.43	\$20,794,202.16	\$72,931,307.79
SDG&E Electric	\$2,247,984.60	\$5,895,795.52	\$6,039,688.92	\$5,624,019.31	\$19,807,488.35
SDG&E Gas	\$1,326,883.80	\$3,574,981.29	\$3,645,854.16	\$3,441,121.36	\$11,988,840.61
<b>Total</b>	<b>\$16,801,194.80</b>	<b>\$44,381,072.22</b>	<b>\$45,409,646.31</b>	<b>\$42,438,370.40</b>	<b>\$149,030,283.73</b>

**Table 7 Energy Savings Goals and Treatment Targets**

<b>Program Goals</b>	<b>2023 (Jul – Dec)</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
<b>Energy Savings (kWh)</b>	<b>3,916,471</b>	<b>11,834,944</b>	<b>11,834,944</b>	<b>11,834,944</b>	<b>39,421,303</b>
SCE	3,489,797	10,561,043	10,561,043	10,561,043	35,172,926
SDG&E	426,674	1,273,901	1,273,901	1,273,901	4,248,377
<b>Energy Savings (Therms)</b>	<b>227,457</b>	<b>723,721</b>	<b>723,721</b>	<b>723,721</b>	<b>2,398,620</b>
SoCalGas	205,081	650,523	650,523	650,523	2,156,650
SDG&E	22,376	73,198	73,198	73,198	241,970
<b>Household Treatment (In-Units)</b>	<b>15,594</b>	<b>46,783</b>	<b>46,783</b>	<b>46,783</b>	<b>155,943</b>
SCE	5,120	15,359	15,359	15,359	51,197
SoCalGas	7,090	21,269	21,269	21,269	70,897
SDG&E	3,385	10,155	10,155	10,155	33,850
<b>Property Treatment (Common Area)</b>	<b>87</b>	<b>260</b>	<b>260</b>	<b>260</b>	<b>867</b>
SCE	27	80	80	80	267
SoCalGas	42	126	126	126	420
SDG&E	18	54	54	54	180

Tables 8 and 9 provide the ESA Cost Effectiveness (CET) and Total Resource Cost (TRC) forecast by program year and IOU, respectively.

**Table 8 ESA CET Values**

ESA CET	2023	2024	2025	2026	Total
MFWB	0.38	0.46	0.48	0.54	0.48
SDG&E	0.19	0.23	0.24	0.27	0.24
SCE	0.77	0.93	0.97	1.10	0.97
SoCalGas	0.20	0.26	0.26	0.30	0.27

**Table 9 TRC Values**

ESA TRC	2023	2024	2025	2026	Total
MFWB	0.33	0.44	0.42	0.48	0.43
SDG&E	0.14	0.17	0.17	0.20	0.18
SCE	0.71	0.87	0.91	1.04	0.91
SoCalGas	0.17	0.21	0.22	0.25	0.22

#### **E. Solicitation Process Overview**

Consistent with D.21-06-015, the Solicitation was conducted using a single stage RFP with a two-step selection process.<sup>5</sup>

- Step 1: Bidders submitted proposals in response to the RFP. The RFP requested that Bidders provide details including Program Design (Customer Journey, barriers and challenges, strategies, program theory and logic model), Program Operations (Organization Process flow, Key Performance Indicators (KPI's)), cost effectiveness, Bidder Experience information, and other documents, including financial statements, to assist the Company in making its determination regarding which Bidders will advance to the second step.
- Step 2: SDG&E conducted virtual interviews with a subset of Bidders who submitted proposals in response to the RFP. The Interview provided an opportunity for the bidders to present additional information and provide an opportunity for the SDG&E and Bidders to engage in a dialogue over the proposed programs. Although this RFP did not require that Bidders develop cost-effectiveness estimates for their proposed programs, SDG&E conducted a preliminary estimate of program cost effectiveness based on measure and cost data from Bidder proposals and incorporated this information into the evaluation of bids at the Interview step. The Company evaluated Bidders on both steps of the single-stage process in making final selections for contracting.

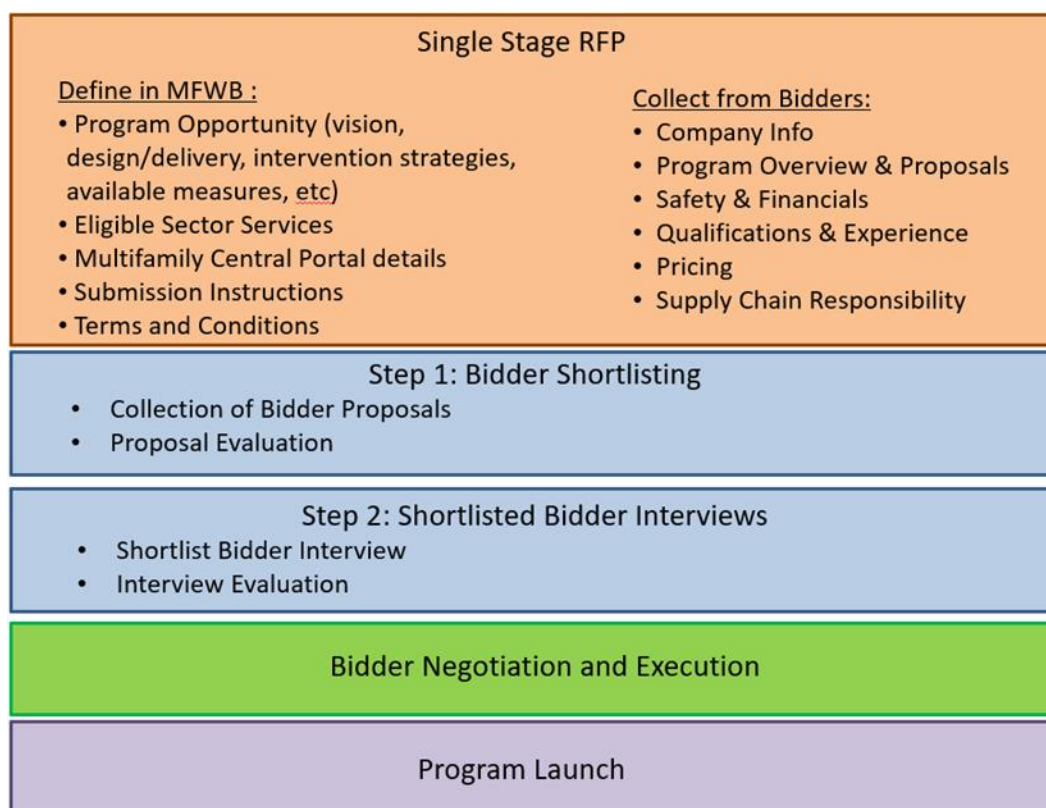
<sup>5</sup> D.21-06-015 at 499, OP 116.

The Commission requires that the MFWB solicitation include an ESA PRG and IE to oversee the solicitation.<sup>6</sup> The ESA PRG will include members of non-financially interested parties, including Commission staff and the Public Advocates Office (Cal Advocates).<sup>7</sup> In addition, the Energy Division Director approved the following non-financially interested parties to serve on the PRG: Earthjustice, National Consumer Law Center, Natural Resources Defense Council, Small Business Utility Advocates, and StopWaste.

The ESA IE was selected from the Energy Efficiency solicitations IE pool and was approved by the Energy Division Director. The Mendota Group was selected and approved to serve as the IE for the MFWB solicitation.

Figure 1 below illustrates SDG&E's Solicitation process flow for the Southern MFWB program.

**Figure 1 – SDG&E S. MFWB Solicitation Process**



### (1) SDG&E Solicitation Process

SDG&E provided access to all solicitation documents and timelines by posting the solicitation schedule on Proposal Evaluation & Proposal Management System (PEPMA), SDG&E's Third-Party ESA Solicitation webpage (<https://www.sdge.com/energy-savings-assistance-programs-solicitations>), and on the California Energy Efficiency Coordinating Committee (CAEECC)

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 501, OP 121.

website. Current and updated schedules were presented during public workshops. SDG&E utilized PowerAdvocate, SDG&E's procurement portal, as the platform for all solicitation activities, including communication, document download and upload, and to inform of dates for solicitation milestones, (i.e., when documents are due). To participate, bidders were required to request to be invited to the RFP via a PowerAdvocate unique ID. All Bidders were accepted to participate in the RFP. The registered bidders were then invited to submit final bids. To maintain consistency and fairness, all communications during the solicitation were facilitated through the PowerAdvocate platform.

SDG&E met every fourth Thursday of the month with the ESA PRG to provide updates on the progress of the solicitation and to address and questions, comments, and recommendations to improve the solicitation and contracting processes geared towards a well-designed program that would best address customer needs, meet Commission's savings goals and unit targets. SDG&E provided all PRG meeting materials no later than 3 days prior to the meeting. A SharePoint site was created to maintain all PRG materials for their reference. SDG&E maintained a comment tracker to document all PRG/IE comments, questions, and data requests to ensure that all comments were addressed.

## **(2) Marketing and Outreach**

To facilitate increased awareness and participation via marketing and outreach, SDG&E created a dedicated web page which provided an overview of the EE program solicitation. The site includes several resources including an overview of SDG&E's vision and solicitation process for its energy efficiency program solicitation. In addition, the site also includes references to resources such as SDG&E's Business Plan, the joint program solicitation schedule, access to PowerAdvocate (SDG&E's procurement portal), the statewide PEPMA site and the California Energy Efficiency Coordination Committee (CAEECC) website. The resources can be accessed at the following links below.

- Proposal Evaluation & Proposal Management System (PEPMA) – Provides information on the IOU EE solicitations including a dynamic schedule for all Third-Party solicitations at: <https://pepma-ca.com/Public/Default.aspx>
- California Energy Efficiency Coordinating Committee (CAEECC) – Provides a venue for stakeholders to discuss EE matters while ensuring transparent access to information and opportunities and the various ongoing IOU solicitations taking place at <https://www.caeec.org/>
- PowerAdvocate – Website where all RFA/RFP documents and communications will be provided. Bidders will also upload all solicitation documents here <http://marketing.poweradvocate.com/company/customer-support>.

Prior to the solicitation, SDG&E together with the other IOUs, hosted a public workshop on November 17, 2021, that provided an overview of the solicitation, a supplier diversity presentation, presented California multifamily market characterization data, lessons learned from previous programs, and the ESA cost effectiveness methodology overview. As part of preparing potential bidders for the MFWB RFP and other ESA and EE solicitations, SDG&E led Joint IOUs in the development of additional workshops to help optimize their participation, creating greater awareness of the Diverse Business Enterprises (DBE) opportunity, and encourage partnering with other contractors. Several Pre-Symposium Training Sessions were held on January 4, January 5, January 6, and January 10, 2022, to inform participants of how to prepare and access the Joint IOU EE and ESA Symposium. The Symposium, held on January 12, 2022, was an event designed

to create visibility and accessibility between interested third party vendors and contractors to facilitate networking and business relationships that may lead to potential business opportunities for qualified, diverse, and/or small businesses who may be interested in submitting bids to any upcoming ESA and/or EE solicitations. SDG&E created an Interested Organizations Form (IOF) for bidders to partner with other contractors, whether bidding as prime contractors or subcontractors, to support the formation of diverse teams and new entrants. The IOF in this solicitation provides a voluntary RFP participation contact list for those who provided consent. This RFP contact list enabled interested DBEs, SBEs, prime contractors, and subcontractors to circulate their information (i.e., names, core capabilities, and certification statuses) and be contacted, if desired, in connection with this solicitation.

SDG&E used multiple channels to ensure widespread notification of its solicitations. The following are the avenues for the distribution of the RFP notification:

- PEPMA, this website is used by the IOUs to announce current solicitations for Energy Efficiency program implementation and other services.
- Noticed various CPUC service lists in proceedings that are related or impact the ESA income qualified communities of the solicitations as they are released for bidding. The service lists are the following: Energy Efficiency (R.13-11-004), Low Income (A.19-11-004 et al.), Affordability Rulemaking (R.18-07-006), and Disadvantaged Communities in San Joaquin Valley (R.15-03-010).
- Engaged with various organizations to disseminate solicitation information to their members and stakeholders. Examples are Community Based Organizations (CBOs), Low Income Oversight Board (LIOB), Disadvantaged Communities Advisory Group, and California Energy Efficiency Coordinating Committee (CAEECC).

### (3) Solicitation Event Schedule

The following table provides the schedule of the major milestones of the Southern MFWB solicitation:

**Table 10: Solicitation Event Schedule**

Key Events – RFP`	Key Date
0.1 MFWB Public Workshop	11/17/2021
0.2 Joint IOU Pre-Symposium Training Session	1/6 to 1/10/2022
0.3 Joint IOU Pre-Symposium	1/12/2022
0.4 Release of Interested Organizations Forum	1/28/2022
1. RFP Released	1/28/2022
2. Bidder Conference	2/9/2022

Key Events – RFP`	Key Date
3. Bidder Questions Due Final Round	3/30/2022*
4. Responses to Bidder Questions Provided by IOU Final Round	4/1/2022*
5. Bidder's Proposal Due Date	4/13/2022
6. Proposal Review Completed	5/11/2022
7. Selected Bidder Interviews Completed	6/14/2022
8. ESA PRG Notification – Contracting Selection Recommendation	6/23/2022
9. Notification of Proposal Selection	7/12/2022
10. Contract Negotiations	8/2/2022 – 11/1/2022
11. Contract Fully Executed	11/17/2022
12. SDG&E Advice Letter Filing	11/30/2022
13. Finalize Implementation Plan	Q1 2023
14. Full Program Roll Out	7/1/2023

#### **(4) Independent Evaluator (IE)**

OP 116 of D.21-06-015 requires that the solicitations include the use of an IE.

##### **(a) Name(s) of the IE.**

SDG&E's IE for the MFWB solicitation is Grey Staples, Managing Director of the Mendota Group, LLC.

##### **(b) Oversight provided by the IE(s) and a summary of their input / recommendations.**

The Mendota Group was included in all communications, document creation and review, presentation review, and conversations as it pertains to the solicitation process including the SDG&E and PG&E RFPs, negotiations, and a majority of the comments and recommendations that were received in order to make the solicitations clearer. SDG&E recorded all IE comments and recommendations in its Comment Tracker.

- IE made recommendations including adding context to the questions being asked, formatting corrections, and providing additional information to make it clearer and more concise for the bidder.
  - SDG&E agreed with most of the recommendations in the RFP and implemented them into the final RFP distribution to the market.
- The IE recommended along with the ESA PRG coordination with PG&E and development of the RFP roadmap outlining the two-step process for RFP proposals, interviews and then contracting.
- Provided feedback on the utilities proposed Operationalized Scorecards and Tier 3 review and comments.
- Ensured that scorer training effectively communicates to scorers how to use the operationalized scorecards, scoring protocols and establishing a means by which scorers can ask clarifying questions of the solicitation leads.
- Provided feedback on Interested Organization Forms including posting on PowerAdvocate on a regular basis
- Changes to the RFP Instructions document to incorporate more elements from D. 21-06-015.
- Suggested modifications to RFP documents to help elicit from Bidders information that would aid in selecting implementer(s) that can fulfill the goals the CPUC outlined for the program in D. 21-06-015.
- Sought ways to incorporate changes into solicitation documents in response to input from PRG and IE
- Recommended changes to the RFP Data Proposal Form to modify the:
  - Budget/Savings tabs into separate Budget and Savings.
  - The consolidation of Bidder and Subcontractor information,
  - addition of cost-effectiveness to list of possible KPIs
- Discussed the Bidders' measures from proposals and how the CET will be assessed and, ultimately, how the utilities will develop cost-effectiveness estimates for Bidder(s) selected to advance to contracting.
- Provided feedback to the IOU on contract templates, including ensuring the inclusion of Standard Terms from the Decision 18-10-008

**(c) IE findings presented to the PRG regarding the applicable solicitation(s), bid evaluations and selections, and contract negotiations.**

The IE provided current observations, findings, and recommendations regarding the various phases of the solicitation. These findings were relayed as soon as practicable to SDG&E to resolve any concerns or issues. A summary of the IE recommendations is provided in the preceding section. Detailed IE comments for the S. MFWB solicitation are available in the IE report, in Attachment A.

**(d) Public Version of the Final IE Report**

Refer to Attachment A - Final IE Report (Public).

## **2. TRANSITION PLAN FROM PRE-EXISTING PROGRAM TO NEW PROGRAM**

## A. SDG&E's Transition Plan

### (1) Common Area Measures Program

The current ESA CAM contract was extended to continue to serve multifamily CAM customers until the MFWB Program is operational for customer enrollment. Once the "Notice to Proceed" has been provided, the ESA CAM Implementer will provide the MFWB Southern IOU Implementer with a list of leads to create a smooth transition. Enrollments pending measure installation will be completed by the current ESA CAM contractor. SDG&E's ESA CAM Program will be funded with unspent funds from 2022 for the transition period. Provide brief description.

### (2) In-Unit Program

The current ESA Main Program will continue to serve multifamily in-unit customers until the MFWB Program is operational for customer enrollment under its new Program. Once the "Notice to Proceed" has been provided, the ESA Main Implementer will provide the MFWB Southern IOU Implementer with a list of leads to create a smooth transition. Enrollments pending measure installation will be completed by the Main ESA Program contractor. SDG&E's ESA Main Program will be utilizing \$2,166,111 from the authorized MFWB 2023 funds for the transition period.

### (3) Natural Gas Appliance Testing Program

The ESA Main Program includes NGAT services for multifamily in-unit enrollments under its new contract until the MFWB Program is operational for customer enrollment. Provide brief description.

Table 11 below summarizes the SDG&E Q1-Q2 2023 budget and targets.

**Table 11: SDG&E Q1-Q2 2023 Budget and Targets**

<b>SDG&amp;E</b>	<b>Q1-Q2 2023</b>
In-Unit Budget	\$2,166,111
CAM Budget*	\$0
Total Q1-Q2 2023 MFWB Budget	\$2,166,111
% Of Total 2023 MFWB Budget	31%
NGAT Budget	\$38,811
In-Unit kWh Savings	123,632
CAM kWh Savings	200,000
Total kWh Savings	323,632
In-Unit Therms Savings	6,660
CAM Therm Savings	3,600
Total Therms Savings	10,260
In-Unit Treatment Target	694



CAM Treatment Target	14
----------------------	----

\* SDG&E's ESA CAM will be funded with unspent funds from 2022

## B. SoCalGas's Transition Plan

### (1) Common Area Measures Program

In order to maintain program continuity, SoCalGas will extend the current ESA CAM initiative to serve MF CAM customers through June 30, 2023. at which point the Southern MFWB Program will launch on July 1, 2023. All submissions for ESA CAM services that are enrolled and qualify as of June 30, 2023, will be completed by SoCalGas by the end of the year 2023. Any new or outstanding leads, inquiries or potential projects that are received via the MF CP that are received after June 30, 2023, will be transitioned to the MFWB implementer via the SoCalGas SPOC. SoCalGas will continue to utilize ESA CAM unspent funds for 2022 as well as a portion of the 2023 MFWB budget as illustrated in Table 12. Any funds that are not utilized during the extension period (January 1, 2023, through June 30, 2023) will be allocated to the Southern MFWB for use through 2026.

### (2) In-Unit Program

The ESA Main Program will continue to serve multi-family in-unit customers until the MFWB Program launches July 1, 2023. Enrollments pending measure installation will be completed by an ESA Main Program contractor. Any new enrollments received after June 30, 2023, will be provided to the MFWB Implementer with a list of leads to provide a smooth transition for both the Implementer and the Customer. SoCalGas will continue to utilize a portion of the 2023 MFWB budget as illustrated in Table 12 to extend MF in-unit enrollments. Any funds that are not utilized in the extension period (January 1, 2023, through June 30, 2023) will be allocated to the Southern MFWB for use through 2026.

### (3) Natural Gas Appliance Testing Program

The ESA Main Program includes Natural Gas Appliance Testing (NGAT) for multi-family in-unit installations. SoCalGas has provided a budget of \$71,583 which represents the portion of NGAT needed for serving the multi-family segment. This amount will be included in the Southern MFWB agreement to be utilized for NGAT costs.

Table 12 below summarizes the SoCalGas Q1-Q2 2023 budget and targets.

**Table 12 SoCalGas Q1-Q2 2023 Budget and Targets**

SoCalGas	Q1-Q2 2023
In-Unit Budget	\$3,854,333
CAM Budget	\$4,200,000
Total Q1-Q2 2023 MFWB Budget	\$8,054,333
% Of Total 2023 MFWB Budget	42%
NGAT Budget	\$71,583
In-Unit Therms Savings	52,204
CAM Therm Savings	46,000
Total Therms Savings	98,204

In-Unit Treatment Target	13,738
CAM Treatment Target	20

### C. SCE's Transition Plan

#### (1) Common Area Measures Program

SCE will extend its existing CAM contracts to continue providing services to our Multifamily CAM customers. All projects will be completed prior to the launch of third-party implementation of the MFWB program. If there are leads available, these will be provided to the implementer once the launch commences. SCE's multifamily CAM program will utilize \$1,458,480 of SCE's MFWB budget for 2023 to fund services during the transition period.

#### (2) In-Unit Program

SCE will extend its existing ESA Main contracts to continue enrolling multifamily customers. Once MFWB launches, if there are leads available, these will also be provided to the implementer. In progress installations will be completed by ESA Main contractors. SCE's ESA Main program will utilize \$2,708,605 of SCE's MFWB budget for 2023 to fund services during the transition period.

Table 13 below summarizes the SCE Q1-Q2 2023 budget and targets.

**Table 13 SCE Q1-Q2 2023 Budget and Targets**

SCE	Q1-Q2 2023
In-Unit Budget	\$2,708,605
CAM Budget	\$1,458,480
Total MFWB Budget	\$4,167,085
% Of Total 2023 MFWB Budget	50%
In-Unit kWh Savings	1,004,352
CAM kWh Savings	540,805
Total kWh Savings	1,545,157
In-Unit Treatment Target	540,805
CAM Treatment Target	12

### 3. SDG&E CONTRACT FUNCTIONS

As part of its contract management, SDG&E will continue general administration functions consistent with Commission-approved administration functions.<sup>8</sup> Administrative costs are necessary to support the S. MFWB program. Contract administrative functions consistent with administrative overhead costs include, but are not limited to, contract administration labor,

<sup>8</sup> See CPUC's Energy Efficiency Policy Manual Version 6 Appendix (April 2020), available at <https://www.cpuc.ca.gov/-/media/cpuc-website/files/legacyfiles/e/6442465683-eepolicymanualrevised-march-20-2020-b.pdf>.

accounting support, IT services and support, reporting databases, regulatory and filing support, data request responses, quality verification of project installation and other ad-hoc support required to verify contract invoices. SDG&E will continue to work with SCE and SoCalGas to coordinate their customers' participation and provide reports and updates on program progress.

In addition to its administration and oversight functions listed above, SDG&E plans to continue using SDG&E staff to ensure a successful delivery of the S. MFWB program. SDG&E delivery functions and Direct Implementation Costs for the program include, but are not limited to the following:

- a) Engineering
  - Workpaper development and submittals to ESA Working Group for approval
  - Workpaper review and updates
  - Measure changes
  - Data request responses
- b) Evaluation, Measurement and Verification (EM&V)
  - Program and project evaluation activities: Ex-post reviews, Impact Evaluations
- c) System Support
  - System configuration, testing, and maintenance
- d) Marketing
  - Co-branding activities
  - Marketing and communications support

#### **4. CONFIDENTIALITY**

Appendices A, B, C, D and E of this AL contain confidential information and are to be treated as Confidential Protected Information for the reasons provided in SDG&E's corresponding confidentiality declaration. The information cited is confidential pursuant to D.21-09-020, Public Utilities Code Section 583, and General Order 66-D Revision 2. All confidential information is redacted in the public version.

##### **PART ONE ATTACHMENT LIST (PUBLIC VERSION)**

- Attachment A - Final IE Report (Public Version)
- Attachment B – Implementation Plan (Public Version)

##### **PART TWO APPENDICES LIST (CONFIDENTIAL VERSION ONLY)**

- Appendix A - Final IE Report (Confidential)
- Appendix B - Solicitation Process Overview (Confidential)
- Appendix C - Selection Spreadsheet(s) (Confidential)
- Appendix D - Third-Party Contract Summary (Confidential)
- Appendix E - Contract (Confidential)

#### **EFFECTIVE DATE**

Pursuant to General Order (GO) 96-B and OP 122 of the Decision, this is a Tier 2 AL subject to Energy Division disposition and should be classified as Tier 2 (effective upon staff approval) and

SDG&E respectfully requests an approval date of December 30, 2022, 30 days after the date submitted.

## **PROTEST**

Anyone may protest this Advice Letter to the California Public Utilities 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 by December 20, 2022, which is 20 days from the date filed. There is no restriction on who may file a protest.

The protest should be sent via e-mail to the attention of the Energy Division at [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov). A copy of the protest should also be sent via e-mail to the address shown below on the same date it is delivered to the Commission.

Attn: Greg Anderson  
Regulatory Tariff Manager  
E-mail: [GAnderson@sdge.com](mailto:GAnderson@sdge.com)  
[SDGETariffs@sdge.com](mailto:SDGETariffs@sdge.com)

## **NOTICE**

A copy of this submittal has been served on the utilities and interested parties shown on the attached list, and to service list Application (A.) 19-11-003 et al. by providing them a copy hereof either electronically or via the U.S. mail, properly stamped and addressed.

Address changes should be directed to SDG&E Tariffs by email to [SDGETariffs@sdge.com](mailto:SDGETariffs@sdge.com).

/s/ Clay Faber

---

CLAY FABER  
Director – Regulatory Affairs



# ADVICE LETTER SUMMARY

## ENERGY UTILITY



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

Company name/CPUC Utility No.:

Utility type:

ELC       GAS       WATER  
 PLC       HEAT

Contact Person:

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

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #:

Tier Designation:

Subject of AL:

Keywords (choose from CPUC listing):

AL Type:  Monthly    Quarterly    Annual    One-Time    Other:

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

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

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

Confidential treatment requested?  Yes    No

If yes, specification of confidential information:

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

Resolution required?  Yes    No

Requested effective date:

No. of tariff sheets:

Estimated system annual revenue effect (%):

Estimated system average rate effect (%):

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

Tariff schedules affected:

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

Pending advice letters that revise the same tariff sheets:

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

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

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

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

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

General Order No. 96-B  
ADVICE LETTER SUBMITTAL MAILING LIST

cc: (w/enclosures)

Public Utilities Commission  
CA. Public Advocates (CalPA)

R. Pocta  
F. Oh

Energy Division

M. Ghadessi  
M. Salinas  
L. Tan  
R. Ciupagea  
K. Navis  
Tariff Unit

CA Energy Commission

B. Penning  
B. Helft

Advantage Energy

C. Farrell

Alcantar & Kahl LLP

M. Cade  
K. Harteloo

AT&T

Regulatory

Barkovich & Yap, Inc.

B. Barkovich

Biofuels Energy, LLC

K. Frisbie

Braun & Blaising, P.C.

S. Blaising  
D. Griffiths

Buchalter

K. Cameron  
M. Alcantar

CA Dept. of General Services

H. Nanjo

California Energy Markets

General

California Farm Bureau Federation

K. Mills

California Wind Energy

N. Rader

Cameron-Daniel, P.C.

General

City of Poway

Poway City Hall

City of San Diego

L. Azar  
J. Cha  
D. Heard  
F. Ortlieb  
H. Werner  
M. Rahman

Clean Energy Renewable Fuels, LLC

P. DeVille

Clean Power Research

T. Schmid  
G. Novotny

Commercial Energy

J. Martin  
regulatory@commercialenergy.net

Davis Wright Tremaine LLP

J. Pau

Douglass & Liddell

D. Douglass  
D. Liddell

Ellison Schneider Harris & Donlan LLP

E. Janssen  
C. Kappel

Energy Policy Initiatives Center (USD)

S. Anders

Energy Regulatory Solutions Consultants

L. Medina

Energy Strategies, Inc.

K. Campbell

EQ Research

General

Goodin, MacBride, Squeri, & Day LLP

B. Cragg  
J. Squeri

Green Charge

K. Lucas

Hanna and Morton LLP

N. Pedersen

JBS Energy

J. Nahigian

Keyes & Fox, LLP

B. Elder

Manatt, Phelps & Phillips LLP

D. Huard  
R. Keen

McKenna, Long & Aldridge LLP

J. Leslie

Morrison & Foerster LLP

P. Hanschen

MRW & Associates LLC

General

NLine Energy

M. Swindle

Stoel Rives LLP

Seth Hilton  
Lilly McKenna

NRG Energy

D. Fellman

Pacific Gas & Electric Co.

M. Lawson  
M. Huffman  
Tariff Unit

RTO Advisors

S. Mara

SCD Energy Solutions

P. Muller

SD Community Power

L. Fernandez  
L. Utouh

Shute, Mihaly & Weinberger LLP

O. Armi

Solar Turbines

C. Frank

SPURR

M. Rochman

Southern California Edison Co.

K. Gansecki

TerraVerde Renewable Partners LLC

F. Lee

TURN

M. Hawiger

UCAN

D. Kelly

US Dept. of the Navy

K. Davoodi

US General Services Administration

D. Bogni

Valley Center Municipal Water Distr

G. Broomell

Western Manufactured Housing

Communities Association

S. Dey

Copies to

AddisScott9@aol.com  
ckingaei@yahoo.com  
clower@earthlink.net  
hpayne3@gmail.com  
puainc@yahoo.com  
AKanzler@anaheim.net

Service List

A.19-11-003

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

**DECLARATION OF DAVID A HUESER  
REGARDING CONFIDENTIALITY OF CERTAIN DATA/DOCUMENTS  
PURSUANT TO D.21-09-020, PUC SECTION 583, AND GO 66-D REVISION 2**

I, David A Hueser, do declare as follows:

1. I am the Customer Programs Policy and Support Supervisor in the Customer Services Division for San Diego Gas & Electric Company (“SDG&E”). I have been delegated authority to sign this declaration by Dana Golan, Vice President of Customer Services at SDG&E. I have reviewed the confidential information included within the Southern Multifamily Whole Building (“MFWB”) Advice Letter Package and supporting documents. 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 Public Utilities (“P.U.”) Code Section 583, General Order (“GO”) 66-D Revision 2, Decision (“D.”) 21-09-020, to demonstrate that the confidential information (“Protected Information”) provided in the Southern MFWB Advice Letter Package and supporting documents are 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 23rd day of November 2022, at San Diego.



A handwritten signature in black ink that reads "David Hueser". The signature is written in a cursive style with a large, looped initial "D".

---

Signature

David A. Hueser | Customer Programs Policy & Supply Supervisor

San Diego Gas & Electric Advice Letter 4115-E/3144-G

ATTACHMENT A  
Energy Efficiency Independent Evaluator's  
Final Solicitation Report  
(Public)

**Energy Efficiency Independent Evaluator's  
Final Solicitation Report**

**San Diego Gas & Electric Company**

**Southern Energy Savings Assistance Multifamily Whole  
Building Solicitation**

Contract:

Richard Heath & Associates, Inc.

*Prepared by:*



Independent Evaluator

November 21, 2022

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## Executive Summary

In compliance with the California Public Utilities Commission’s (CPUC) Decision (D.) 21-06-015, San Diego Gas & Electric Company (Company or SDG&E) conducted a solicitation on behalf of the three Southern IOUs (SDG&E, Southern California Edison Company [SCE] and Southern California Gas Company [SoCalGas] – the “Southern IOUs” or the “Southern utilities”) to select one or more third-party contractors to implement the Southern Energy Savings Assistance (ESA) Multifamily Whole Building (MFWB) Program. SDG&E selected Richard Heath & Associates, Inc. (RHA) to implement the Southern ESA MFWB Program in SDG&E, SCE, and SoCalGas’ service territories.

SDG&E selected The Mendota Group, LLC to serve as the Independent Evaluator (IE) tasked with monitoring and reporting on the ESA MFWB solicitation. In our view, SDG&E conducted the Southern ESA MFWB solicitation fairly, transparently and without bias. SDG&E encouraged and actively sought IE monitoring and feedback on RFP materials, process steps and all decisions made throughout the process. The solicitation process took approximately 10 months and did not experience major delays. The IE observations and assessments are detailed in this Final Solicitation Report, including:

- RFP and scoring materials were well-designed, clear and straightforward to use.
- Scorecards and RFP materials incorporated feedback from the IE and Procurement Review Group (PRG).
- SDG&E consistently applied the evaluation methodology to all bids to determine final scores and bid rankings.
- The contract negotiation process was fair, well-managed and productive.
- The final contract meets the goals and objectives laid out in the solicitation and in CPUC D. 21-06-015.

A summary of the program’s contracted term and goals follow:

*Table 1 - ESA MFWB Contract Summary*

Item	Contract Provision
Contract Term	48 months <sup>1</sup>
Budget	\$149.03M <sup>2</sup>
kWh (First Year)	39,421,303
Therms (First Year)	2,398,620
Households Treated (In-Unit)	155,943
Properties Treated (Common Area)	867
ESACET	0.48

<sup>1</sup> Assumes a January 1, 2023 program start date.

<sup>2</sup> Includes \$7.4M in Natural Gas Appliance Testing (NGAT) budget.

# 1. Background

The Independent Evaluator Final Solicitation Report (“Report”) provides an assessment of the solicitation process and outcomes for San Diego Gas & Electric Company’s (“Company”, the “utility”, or SDG&E) third-party-solicited Southern Energy Savings Assistance Multifamily Whole Building Program by the solicitation’s assigned Independent Evaluator (IE), The Mendota Group, LLC. The Report provides a record of the entire solicitation in compliance with California Public Utilities Commission (CPUC) direction and accompanies the utility’s Advice Letter filing for CPUC contract approval.<sup>3</sup>

The Report’s template is based on similar reports provided for third-party programs solicited as part of the utilities’ main Energy Efficiency portfolios (“main EE”).<sup>4</sup> As discussed in the Report, SDG&E replicated many of the processes that are used in Energy Efficiency solicitations. This was consistent with the CPUC’s direction as provided in Attachment 4 of Decision 21-06-015. “This process should rely upon the materials established for the Third-Party Process in the main Energy Efficiency Portfolio and modify them as appropriate for the low-income, multifamily sector per this Attachment and the decision. Rather than create parallel systems, the IOUs shall file their public materials regarding this solicitation process to the relevant energy efficiency and ESA/CARE application service lists and post them on the California Energy Efficiency Coordination Committee (CAEECC) website.”<sup>5</sup>

## 1.1 Regulatory Context

In June 2021, the CPUC issued Decision 21-06-015 (“Decision”), which approved the applications of California’s four major Investor-Owned Utilities (Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company, and San Diego Gas & Electric Company) to administer their California Rates for Energy (CARE), Family Electric Rate Assistance (FERA) and Energy Savings Assistance (ESA) programs. The Decision approved the budgets and set guidelines for CARE, FERA and ESA programs for the 2021-2026 program cycle.

The Decision also directed SDG&E and PG&E (“Lead IOUs”) to solicit for third parties to implement a Northern and a Southern ESA Multifamily Whole Building Program (ESA MFWB Program or Program) and administer the selected programs on behalf of the state’s IOUs. The CPUC assigned SDG&E to administer the Southern program, to provide energy efficiency (EE) services to customers in the SDG&E, Southern California Gas Company and Southern California Edison Company service territories, and PG&E to administer the Northern program to serve customers in PG&E’s service territory.

The CPUC’s Decision 19-06-022 established the framework for the new ESA MFWB program in requesting that IOUs propose in their applications designs for new third party-implemented

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<sup>3</sup> Decision 21-06-015, “Decision on Large Investor-Owned Utilities’ and Marin Clean Energy’s California Alternate Rates for Energy (CARE), Energy Savings Assistance (ESA), and Family Electric Rate Assistance (FERA) Program Applications for Program Years 2021-2026” (Applications 19-11-003, 19-11-004, 19-11-005, 19-11-006, 19-11-007), June 3, 2021, Ordering Paragraph (OP) 122, p. 486.

<sup>4</sup> The main EE solicitations are also sometimes termed “Market Rate” solicitations.

<sup>5</sup> D. 21-06-015, Attachment 4, p. 4.

Multifamily Whole Building energy efficiency programs (i.e., proposed, designed, implemented, and delivered by non-utility personnel).<sup>6</sup> The Commission also expressed its desire that these programs “focus on deeper energy savings from measures that are intended to reduce energy use (“resource measures”) and innovative program designs for the multifamily sector ...”.<sup>7</sup> D. 21-06-015’s Section 7.9 and its Attachment 4 outlined the CPUC’s expectations for the program, and for the solicitation to select third parties to run the programs. As stated in the ESA MFWB Request for Proposal (RFP),

In accordance with D. 21-06-015, SDG&E is releasing the Southern MFWB solicitation with the desired result of contracting with one or more non-utility companies (“third parties”) for a whole building program that serves multifamily customers and their facilities for the 2023-2026 program years. The program will offer ESA Services for In-Unit, Common Area Measures (CAM), and Whole Building Measures to Deed Restricted and Non-Deed Restricted multifamily buildings.<sup>8</sup> The CPUC’s adopted approach will combine all multifamily services within one program (in-unit, CAM, MFWB) as this is deemed to be in the best interest of customers.<sup>9</sup>

The Decision also required that PG&E and SDG&E, in administering the ESA MFWB solicitations, use a Procurement Review Group (PRG) and an Independent Evaluator (IE).<sup>10</sup> This framework mirrors the approach the CPUC requires that IOUs use for their non-ESA third-party solicitations.<sup>11</sup>

## 1.2 Independent Evaluator Role

D. 21-06-015 dictated that SDG&E and PG&E use an Independent Evaluator to monitor and report on the solicitations. “The lead IOUs shall contract a statewide IE with energy efficiency, multifamily, and low-income sector expertise. It is acceptable for the IOUs to select an appropriate statewide IE from their current IE pool.”<sup>12</sup> The Decision established the IE’s role in stating that the IE should provide at least the following services:

- Consultation and support to the PRG, especially Energy Division staff.
- For each solicitation, a monthly report on its status and progress to be presented to the PRG.

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<sup>6</sup> Decision 16-08-019, as modified by Decisions 18-01-004 and 18-05-041, requires that IOUs’ non-ESA energy efficiency portfolios include third-party designed and implemented programs equal to a minimum of 60 percent of portfolio budgets by December 31, 2022. D. 16-08-019 also established the definition of “third party”.

<sup>7</sup> Decision 19-06-022, “Decision Issuing Guidance to Investor-Owned Utilities for California Alternate Rates for Energy/Energy Savings Assistance Program Applications for 2021-2026 and Denying Petition for Modification” (Applications 14-11-007, 14-11-009, 14-11-010, 14-11-011), California Public Utilities Commission, June 27, 2019, p. 9.

<sup>8</sup> D. 21-06-015, p. 354.

<sup>9</sup> D. 21-06-015, p. 354.

<sup>10</sup> D. 21-06-015, OP 116.

<sup>11</sup> Decision 18-01-004, “Decision Addressing Third Party Solicitation Process for Energy Efficiency Programs” (Applications 17-01-013, 17-01-014, 17-01-015, 17-01-016, 17-01-017), California Public Utilities Commission, January 11, 2018.

<sup>12</sup> D. 21-06-015, p. 356. CPUC D.18-01-004 directed the IOUs to create a pool of qualified IEs for the third-party solicitations within the main Energy Efficiency Portfolios.

- For each solicitation, an individual final report to be submitted along with the Tier 2 advice letter seeking review of such contracts.
- A public final report on the overall process and conduct of the third party solicitations to be filed in the relevant low-income energy efficiency proceeding.<sup>13</sup>

The IEs review and monitor the IOU solicitation process, valuation methodologies, selection processes, and contracting to confirm that the process has been unbiased, fair, transparent, and competitive. The IEs are privy to all submissions, are invited to participate in the IOUs’ solicitation-related discussions, and are bound by confidentiality agreements.

The CPUC created the EE IE role, in part, to help mitigate solicitation risks associated with:

- Contracting bias. Because many utilities have existing third party relationships, likely including both positive and negative experiences from past interactions, there is a risk that utilities could exhibit some bias for or against certain contractors, including smaller contractors, in the RFA/RFP process. This could result in contract or program failure.
- Poor RFP design. Another possible risk is that the ultimate RFP design by the utilities intentionally or inadvertently thwarts the intentions of successful program design, delivery, and realized savings, for some or all sectors and subsectors of customers. Again, contract or program failure could be a result.<sup>14</sup>

As the assigned Independent Evaluator for the Northern and Southern ESA MFWB solicitations, The Mendota Group has been involved in, and has monitored the entire solicitation process.

### 1.3 Procurement Review Group

The CPUC required that SDG&E and PG&E assemble a statewide Procurement Review Group to oversee the IOUs’ ESA MFWB solicitation process, review procedural fairness and help promote transparency. The PRG consists of non-financially-interested parties, including Energy Division staff and the CPUC’s Public Advocates Office. Similar to the role they play in the main EE solicitations, the PRG’s oversight includes examining overall procurement prudence and providing feedback during all solicitation stages. D. 21-06-015 specifically required that the IOUs adhere to the following requirements with respect to the ESA MFWB PRG:

- The PRG shall be consulted at all stages of the solicitation process, including, but not limited to:
  - Reviewing the solicitation plan,
  - Providing timely input into the draft solicitation language and evaluation criteria; and
  - Providing recommendations based on review of materials.

As specified in D. 21-06-015’s Attachment 4, “where not superseded here or in the decision, the PRG should follow the current version of the ‘EE-PRG Independent Evaluator Handbook’.”<sup>15</sup> The main EE PRGs originally created the PRG Guidelines to streamline PRG feedback on EE program solicitations and to provide consistent, standardized recommendations to all four IOUs where there was general consensus among PRG members. Energy Division staff worked with the Independent Evaluator and the utilities to adapt the EE-PRG Independent Evaluator Handbook (“Handbook”

<sup>13</sup> D. 21-06-015, p. 357. The main EE Handbook is currently named the “Energy Efficiency Procurement Review Group Solicitation Guidelines”.

<sup>14</sup> D. 18-01-004, page 32.

<sup>15</sup> <https://www.caeecc.org/procurement-group>



or “PRG Guidelines”) for the ESA MFWB solicitations. Energy Division staff also updated the “PRG Guidelines Checklist” that is part of the Guidelines and serves as a means to confirm that all parts of the solicitation process, from RFP, to Interviews, to Contracting, are consistent the guidelines’ recommendations.

The IOUs held regular monthly meetings with the PRG during the solicitation process and worked with the IE to confirm that all aspects of the process were consistent with the Guidelines. The IE also submits a monthly report that includes updates and observations on the process.

## **2. Solicitation Overview**

### **2.1 Process Overview**

Per Decision D.21-06-015, SDG&E conducted the Solicitation using a single stage (RFP) with a two-step selection process. In Step 1 of the process, Bidders submitted detailed written proposals. The RFP requested that Bidders provide information about Program Design (customer journey, barriers and challenges, strategies, program theory and logic model), Program Operations (organization process flow, Key Performance Indicators [KPIs]), Measure details, and Bidder experience. SDG&E used this information to determine which Bidders would advance to the next step.

In Step 2, the Company conducted virtual Interviews with a subset of Bidders who submitted proposals in response to the RFP. The Interview requested additional information from Bidders and provided an opportunity for the Company and Bidders to engage in a dialogue over their proposed programs. The RFP did not require that Bidders develop cost-effectiveness estimates for their proposed programs (ESACET<sup>16</sup>). SDG&E evaluated Bidders on both steps of the single-stage process in making final selections for contracting.

In designating SDG&E and PG&E as the lead IOUs, the CPUC designated that the IOUs would have responsibility for:

- program vision development,
- design/delivery, and intervention strategies, procurement,
- contract administration and co-funding management
- sole implementer oversight responsibilities including management, rewards, implementer performance review, and program performance review, and any necessary corrective actions,
- meeting savings goals, treatment goals, and customer satisfaction levels,
- metric development, and
- reporting.<sup>17</sup>

SDG&E and PG&E collaborated on the overall solicitation process but issued separate solicitations for the Northern and Southern ESA MFWB programs. For purposes of jointly administering the

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<sup>16</sup> The Energy Savings Assistance program Cost Effectiveness Test (ESACET) is the primary cost effectiveness tool utilities use for low-income programs. The tool includes all measures and all known benefits and costs, including Non-Energy Benefits (NEBs), and “non-resource” (e.g. Health, Comfort and Safety [HCS]) and administrative costs. The spreadsheet-based tool is used in combination with the CPUC’s web-based Cost-Effectiveness Tool (CET).

<sup>17</sup> D. 21-06-015, p. 356.

shared aspects of the solicitation, the two utilities combined efforts until receipt of Bidder proposals for the respective programs. Each utility then separately evaluated Bidder proposals, selected implementers, and conducted contract negotiations.

### **a. Scope**

The solicitation sought innovative third-party proposals for “a program that drives deep energy savings and provides robust grid benefits in the Residential multifamily sub-sector through targeted customer engagement, data-driven programs that leverage market actors, and strategic partnerships in Southern California.”<sup>18</sup> The RFP referenced D. 21-06-015 in explaining that the program will “serve income-qualifying low-income residential sector customers and the buildings in which they reside. The specific customer segment within the residential sector the program will serve is customers residing in and owners and managers of Deed and Non-Deed Restricted multifamily buildings in the SDG&E, SoCalGas and Southern California Edison service territories. Multifamily properties are defined as having five or more units, and each unit must be combined (sharing a wall or floor/ceiling) with at least one other unit.”<sup>19</sup>

Bidders were permitted to propose programs that served a subset of the total eligible customer base within the three utilities’ service areas; however, the RFP emphasized that the solicitation would select a comprehensive program that provides all services to all eligible customers and that this would factor into decisions about which program(s) would advance to contracting.

### **b. Objectives**

The Commission emphasized in D. 21-06-015 that, in combining the previously separate multifamily Common Area Measures (CAM) and in-unit aspects of previous programs while adding a whole building emphasis, it sought programs that would provide comprehensive offerings to qualifying multifamily buildings and tenants that drive deep energy savings and robust grid benefits while reflecting the shift away from number of homes and buildings treated goals to portfolio energy savings.<sup>20</sup> The Decision set the minimum requirements for the Program’s design:

- A single in-take application (which can include reliance on the MFWB portal).
- Comprehensive technical assistance.
- Consideration of healthy building materials.
- Energy audits and expanded measure lists with consideration for highly efficient electrification measures.
- Segmentation treatment plan.
- Program leveraging,<sup>21</sup> including program-to-program customer referrals.
- A comprehensive treatment approach including in unit and CAM measures.
- Leveraging with CSD LIWP to provide ESA funding for in-unit treatment measures that are common to the ESA and LIWP programs.

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<sup>18</sup> “Southern Multifamily Whole Building Request for Proposal: Solicitation 129512”, San Diego Gas & Electric Company, January 28, 2022, p. 7.

<sup>19</sup> “Southern Multifamily Whole Building Request for Proposal”, p. 9.

<sup>20</sup> D. 21-06-015, Findings of Fact 45, p. 463.

<sup>21</sup> Programs could include those offered by utilities, Regional Energy Networks, Community Choice Aggregators, Municipal Utilities, and other California agencies. They may include services like customer generation, efficiency, etc.

- In-language applications and marketing materials, at a minimum Spanish.
- Workforce outreach plans for leveraging existing available WE&T programs, a preference for hiring from DACs and local communities.
- SPOC services (where proposed to be outsourced), to be a “true one stop model” whereby a property owner, manager or tenant will rely on them to facilitate and coordinate program access.<sup>22</sup>

D. 21-06-015 set forth an ambitious array of objectives for the new MFWB program and noted this reality in making it clear that the IOUs should maintain active roles in shaping program design, and work with the selected third parties to “develop a design that is in full compliance with this decision, in particular adhering to cost-effectiveness guidelines and the ESA portfolio goals.”<sup>23</sup> This approach contrasts with the main EE solicitations in which the CPUC defines a third-party program as “proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator.”<sup>24</sup>

The Decision allows utilities during contract negotiations to “consult and collaborate, using their expertise, on the ultimate program design implemented by the third party.”<sup>25</sup> However, D. 16-08-019 stopped short of directing the utilities to work with selected third parties to actively shape program designs. This distinction is particularly relevant to the ESA MFWB solicitation because the CPUC anticipated that the utilities would work actively with third parties to ensure that final program designs aligned with the Commission’s (and the utilities’) expectations.

## 2.2 Timing

D. 21-06-015 orders the Lead IOUs to submit for approval Tier 2 Advice Letters for the ESA MFWB program by November 30, 2022.<sup>26</sup> This requirement established an ambitious timeline for the solicitation, especially since the process did not begin until late 2021 (SDG&E and PG&E held the first statewide PRG meeting on October 28, 2021).<sup>27</sup> The only delay occurred when SDG&E and PG&E extended their respective RFP deadlines from March 30, 2022 to April 13, 2022. The utilities extended the due date to provide bidders additional time to incorporate into their proposals information the utilities provided to bidders on March 25, 2022 related to annual energy savings targets (the released RFP included goals for the 2023-2026 contract period, not broken into annual targets).

Considering that, as of this writing, SDG&E is on track to submit its Advice Letter filing by November 30, it appears that the Company was able to successfully meet this challenge. This is an impressive feat. As discussed elsewhere in this Report, SDG&E benefited from its ability to cross-pollinate to this solicitation knowledge and lessons learned from its main EE solicitations. In addition, collaboration between PG&E and SDG&E in developing the RFP, its scorecard and the overall process, and the PRG’s active and constructive involvement helped streamline the effort.

<sup>22</sup> D. 21-06-015, pp. 348-349.

<sup>23</sup> Ibid., OP 117, p. 485.

<sup>24</sup> Decision 16-08-019, “Decision Providing Guidance for Energy Efficiency Rolling Portfolio Business Plans” (Rulemaking 13-11-005), California Public Utilities Commission, August 18, 2016, OP 10, p. 111.

<sup>25</sup> D. 16-08-019, Conclusions of Law 57, p. 105.

<sup>26</sup> D. 21-06-015, OP 122, p. 501.

<sup>27</sup> Main ESA solicitations, from the release date to contract signature, are typically longer than a year. Although these solicitations are generally two-stage, with a Request for Abstract followed by an RFP, the ESA MFWB solicitation was two-step, which also added to its length.

Table 2 shows the solicitation’s key milestones.

*Table 2 - Key Solicitation Milestones*

Milestones	Completion Date	Weeks to Complete
<b>RFP Stage – Step 1</b>		
Solicitation Launch	January 28, 2022	~ 11 weeks
Bidders’ Conference	February 9, 2022	
Proposal Submittal Deadline	April 13, 2022 <sup>28</sup>	
<b>RFP Stage – Step 2</b>		
Interview Invitations Sent	June 2, 2022	~ 6 weeks
Interviews	June 13, 2022	
Contracting Recommendation to PRG	June 23, 2022	
Contracting Notification	July 12, 2022	
<b>Contracting Stage</b>		
Contract Negotiations Period	July 12 – November 7, 2022	~ 18 weeks
Contract Presented to PRG	November 10, 2022	
Contract Execution	November 17, 2022	

### 2.3 Key Observations

Table 3 shows a collection of key issues, observations and outcomes (where applicable) identified during the solicitation process. Section 6 includes a set of noteworthy Effective Solicitation Practices that SDG&E employed during this solicitation.

*Table 3 - Key Issues and Observations*

Topic	Observation	IE Recommendations	Outcome / Lessons Learned
<b>General</b>			
Actively Engage IE and PRG in Overall Process	D. 21-06-015 dictated that the utilities establish a statewide PRG dedicated to the ESA MFWB solicitations. Members of the PRG have specialized knowledge that can be leveraged to improve the overall solicitation.	The utilities should actively leverage the IE’s and PRG’s knowledge during the solicitation process to ensure that the program aligns with CPUC direction and the ultimate program design will best serve customers.	SDG&E actively sought and was very open to PRG and IE input throughout the solicitation process. The final program design reflects this input.
<b>RFP Stage – Step 1 (Proposals)</b>			

<sup>28</sup> Extended from March 30, 2022.

Topic	Observation	IE Recommendations	Outcome / Lessons Learned
Actively Engage PRG in RFP and Scorecard Development	Good to provide PRG multiple rounds of feedback/input into RFP and Scorecard documents.	Push out launch date to provide sufficient opportunity for PRG/IE input.	SDG&E and PG&E pushed the launch date out two weeks to January 28. This worked well to incorporate stakeholder input.
Ensure Proposals Comply with D. 21-06-015 Requirements	D. 21-06-015 includes many requirements that the selected ESA MFWB programs must include.	Include in RFP and carry through to contracting a table that outlines the Decision's requirements to ensure the program complies.	SDG&E and PG&E included in the RFP a table that listed the requirements and asked that Bidders confirm that their proposals complied. SDG&E also incorporated the table into the program's Implementation Plan.
Bidder Information Sharing	IE and PRG expressed interest in encouraging bidders to team.	Utilities should provide bidders an opportunity to share their organizational capabilities with other bidders and encourage teaming.	SDG&E and PG&E provided interested bidders the opportunity to share their organization's contact and capabilities information with other bidders.*
Clarify Role ESACET Plays in Bids and Contracts	Although the CPUC does not place significant emphasis on low-income program cost-effectiveness (as determined by the ESACET), it is, nonetheless, important to be clear with bidders how cost-effectiveness	Include in the RFP discussion of the role cost-effectiveness will play in the solicitation and how utilities will work with selected bidders in contracting to develop the ESACET.	The RFP stated that bidders were not required to submit cost-effectiveness information but indicated ESACET would be part of contracting. <i>We believe the utilities should continue working with implementers in contracting to educate them about the ESACET.</i>
Contractor Licenses	The ESA MFWB required that bidders possess valid contractor's licenses prior to bidding. This is different from most main EE solicitations which require that bidders provide proof of licensing during contracting. Although this was communicated in the RFP (and was part of the PRG checklist), it was not clear what types of program designs required that the prime hold a contractor's license.	We recommended that future ESA solicitations either clearly state what specific types of program designs will require contractor's license and emphasize that this is a threshold criterion or, to establish consistency with utilities' main EE solicitations, only require proof of licensing during the contracting stage.	SDG&E acknowledged the need to more clearly communicate to bidders what program designs would trigger the need for contractor licenses but was unable to commit to removing the requirement that bidders demonstrate they possess valid licenses with their bids. The utility believes that PUC Code requires bidders show proof of licensing prior to bidding.

Topic	Observation	IE Recommendations	Outcome / Lessons Learned
<b>RFP Stage – Step 2 (Interviews)</b>			
Planning for Interview Step During Step 1	The Interview step will be important for collecting from Bidders additional information beyond what is included in their proposals.	As RFP documents are finalized, utilities should consider what information will be requested at the Interview step, how the step will be evaluated and how Interviews (coupled with Proposal information) can set the stage for collaboration during contract negotiations.	The utilities presented details related to the Interview step at the February PRG meeting. Process was well thought out and thorough.
Alignment Between Interview Questions and Scorecard	Interview questions should align with elements of the scorecard to enable the scoring team to effectively evaluate bidder interviews.	In developing bidder questions, ensure that each question aligns with an element of the scorecard so that the scoring team can effectively evaluate bidder interviews.	SDG&E matched each question in its interview to an element of the scorecard and communicated this to its scoring team.
<b>Contracting</b>			
Expedited Contracting Schedule	The solicitation’s aggressive timeline established by the CPUC’s deadline for filing the program’s Advice Letter dictated the need for an expedited contracting process. Expediting the contracting process for such a large and complex program dictates the need to be well-organized and efficient in contracting.	Before starting negotiations, SDG&E should articulate its contract negotiations strategy, contracting process and priority items, apply active project management to the negotiation process with open and closed items, and consult with SoCalGas and SCE regarding key items the utilities believe should be incorporated into the contracting process.	SDG&E adopted these recommendations and sought during the contracting process to track progress against its priority items and actively manage open and closed items. The utility also consulted with SCE and SoCalGas prior to negotiations to identify their priority items.
Focus on Whole Building, Comprehensiveness and Savings	D. 21-06-015 and the PRG emphasized that the ESA MFWB program should seek to provide comprehensive, whole building treatments that shifted from building and in-unit targets to savings. This should be carried into contracting.	In contracting, the utilities should incorporate the CPUC’s and the RFP’s shift away from prior programs’ emphases on buildings/units treated to a focus on delivering savings, and also ensure that the program’s design delivers comprehensive, whole building projects.	SDG&E successfully carried this emphasis into contracting as reflected in the program design and final contract.
Measure Mix and Cost-Effectiveness	D. 21-06-015 authorized the program to include new bidder-proposed measures	In contracting, the utilities should establish a process for reviewing and validating	In contracting, the SDG&E team worked actively with the implementer to both review

Topic	Observation	IE Recommendations	Outcome / Lessons Learned
	and set a target cost-effectiveness value for utility ESA portfolios. <sup>29</sup> Therefore, assessing the program's measure mix and cost-effectiveness will be important considerations in contracting.	measures, include in the contract a description of how measures added to the program during contracting will be handled, work with the selected implementer to develop the ESACET, and reflect the CPUC's desire for ESA programs to seek ways to improve program cost-effectiveness.	measures and develop the ESACET. The Implementation Plan transparently presents the program's ESACET values. SDG&E has committed to work with the contractor during implementation to improve the program's cost effectiveness.

\*Also considered an Effective Solicitation Practice.

### 3. RFP Bidder Response and Selections

#### 3.1 RFP Development

The IEs review RFP documents and the RFP process based on the PRG Guidelines which aim to ensure that documents are clear, information provided and requested promotes a fair solicitation/level playing field, and that the process is transparent. Prior to adapting the RFP documents to conform to their respective sourcing requirements (e.g., placing the contents into appropriate sourcing templates – there were few changes to the language of the RFP), SDG&E and PG&E collaborated on the contents of the RFP, the Interview process and the associated scorecard.

SDG&E's ESA MFWB RFP solicitation package consisted of:<sup>30</sup>

- RFP Instructions (the Instructions included as an attachment 21 embedded documents/links such as Contractor Safety Manual, RFP Definitions, Measure mix information from the ESA Main and Common Area Measure programs, general ESA cost-effectiveness information, and references to numerous studies to raise bidder awareness, among other items)
- Schedule A – Additional Terms and Conditions (SDG&E's ESA corporate Ts&Cs)
- Schedule A1 – CPUC Standard Ts&Cs
- Schedule A2 – Information Security Requirements
- Schedule B – Data Response Form (Excel doc)
- Schedule B1 – Narrative Response Form (Word doc)
- Schedule C – Acknowledgement Form and Proposal Checklist
- Schedule E – Certificate of Insurance Form
- Schedule F – DBE Goal Form

<sup>29</sup> D. 21-06-015, OP 117, p. 500.

<sup>30</sup> For consistency with its main EE solicitations, SDG&E did not include a Schedule D. In the main EE solicitations, Schedule D is where bidders supply Cost Effectiveness Tool (CET) information. The ESA MFWB solicitation did not request CET information.

The RFP package met all the requirements and incorporated improvements that stemmed from PRG and IE input and collaboration between SDG&E and PG&E (see section 3.5). The final package struck a good balance between providing bidders enough relevant information for building their proposals and program designs/requesting sufficient information to fully evaluate proposed programs and not unduly burdening bidders. Of note, the package included as Schedule A1 the CPUC's main EE Standard Terms and Conditions ("Standard Ts&Cs"). The CPUC adopted the Standard Ts&Cs in D. 18-10-008 and deemed them "non-modifiable" by either party. D. 21-06-015 required that the ESA MFWB contracts include them.<sup>31</sup>

The Narrative Response form included page limits for bidder responses to each question which is good practice to ensure consistency among bids and, by giving more pages to particular questions, to allow bidders to more fully explain key aspects of their proposed programs. The Narrative Response form resulted in written proposals that were between 50 and 60 pages. Bidders supplemented this information with quantitative and "list-based" information in the Excel-based Data Response form. Examples of list-based information included staffing and experience, key milestones, Key Performance Indicators (KPIs), measure mix, and labor category and labor rate information. The form also included budget, and savings and goals information.

The IOUs supplemented their RFP packages with an Interested Organizations Form that participants could use to share information about their organizations, including capabilities, DBE and small business status, licensing, and interest in being a prime or a subcontractor. SDG&E communicated that providing information was strictly voluntary and that, in providing the information to all bidders the Company was not endorsing any bidder claims. The PRG had encouraged the utilities to incorporate the form into the solicitations as a way to facilitate teaming and increase opportunities for small, diverse bidders.

### **3.2 RFP Outreach**

It is important for utilities to broadly publicize release of its solicitations to potential bidders in an effort to attract the maximum number of viable participants and create competition. SDG&E's outreach strategy focused on three primary methods of informing and educating bidders about the solicitation opportunity, via the web, email, and through Diversified Business Enterprise (DBE) outreach events. The web-based portion included the Company's dedicated Energy Savings Assistance Program Solicitations web site.<sup>32</sup> The site contains a description of SDG&E's MFWB solicitation process, all four IOUs' ESA Solicitation Plans, the schedules for the Company's ESA solicitations, and a host of tools and resources for bidders. The site is an excellent resources for prospective bidders.

As presented in the Company's Energy Savings Assistance Programs Solicitation Plan on the site, for outreach SDG&E:

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<sup>31</sup> D. 21-06-015, Attachment 4, p. 7. Per D. 18-10-004, the IOUs proposed a set of Standard and Modifiable Contract Terms to include in all third-party contracts. The Commission adopted the Standard and Modifiable Contract Terms in D. 18-10-008. The CPUC did not require that ESA MFWB contracts include the Modifiable Contract Terms.

<sup>32</sup> <https://www.sdge.com/energy-savings-assistance-programs-solicitations>



- Engaged its Supply Management and Supplier Diversity departments to develop strategies to increase supplier pool and pre-qualify potential bidders to facilitate their participation in SDG&E’s solicitations.
- Broadcasted its ESA solicitations on the Energy Efficiency Proposal Evaluation and Proposal Management Application (PEPMA).<sup>33</sup> PEPMA is a website sponsored by all four IOUs and includes information about upcoming and released solicitations.
- Noticed various CPUC service lists in proceedings that are related or impact the ESA income-qualified communities of the solicitations as they are released for bidding. Examples of these proceedings are Energy Efficiency (R.13-11-004), Low Income (A.19-11-004 et al.), Public Safety Power Shutoff (R.18-12-005), Disadvantaged Communities in San Joaquin Valley (R.15-03-010), and others.
- Engaged with various organizations to disseminate solicitation information to their members and stakeholders, including Community Based Organizations (CBOs), the Low Income Oversight Board (LIOB), the Disadvantaged Communities Advisory Group, and the California Energy Efficiency Coordinating Committee (CAEECC).
- Leverage channels that the other IOUs have identified that are not on SDG&E’s list.

The IE was not involved in solicitation outreach, but we tracked the progress of the outreach efforts to assess whether they were sufficient.

### 3.3 RFP Bidders’ Conference, Q&A and Interested Organization Form

SDG&E and PG&E held separate Bidders’ Conferences for their respective solicitations. SDG&E held its Bidders’ Conference on February 9, 2022. SDG&E strongly encouraged (but did not require) bidders to participate in the Bidders’ Conference. The Bidders’ Conference provided potential bidders an overview of the solicitation and its requirements, instructions about how to bid, and encouraged bidders to ask questions. Bidders asked fifteen questions during the conference, most of which SDG&E attempted to answer in real time.

Following the Bidders’ Conference, SDG&E held two rounds of question and answer. Bidders took full advantage of the opportunity, asking approximately 57 total questions through the two rounds and Bidders’ Conference. We consider two rounds of question and answer, particularly for such a complex solicitation, to be an Effective Solicitation Practice. The questions were across a broad range of topics as shown in the following table. Most questions related to details associated with RFP requirements.

*Table 4 - Bidder Questions*

Question Category	Number
Affiliate Relationships	1
Budgets and Goals	3
Compensation	2
DBE	1
Marin Clean Energy MF Program Evaluation	1

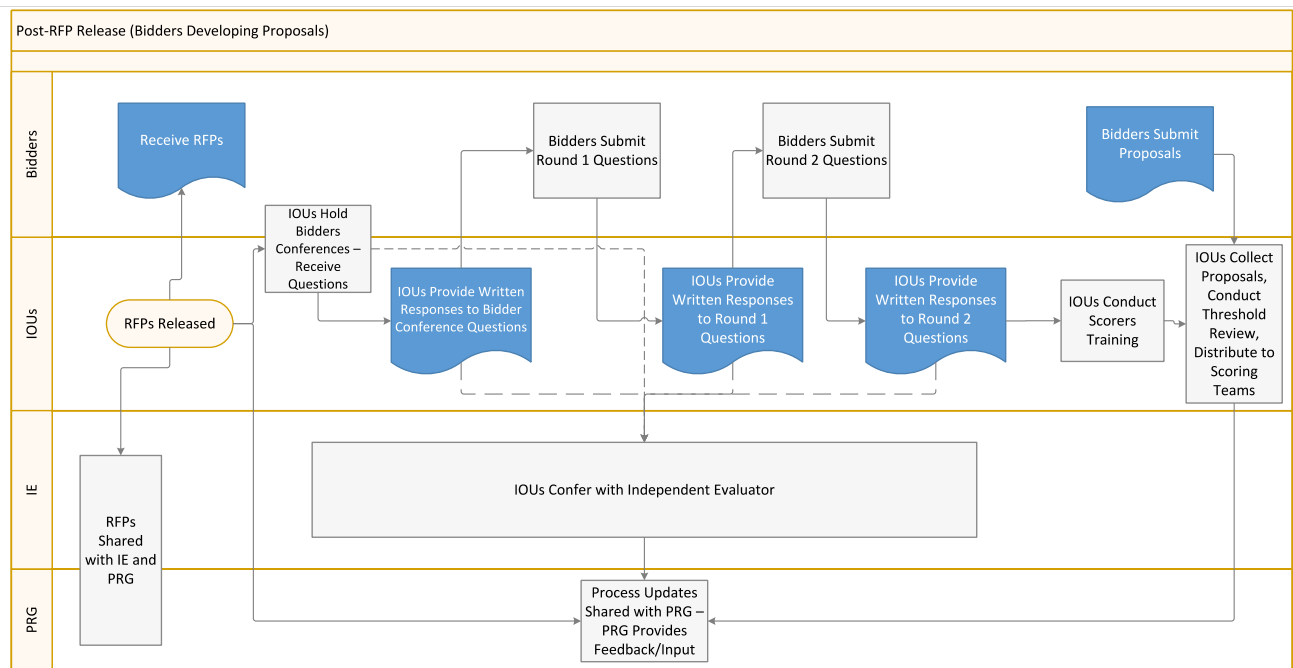
<sup>33</sup> <https://www.pepma-ca.com/Public/Default.aspx>

Question Category	Number
Interested Organizations Form	2
Marketing and Outreach	6
Measures	3
NDA Form	1
Program Design	4
Proposal Requirements	18
Safety/Licensing	9
Solicitation Process	2
Studies	1
Subcontractors	2
Terms and Conditions	1

SDG&E regularly posted to PowerAdvocate updates to its Interested Organizations Form. By the end of the process, 18 organizations had provided information to include in the form. Four of the respondents indicate interest in only being a Prime, four indicated interest in subcontracting and the remaining ten indicated that they could be a Prime or Sub. The list contained a diverse group of organizations, with a large variety of services and capabilities. Seven of the organizations were included in proposals; however, it was unclear whether their participation was related to providing information on the form.

The process leading up to evaluation of bidder proposals, along with roles participants play, is depicted in the graphic below.

Figure 1 - Process Following RFP Release



### 3.4 Proposal Selection Process

#### a. Bid Screening Process and Management of Deficient Bids

SDG&E received bids from [REDACTED] companies. The Company performed a Threshold Assessment of the bids in which they evaluated proposal responsiveness, including whether bidders followed RFP instructions, submitted mandatory schedules, provided all required information, and submitted a proposal that could be reasonably scored. Based on this initial screen, [REDACTED]

[REDACTED]

[REDACTED]

#### b. Scoring Rubric Design

SDG&E and PG&E put considerable time and effort into developing the scorecard for evaluating bidder proposals. As discussed below, the scorecard was used in both Step 1, Proposals review and Step 2, Interviews. A key consideration in designing a scorecard is confirming that each part of bidders' proposals is mapped to aspects of the scorecard. This helps ensure that proposals are

thoroughly reviewed, and that all bidder-supplied information is evaluated. This is important because it confirms that information requested of bidders is evaluated (and is not a wasted request).

The utilities worked with the IE and the PRG in developing the scorecard weightings and revised the weightings several times based on PRG input. The PRG, in particular, sought to make sure that the scoring aligned with the CPUC’s priorities as presented in D. 21-06-015. Revisions to the weightings placed greater emphasis on [REDACTED] aspects of bidder proposals.

The final scorecard mapped well to the RFP and appropriately weighted evaluation elements at all levels. The scorecard includes three “tiers” with the highest level (Tier 1) provided to bidders in the RFP. Tiers 2 and 3 break the Tier 1 elements into additional detail, with Tier 3 corresponding most directly with the questions posed to bidders in the Narrative and Data forms and to the operationalized scorecard. The operationalized scorecard is the form that the scoring team uses to score proposals on a 0 – 4 scale.

The Scoring Rubric and Weightings are included in Table 5. The Table does not include a Tier 2 because Tier 2 simply grouped similar Tier 3 elements.

*Table 5 – Scoring Rubric and Weightings*

Tier-1		Tier-3	
Criteria	Weighting	Criteria	Weighting
Program Design	[REDACTED]	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
Program Operations	[REDACTED]	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]
Bidder Experience, Qualifications and Staffing	[REDACTED]	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]

Tier-1		Tier-3	
Criteria	Weighting	Criteria	Weighting
Supply Chain Responsibility			
Safety			
Terms and Conditions			

The IOUs planned to use the same scorecard to evaluate bidder interviews, with adjustments to proposal scores based on information obtained during interviews. The scoring process is discussed in more detail in Section 3.4(d).

### c. Evaluation Team Profile

Six evaluators from a variety of disciplines within SDG&E’s energy efficiency and ESA groups participated in scoring. The solicitation lead from SDG&E’s Contract Management Office (CMO) did not participate in scoring but conducted the threshold assessment. Individuals from both SoCalGas and SCE also participated in the scoring process as shadow scorers (shadow scorers review and score all proposals and participate in calibration meetings; however, their scores are not factored into bidders’ actual scores).

Evaluators were assigned to score specific portions of bidder proposals with two members of the Evaluation Team scoring all but 4 of the 26 questions that constituted the entire proposal (the 4 questions they did not score were supply chain management-related questions scored by a Supply Management representative).

*Table 6 - Bid Evaluation Team*

Position Title	Position Role	Proposal Areas Scored
Project Manager II - Engineering Lead	Provides leadership/direction for major or complex engineering and construction projects and/or studies. Provides leadership, technical advice, training, and guidance to lower level engineers as well as clerical, technical and operating personnel.	Technical questions
Customer Programs Supervisor	Oversight of day-to-day operations of the segments staff, including reviewing program progress, identification of efficiencies and planning activities.	All*
Customer Programs Advisor I - Program Subject Matter Expert (SME)	Responsible for the independent management, design, implementation, and execution of various customer programs. Responsible for overall program/segment goals. Responsible for the implementation and adherence to regulatory program rules and business controls.	All*

Position Title	Position Role	Proposal Areas Scored
Sr. Customer Programs Advisor - Sector SME	SDG&E's key representative for significant customer, energy efficiency program partners, trade groups, consumer, and business organizations specifically to build strategic relationships and gain knowledge of different industries Company targets with energy programs and other services.	All*
Sr. Business Analyst II – ESACET SME (collaborative with CET SME)	Prepares analyses and reports of financial and operational data to assist senior management in achieving performance targets. Supports Company in regulatory proceedings such as general rate case applications, performance-based regulation proceedings and special filings including performing financial analyses of major business and regulatory issues and new product/service programs.	All except 4 program-related questions*
Senior Market Advisor – CET SME (collaborative with ESACET SME)	Responsible for reviewing CET calculations and associated metrics. Analyzes new programs and/or services to ensure all customer values have been considered then recommends approval to managers and above.	Collaborated with ESACET SME

\* These individuals also did not score the Supply Management questions.

SDG&E conducted an Evaluator Training session on April 11, 2022. The training provided an overview of scoring team responsibilities, reviewed the structure of the RFP and the scoring process, walked-through all parts of the scoresheet (including “deep dives” into more heavily weighted areas) and let evaluators ask questions. SDG&E also outlined its Conflict-of-Interest policies to ensure that reviewers understood their responsibilities and obligations to report any potential conflicts. No member of the scoring team reported a conflict of interest. SDG&E described their Code of Conduct policies so that reviewers understood their responsibilities and obligations to maintain the confidentiality of bidder submissions, as well as to prevent the sharing of sensitive information between SDG&E staff and any existing third-party program implementers.

In our view, SDG&E designed its scoring process to provide thoughtful and thorough evaluations of bidder proposals.

#### **d. Evaluation Processes and Scoring Calibration**

SDG&E generally applied to the ESA MFWB solicitation the evaluation processes the Company has honed through its main EE solicitations. Although the ESA MFWB solicitation differed somewhat from SDG&E's main EE solicitations (Single Stage [RFP] with two-step evaluation [Proposals and Interviews] in MFWB vs. Two Stage [RFA and RFP] with an Interview included in the RFP stage for main EE), the two steps were very familiar to SDG&E because the Company has included interviews in its process since the main EE solicitations began in 2018.

SDG&E's Proposal and Interview evaluation process involves the following steps:

- conduct a threshold assessment on bids received,
- conduct Evaluation Team training,

- distribute proposals to Evaluation Team members,
- hold regular check-ins with Evaluation Team members,
- collect scores from Evaluation Team members (not from the IE),
- assess the results to determine which bidders to invite to interviews,
- request from the Evaluation Team questions for the interview process,
- conduct interviews,
- hold a final scoring calibration, and
- determine which bidder(s) to recommend advancing to contracting.

The IE is involved at each step of the process and shadow scores the entire proposal. We consider the regular check-ins with the scoring team to be an Effective Solicitation Practice.

SDG&E and PG&E presented their Interview evaluation process to the PRG at the February 2022 PRG meeting. As presented at the meeting, the utilities would score bidder proposals and select a subset to advance to Interviews. Selection for Interviews would be based on a natural break (clear differentiation) between scores. If there was no clear differentiation, the utilities would invite all bidders to participate in Interviews. Bidders would receive a set of standard questions and some customized to their individual bid. Evaluation Team members would then revise their Proposal scores if information obtained during interviews warranted changing a bidder's scores.

Evaluation Team members and the CMO, with input from the IE and PRG, developed the list of questions to pose to bidders in the Interviews (Bidders received the questions beforehand and provided answers in PowerPoint presentations). Questions were aimed at obtaining additional information beyond what was provided in bidder proposals. We worked with SDG&E staff to align questions to specific items in the scorecard because this approach allows Evaluation Team members to modify proposal scores based on new or additional information. Although this constrains the range of questions that can be posed to bidders, including questions that do not directly connect with the scorecard creates challenges because Evaluators have no mechanism to adjust Proposal scores.

Interviews were virtual and scheduled for 90 minutes. The entire Evaluation Team participated, including the SoCalGas and SCE representatives. The 90-minute interviews included two sections, with bidders presenting during the first 45 minutes, with follow-up questions from SDG&E during the second 45 minutes. SDG&E also provided bidders an opportunity to ask questions at the end of the Interview. Prior to the Interviews the CMO distributed a training presentation to Evaluation Team members to remind them of the process, coordinate who would ask questions and provide Interview protocols (e.g. Evaluation Team members should not answer Bidder questions that may reveal confidential information about the solicitation process and scoring).

[REDACTED]

[REDACTED] The Evaluation Team then met to “calibrate” their scores. During calibration, the Evaluation Team discusses every scored item for every proposal where there is a deviation [REDACTED] in scores among Evaluation Team members. In other words, if one Team member scored a Bidder’s response to a question a [REDACTED] and another a [REDACTED], this

question is flagged for discussion.

SDG&E also provided the IE an opportunity to review Evaluation Team member scores and compare against our own scores.

The process was thorough and the CMO representative leading the session actively sought constructive input from all scorers, including shadow scorers. Team members respectfully discussed each other's views, and many changed their scores as a result of conversations. It was one of the more open, deliberative and constructive calibration processes in we have participated to date.

The scoring process, along with roles participants play, is depicted in the graphics below.

Figure 2 - Proposal Evaluation, Interviews and Selections

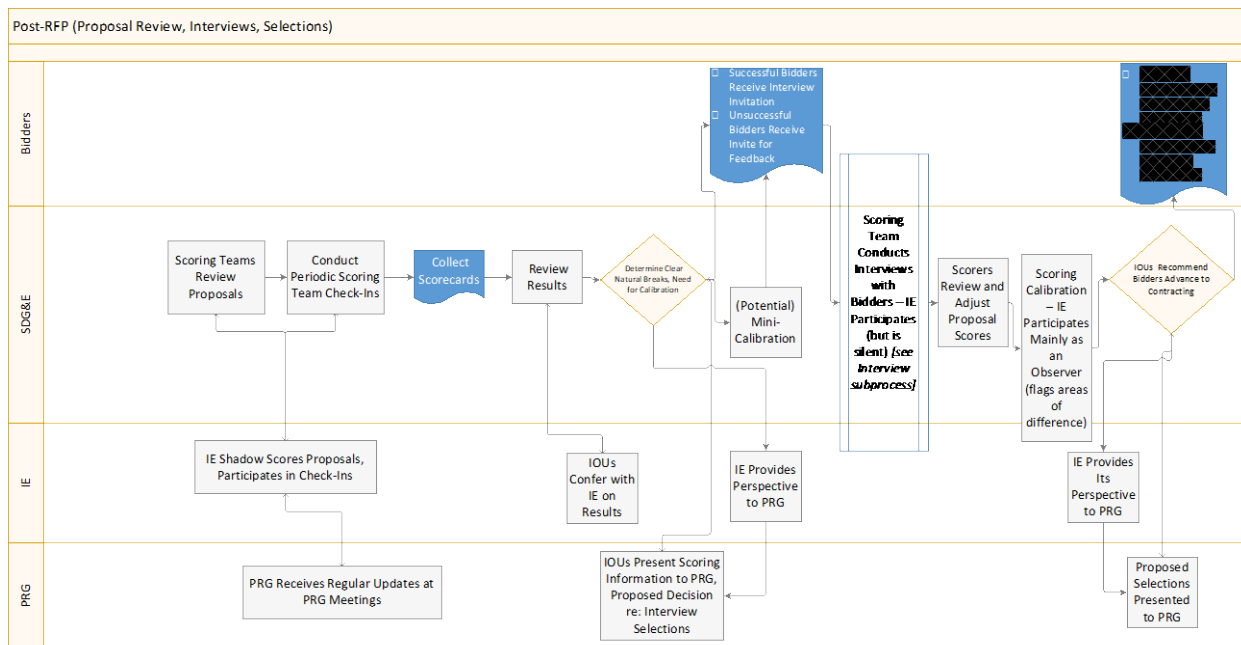
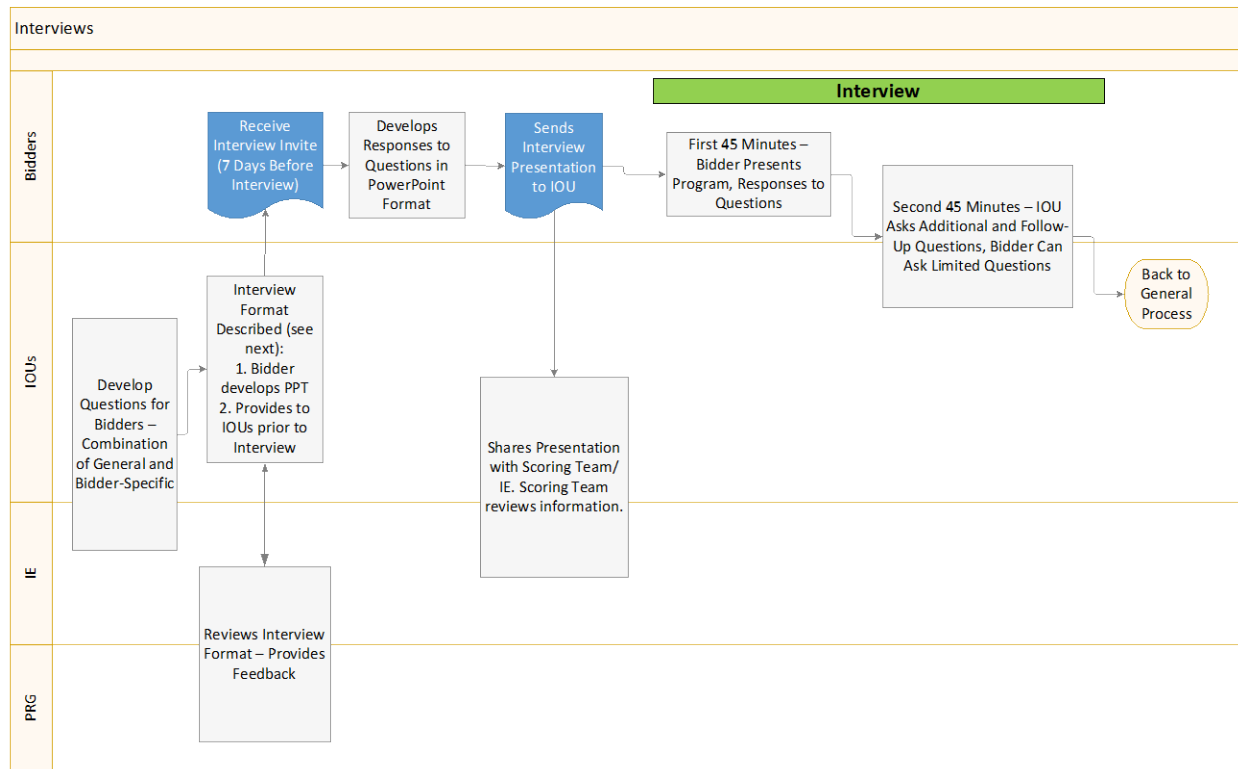




Figure 3 - Interview Sub-Process



[Redacted]

[Redacted]

[Redacted]

After Interviews, the CMO asked that scoring team members review and revise their scores based on information received during interviews.

[Redacted]

SDG&E's final ESA MFWB (post-Interview, [Redacted]) scores were as follow:

[REDACTED]

[REDACTED]

On July 12, 2022, SDG&E invited Richard Heath & Associates, Inc. to contract negotiations.

[REDACTED]

**3.5 PRG and IE Feedback to RFP Process and Selections**  
**a. Adherence to PRG Guidance and Feedback**

During the solicitation process, the IOUs and the IE maintained a cumulative tracker that documented comments and recommendations and how the utilities addressed them. The tracker also included tabs for PRG Guidelines, broken into aspects of the solicitation to which they apply – RFP, Interviews, and Contracting. We consider this an Effective Solicitation Practice in that it keeps all the Guidelines and Tracker information in one place. It also may be the case that comments provided in one step of the process may apply to a future step (e.g. comments on the RFP carry into Contracting).

The RFP aligned with the portion of the PRG Guidelines related to the RFP Stage – Proposal Step of the process with two exceptions. One of the exceptions was the request in the Guidelines that the IOU publish publicly Bidders’ Conference questions and answers. SDG&E does not publicly present information about its solicitation after the bid launches. Bidders must request access to the solicitation’s secured website (PowerAdvocate). They are then able to access all solicitation documents. The other guideline to which SDG&E’s RFP did not adhere was the request that scoring not factor whether the bidder proposed changes or additions to IOUs additional terms. SDG&E’s practice is to assign a score to this aspect of Bidders’ proposals, believing that bidder-proposed significant, major changes to terms and conditions complicates and potentially stymies contract negotiations. Neither we nor the PRG had significant concerns about these two issues.

The IE and PRG submitted 162 comments related to the utilities’ RFP documents and processes. Based on our experience, this was a large number of comments and signified that the PRG was very engaged in the solicitation process (nearly 100 comments were from PRG members). The comments were related to all aspects of the RFP and scorecards, with no clear areas of focus. We viewed this as positive since the CPUC envisioned (as provided in D. 21-06-015) that the PRG and IE would actively contribute to the solicitation process

[REDACTED]

[REDACTED]

## b. Response to IE Feedback

SDG&E and PG&E were very open to receiving input from the PRG and the IE. As discussed in Section 3.5(a), the utilities accepted the vast majority of the suggested changes.

## 4. Contracting Process

### 4.1 Contract Negotiations

SDG&E developed a contracting strategy document for internal discussions [REDACTED]

[REDACTED] to be followed by SDG&E internal review.

Overall, the contracting process was collaborative and constructive. [REDACTED]

The negotiations were consistent with the CPUC's interest in seeing the parties work together to ensure the contract (and, ultimately, the program) would be in full compliance with D. 21-06-015.

[REDACTED]

### a. Collaboration on Final Program Design and Scope

The CPUC in D. 21-06-015 indicated that the IOUs should be active in contracting to help shape the final program design. As they stated,

We also believe that the IOUs should maintain an active role in the program design and will require the IOUs to provide minimum requirements and direction in the solicitation phase (rather than leaving all design aspects up to the bidder), as well as work with the contracted third party upon completion of the competitive solicitation phase, to develop a design that is in full compliance with this decision, in particular adhering to cost-effectiveness guidelines and the ESA portfolio goals.<sup>34</sup>

Contract negotiations between the parties were very collaborative and RHA and SDG&E both helped shape the program's final design.

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<sup>34</sup> D. 21-06-015, p. 354.

**b. Fairness of Negotiations**

From our perspective, negotiations are fair if both sides receive something from the contracting process and one side does not unduly influence the outcome to the detriment of the other party. By this measure, the contract negotiation process was fair. SDG&E’s general approach to contract negotiations is to take the contents of the bidder’s proposal and incorporate it into contract documents. This approach is both fair to the bidder who advances to contract negotiations and fair to other bidders who were not advanced because the basis on which the selection was made (the bidder’s proposal) is largely maintained. If the bidder or IOU seek to substantially modify the program during contract negotiations, this may not be fair to unsuccessful bidders who were not afforded the opportunity to change their programs (and may have scored better if they were given the chance to change their programs).

This is not to say that there should not be changes made to the scope and other aspects during contracting. On the contrary, SDG&E and RHA worked together to refine aspects of the program design, incorporate elements that helped ensure the program would comply with CPUC direction, and set compensation terms that were agreeable to both parties. The contracting process included large commitments from both SDG&E and RHA, to negotiate terms and to create new documents (such as the program’s Implementation Plan and the program’s ESACET) that were not requested as part of RHA’s proposal. The collaborative nature of the contracting process helped facilitate completion of these key items.

**c. Changes to Contract Terms and Conditions**

The contract’s Terms and Conditions (Ts&Cs) consisted of Additional Terms and Conditions (Corporate Ts&Cs), and the CPUC’s Standard Terms and Conditions. By CPUC decision, IOUs and implementers are not permitted to modify the Standard Terms and Conditions. There were no changes to the Standard Terms and Conditions. The Standard Terms and Conditions also take precedence over the Corporate Ts&Cs. [REDACTED]

**d. Conformance with CPUC Policies and Objectives**

As mentioned previously, the contract’s Scope of Work and its Implementation Plan include a table that outlines compliance items from D. 21-06-015 that must be included in the program and its associated contract. The table (Table 8 of the Implementation Plan) shows where in the contract (most items are contained in the Implementation Plan itself) the compliance items can be found.

The following table is a list of items we put together as part of our review of the final contract. Some of the items related to CPUC requirements and others are items we consider important to third-party contracts

*Table 9 – IE Contract Review Table*

Item	Covered / Location	Program
Requires Advice Letter filing	Yes.	Per D. 21-06-015.

Item	Covered / Location	Program
Noted no changes to CPUC Standard Contract Terms and Conditions (Ts&Cs)	Yes/Schedule A1.	No changes to CPUC Standard Contract Ts&Cs.
Noted the changes to IOU Ts&Cs	Yes.	Few changes.
Reasonable number of KPIs	Yes.	10 KPIs are on high end of the number of KPIs that we think is prudent as an excessive number of KPIs can dilute the importance of any individual KPI. [REDACTED]
KPIs make sense in terms of what they are measuring, the scale applied to them, and the timeframe on which they are monitored	Yes.	The KPIs align with program priorities in terms of ensuring accurate, reliable and consistent delivery of savings and customer satisfaction.
Contract includes appropriate Performance Issue Remedies	Yes.	The KPIs include a process for addressing the program's failure to achieve goals.
[REDACTED]	[REDACTED]	[REDACTED]
Implementation Plan (IP) included in contract	Yes	RHA developed the Implementation Plan to conform to the template the IOUs developed in conjunction with ED and the IE. It is complete although there are items that will require updates after program launch (Program Plan).
Contract retained elements related to whole building, comprehensiveness, and innovation	[REDACTED]	[REDACTED]
Contractor is Diversified Business Enterprise (DBE) or identifies committed DBE spend.	Yes.	RHA is a DBE. They have also committed to subcontract [REDACTED]
Changes proposed by IOU or Contractor were reasonable and fair	Yes.	As discussed in this report, we believe the changes from both parties resulted in a fair contract.

## 4.2 Contract Execution

SDG&E and RHA executed the contract on November 17, 2022, contingent upon CPUC approval of the Company's Advice Letter (AL). Actual program implementation (Notice to Proceed) begins on the day the CPUC issues its AL Disposition.

### **4.3 PRG and IE Feedback to Contracting**

During the contracting process, SDG&E and the IE maintained a comment tracker to memorialize points of discussion between the IE, the PRG and the utility as related to the contract negotiations. Although Independent Evaluators have a limited formal role in contracting as dictated by the PRG Solicitation Guidelines (IE is silent during contract meeting between the parties, IE does not engage with the third party, IE regularly reports to the PRG about that primary topics of discussion between parties), the IOU and IE found it useful to document IE and PRG observations both because IE suggestions can prove beneficial to the negotiation process and the IE can elevate issues that may otherwise emerge after the contract has been negotiated.<sup>35</sup>

[REDACTED] all of which were considered resolved. The PRG took an active interest in the contract negotiation process and suggested items that they wanted to be sure the contract included. [REDACTED]

## **5. Assessment of Final Contract**

### **5.1 Bid Selection Respond to Portfolio Needs**

The selection of Richard Heath & Associates' proposed program to serve the Southern utilities' low-income multifamily customers is consistent with the CPUC's direction in D. 21-06-015 and will serve the utilities and their customers well. Prior to this solicitation, the utilities served multifamily customers through multiple programs. The ESA MFWB program consolidates these disparate elements and implements a program that is consistent across the three utilities' service territories.

The RHA program is a comprehensive offering that incorporates features that are consistent with the letter and the spirit of what the CPUC intended with D. 21-06-015 and SDG&E anticipated in its ESA Solicitation Plan. RHA will be expected to coordinate with other programs that will serve low-income multifamily customers, much of which will occur through the utilities' SPOCs. It will also be useful for SDG&E and RHA to coordinate with the implementer selected for PG&E's service territory as the solicitations were initially jointly conceived and consistency in implementation will benefit both regions.

### **5.2 Bid Selection Provides Best Overall Value to Ratepayers**

#### **a. Introduction**

We assess best overall value to ratepayers in terms of whether the selected program, when compared to other proposals, will produce the greatest benefit (value) per ratepayer dollar invested. Determining value to ratepayers, though, is highly subjective because there is no agreed-upon definition of "value" other than, for main EE Resource Acquisition programs, the benefits a program is expected to produce relative to its costs (as expressed in the program's benefit/cost

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<sup>35</sup> The PRG has an opportunity to review the final negotiated contract and provide suggested changes. Major changes at this point in the contracting process can be problematic and extend the negotiation timeframe.

ratio). ESA programs are different in that, although they include savings goals and cost-effectiveness targets, there are other program considerations that utilities and their implementers must include. Examples of these other considerations include Health, Comfort and Safety (HCS) measures, consideration of the type of building they are serving (Deed vs. Non-Deed restricted), comprehensive, whole building treatments (specifically applicable to this program), concerted coordination across multiple programs such as solar, demand response, California Department of Community Services and Development’s Low Income Weatherization Program, and other opportunities (through SPOCs), and workforce outreach, among other items. Therefore, the benefits are not easily quantifiable (the ESACET attempts to quantify some additional value by incorporating Non-Energy Benefits such as improved health and safety; however, this measure is also not a perfect proxy for the value the program is providing).

During contract negotiations, SDG&E sought to improve contract terms and increase the value the Southern utilities’ ratepayers would receive from the program per dollar spent. We believe they were successful at achieving these objectives and that the program, therefore, provides best value to ratepayers.

### **b. Brief Program Description**

RHA’s Southern Multifamily Whole Building (MFWB) Program is a low-income multifamily program that serves income-qualified property owners and residents in San Diego Gas & Electric, Southern California Edison, and Southern California Gas Company’s service territories. As summarized in the contract.

The Southern Multifamily Whole Building Program offers eligible properties with no-cost measures. These offerings will connect multifamily (MF) property owners with comprehensive energy saving improvements to help provide the whole building with long-term reductions in energy consumption. The integration of Common Area Measures (CAMs) with In-Unit treatment will provide a whole-building approach which will include all end-uses in the building which will include building envelope, domestic hot water, heating/cooling, lighting, appliances, plug loads, and other MF end-uses. These Services will be directed to both deed and non-deed restricted multifamily properties that are housing residents within the income guidelines established by the CPUC. These guidelines are based on certain percentages of the Federal poverty levels.

### **c. Compensation**

As presented in the contract’s Schedule C, the Implementation compensation is [REDACTED] structure that includes:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**d. Supports portfolio and applicable sector metrics achievements**

The Program’s Key Performance Indicators (KPIs) support the Southern utilities’ portfolio and sector metrics. The contract includes 10 KPIs which are [REDACTED]. Each KPI has a 0-4 scale and is reported monthly. Program kWh and therms achievements constitute 40 percent of the total score with a 4 = 105% of the to-date achievements. [REDACTED]

[REDACTED]

We consider 10 KPIs is on the high end of the number of KPIs that are prudent as an excessive number of KPIs can dilute the importance of any individual KPI. However, in this case, [REDACTED]

[REDACTED] he

program’s KPIs follow:

*Table 10 - Southern Multifamily Whole Building Program KPIs*

KPI Category	Program KPI
Program Performance: Yearly kWh Savings Targets	To date, % achieved of the Yearly kWh savings required under the Agreement, based on planned savings acquisition rate by IOU
Program Performance: Yearly Therm Savings Targets	To date, % achieved of the Yearly Therm savings required under the Agreement, based on planned savings acquisition rate for the reporting year by IOU
Program Performance: Whole Building Treatment and In-Unit Treatment	Program’s Number of Household and properties treated based on planned treatment for the reporting year and by IOU.
Compliance/ Program Performance (Energy Savings): Reporting Accuracy	Average % variance between the forecasted energy savings figures at the start of the reporting period and actual figures at the end of the reporting period
Compliance/ Program Performance (Inspections) Pass Rate	Total percentage of Passing Inspections.
Marketing: Enrollment of Customers	# Of customers to date who take action as defined in Attachment 5 Marketing Plan divided by # of customers forecasted per the marketing plan
Customer Satisfaction: Survey Scoring	Average score of customer satisfaction surveys administered by Implementer (Assuming a 5-point scale where 5 is highly satisfied)



KPI Category	Program KPI
Customer Escalations: Received	# Of Customer Escalations received on a quarterly basis
Compliance: Marketing to DAC	To date, % of program savings from DAC (average of kWh, kW, Therms)
Compliance: WE&T	Percent of hires qualifying as local and disadvantaged workers

## 6. Overall Assessment of Solicitation

Overall, we believe that SDG&E’s Southern Energy Savings Assistance Multifamily Whole Building Solicitation solicitations was fair, transparent, unbiased, and consistent with CPUC policy. SDG&E’s Contract Management Office and program staff involved in the solicitation conscientiously sought to integrate process improvements throughout the solicitation process and was very open to IE and PRG input. The solicitations resulted in the selection of an implementer that is very capable of serving the Southern IOUs’ low-income multifamily customer base. The program will benefit from the implementer’s experience, their knowledge of the marketplace and relationships with subcontractors, trade allies and the communities in which the program will operate.

### 6.1 Effective Solicitation Practices

SDG&E utilized a number of “Effective Solicitation Practices”, a term that the California EE IEs use to describe solicitation practices that helped make the process more efficient, fair, and transparent. In some cases, these observed practices can benefit all California IOU third-party solicitations. In most cases though, listed practices were effective in context, given the specific circumstances associated with the solicitation. The list of the practices the IE identified during this solicitation follows.

Table 11 - SDG&E Effective Solicitation Practices

Stage	Practice	Comment
General	<b>Cumulative Tracker</b> – SDG&E employed use of cumulative tracker which collected comments and recorded responses to PRG Guidelines through every step of the solicitation process.	This practice helped put in one place all the comments and guidelines that had been collected to date. It served as a useful tool for the utility, the PRG and the IE.
RFP	<b>Bidder Information Sharing</b> – The utilities are implementing a practice that allows interested bidders to voluntarily include information about their organization and the role they can play in a bid (prime or sub) as a way of facilitating teaming (and, potentially, providing opportunities for smaller, more diverse businesses and organizations that do not have connections with primes).	This is fairly new for the utilities so it remains to be seen whether this will help. It may require additional tweaks to improve its usefulness.

Stage	Practice	Comment
RFP	<p><b>At Least Two Rounds of Q&amp;A</b> – The utilities incorporated into the RFP process two rounds of question and answer. This provided bidders three opportunities (Bidders’ Conference plus 2 Q&amp;A rounds) to ask questions. It also allowed bidders to engage in a dialog with the utilities about any subjects that may not have been as clearly presented in the RFP or the Bidders’ Conference (i.e., if the first response did not clearly address the question, the bidder could follow-up in a next round).</p>	<p>Standard practice for IOU EE solicitations is to hold a Bidders’ Conference and a single round of Q&amp;A. Two rounds or a rolling Q&amp;A process can reduce bidder confusion and improve bids.</p>
RFP	<p><b>Regular Check-Ins with Evaluation Team</b> – SDG&amp;E incorporates into its bid evaluation process regular non-mandatory check-ins with the Evaluation Team. The check-ins provide Evaluation Team members an opportunity to obtain clarification about the scoring process and ask questions. SDG&amp;E distributes to all Evaluation Team members (including those who were unable to attend).</p>	<p>This practice helps ensure that Evaluation Team members apply consistent approaches to scoring bids.</p>

**7. Conclusion**

The Southern Energy Savings Assistance Multifamily Whole Building solicitation was well managed and resulted in a strong program that should serve the Southern IOUs’ low-income multifamily customers well. As this is a new program, it will require significant changes to the way the programs have previously operated, particularly during the first couple-year transition period. However, we believe that SDG&E (and SoCalGas and SCE) are positioned with this program to successfully meet these challenges.

## **Attachment B: Implementation Plan**

**ENERGY SAVINGS ASSISTANCE MULTIFAMILY WHOLE BUILDING PROGRAMS**

# ESA MFWB Implementation Plan

## Section 1. Introduction

This template is based on the Energy Division’s “Implementation Plan Template Guidance 2.0” (May 2020). (D.) 21-06-015, Appendix 4 requests that the ESA Multifamily Whole Building program contract include “a basic Implementation Plan” which contains at a minimum, a:

- Program Description.
- Program Manual: eligible measures, customer eligibility requirements, contractor eligibility requirements, additional services, and audits, and other program metrics.
- Program Theory and Program Logic Model.
- Tables and Workpapers.
- Quantitative Program Targets.
- Diagram of Program.<sup>1</sup>

This template includes the following Appendices for the PAs to utilize:

- Appendix A : Implementation Plan Template,
- Appendix B : Implementation Plan Change Summary Form

Revising implementation plans will trigger use of Appendix B and might require use of Appendix A depending on the nature of the Program or sub-program changes. Section 2 will explain when revisions are necessary. Most changes to Implementation Plans will occur within the respective PAs’ contract amendment process.

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<sup>1</sup> D. 21-06-015, Attachment 4 - Energy Savings Assistance Program’s Multifamily Whole Building Program Solicitation Process.

## Section 2. When a Revised Implementation Plan is Required

The following modifications require the Implementer to revise the implementation plan:

1. Fund shifts or changes in budget
2. Changes to Program Theory/Logic Models
3. Changes in program targets and goals
4. Changes in measures
5. Other Commission-Directed Changes

The Company is responsible for reviewing the Implementation Plan Template (see Appendix A) to ensure that a revised Implementation Plan has all relevant sections that connect to the Program's changes.

Upon revision of the implementation plan, the Implementer will submit both clean and redlined documents of the implementation plan to the Company along with the Implementation Plan Change Summary Form Order (see Appendix B). The approved updated implementation plan may result in an amendment to the Agreement.

## Program Overview

The Program Overview, which consists of the Program Budget and Savings Implementation Narrative sections, shall be completed by the Implementer for the MFWB programs.

## Program Budget and Savings

The information is organized at the program level as follows:

1. Program Name
2. Program Budget Table
3. Program Gross Impacts Table
4. Program Energy Savings Assistance Cost Effectiveness (ESA CET)
5. Market Sector(s) (i.e., Single Family or Multifamily)

## Implementation Plan Narrative

Implementer shall include the following narrative description for the Program.

1. **Program Description:** Describe the Program, its rationale, and objectives.

The Energy Savings Assistance (ESA) Multifamily Whole Building (MFWB) Program (Program) is a future-focused, market-informed approach to serving low-income multifamily households in the Southern investor-owned utility (IOU) territory. Consistent with D. 21-06-015, the Program will offer ESA services for in-unit, common area measures (CAM) and whole building measures to deed restricted and non-deed restricted multifamily customers. The Program will provide a streamlined, enhanced ESA experience offering a single in-take application, cost-effective measures and the support needed to overcome barriers to program participation for Owners and Customers. The end result is upgraded properties that realize deeper energy savings, greater health, safety and comfort for tenants and a reduction in overall energy burden.

**Table 1 – Program and Budget Savings**

<b>Program Name:</b> Southern Multifamily Whole Building Program
<b>CONTRACTOR Program Budget:</b> \$141,587,239
<b>CONTRACTOR NGAT Budget:</b> \$7,443,045
<b>Market Sector(s):</b> Multifamily

**Table 2 – Yearly Budget by IOU**

Budget by IOU	CONTRACTOR 2023 (Jul - Dec)	CONTRACTOR 2024	CONTRACTOR 2025	CONTRACTOR 2026	CONTRACTOR Total
SCE	\$5,027,980.64	\$13,186,898.97	\$13,508,739.80	\$12,579,027.57	\$44,302,647.00
SoCalGas	\$7,685,788.24	\$20,157,538.44	\$20,649,505.43	\$19,228,344.16	\$67,721,176.28

<b>SDG&amp;E Electric</b>	\$2,247,984.60	\$5,895,795.52	\$6,039,688.92	\$5,624,019.31	\$19,807,488.35
<b>SDG&amp;E Gas</b>	\$1,107,216.29	\$2,903,899.29	\$2,974,772.16	\$2,770,039.36	\$9,755,927.10
<b>Total</b>	<b>\$16,068,969.77</b>	<b>\$42,144,132.22</b>	<b>\$43,172,706.31</b>	<b>\$40,201,430.40</b>	<b>\$141,587,238.73</b>

*Table 3 – MFWB Goals/Targets*

<b>Program Goals</b>	<b>CONTRACTOR Q3 - Q4 2023</b>	<b>CONTRACTOR 2024</b>	<b>CONTRACTOR 2025</b>	<b>CONTRACTOR 2026</b>	<b>CONTRACTOR Total</b>
<b>Energy Savings (kWh)</b>	<b>3,916,471</b>	<b>11,834,944</b>	<b>11,834,944</b>	<b>11,834,944</b>	<b>39,421,303</b>
SCE	3,489,797	10,561,043	10,561,043	10,561,043	35,172,926
SDG&E	426,674	1,273,901	1,273,901	1,273,901	4,248,377
<b>Energy Savings (Therms)</b>	<b>227,457</b>	<b>723,721</b>	<b>723,721</b>	<b>723,721</b>	<b>2,398,620</b>
SoCalGas	205,081	650,523	650,523	650,523	2,156,650
SDG&E	22,376	73,198	73,198	73,198	241,970
<b>Household Treatment (In-Units)</b>	<b>15,594</b>	<b>46,783</b>	<b>46,783</b>	<b>46,783</b>	<b>155,943</b>
SCE	5,120	15,359	15,359	15,359	51,197
SoCalGas	7,090	21,269	21,269	21,269	70,897
SDG&E	3,385	10,155	10,155	10,155	33,850
<b>Property Treatment (Common Area)</b>	<b>87</b>	<b>260</b>	<b>260</b>	<b>260</b>	<b>867</b>
SCE	27	80	80	80	267
SoCalGas	42	126	126	126	420
SDG&E	18	54	54	54	180

*Table 4 – ESA CET*

<b>ESA CET</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>Total</b>
MFWB	0.38	0.46	0.48	0.54	0.48
SDG&E	0.19	0.23	0.24	0.27	0.24
SCE	0.77	0.93	0.97	1.10	0.97
SoCalGas	0.20	0.26	0.26	0.30	0.27

2. **Program Delivery and Customer Services:** Describe how the MFWB program will deliver offerings (including program strategies/tactics, market channel, and targeted market/customer group); how it will reach deed and non-deed restricted multifamily

customers, including those in CPUC-defined customer segments in Attachment 3, Table A-3 – D. 21-06-015 Reporting Categories and Segments and any services that the Program will provide. Describe all services and tools that are provided.

The Program will use a prioritized lead list of multifamily properties to focus outreach efforts on properties with high energy users and those with Customers in one or more CPUC-defined segments. Customers will also be able to learn about and apply for the Program individually. An Energy Advisor will pre-screen for Program eligibility, explain the split incentive agreement as applicable and identify the appropriate pathway from the following options:

- **Pathway #1 – Individual Household:** For Customer-initiated projects, Contractor will assess the potential for a whole-building approach and, if deemed feasible, attempt to engage the Owner, and encourage more comprehensive building updates. All services are offered at no cost to the Customer. Property owners shall be allowed to enroll tenants to receive in-unit measures without tenants having to separately enroll, as long as the property owner provides appropriate income eligibility documentation.
- **Pathway #2 – In-Unit and Limited Common Area:** Owners interested in significant savings but not able to commit to a whole-building approach will be offered bundled in-unit measures combined with select common area measures. Program incentives will fund 100% of in-unit and common area project costs for deed-restricted properties. Non-deed-restricted properties will receive no-cost in-unit measures and incentives for 50% of common area project costs.
- **Pathway #3 – Whole Building:** This path maximizes energy savings and incentives for the participant through a comprehensive approach that translates energy audit results into a measure package that includes in-unit, common area, and whole building measures – with an emphasis on property-wide lighting, large central systems, and envelope improvements. Contractor will work with customers to guide the highest-energy users and properties with a disproportionately high energy burden toward this pathway.

For both property-level pathways, a no-cost energy audit of the customer’s property, delivered in alignment with ASHRAE standards, will be the basis for measures installed by an ESA subcontractor, trade ally, or the Owner’s preferred contractor. The audit will identify potential energy efficiency opportunities, benchmark the building, use collected data to analyze the viability and cost-effectiveness of each proposed opportunity and inform the creation of a building treatment plan. Equipped with this document, Energy Advisors will work with the Owner to ensure they receive the maximum Program benefits.

### **Customer Need Segments**

The program will tailor targeted outreach and treatment plans to the unique needs of customer segments, while ensuring eligible customers receive all feasible measures. The Program will deploy focused marketing efforts tailored to customer with unique demographic, financial, location-based, and health condition considerations. The Program also anticipates that customers in the following needs states will receive select ESA measures based on specific burdens or hard-to-reach status. Example measures installed by customer segment are included below:



**Table 5 – Example Measures by Customer Segments**

Customer Segment	Unique Measure Categories
High Energy Users	Diagnostic air sealing, floor insulation
DAC, Rural, Tribal	Portable AC, air purifiers
Medical Baseline	Portable AC
Wildfire Threat	Cold storage, attic vent repairs

**Adjusting Targeting**

During implementation, the MFWB team will monitor The Program pipeline to identify where targeted outreach should be scaled up or down or to modify strategies.

3. **Program Design and Best Practices:** Describe the program strategies/tactics that will be used to reduce the identified market barriers for the targeted customer group and/or market actor(s). Describe why the program approach constitutes “best practices” and/or “lessons learned” and how the design incorporates innovation. Include descriptions of key software tools that are significant to program strategy and implementation, including audit tools. If applicable, describe the program design for the Single Point of Contact (SPOC) program and explain how the proposed MFWB program will leverage and integrate the SPOC in the program design.

By design, the MFWB Program overcomes the most common multifamily market barriers with the best practices and solutions illustrated in the table below:

**Table 6 – Market Barriers**

Market Barrier	Best Practices and Solutions
Lack of customer clarity around program eligibility and qualification criteria	The MFWB Program will provide clear and consistent messaging on program eligibility and qualification criteria through staff, online platforms, education campaigns and program collateral.
Multifamily split incentive issues	The MFWB Program will implement the CPUC-directed Split Incentives Agreement and provide education tailored to both the Owner and Customer to ensure both are respectively aware of the Program’s value.
Multiple contractor/customer touch points	The MFWB Program will utilize full-service installation contractors who can provide all ESA in-unit treatment and develop whole-building treatment plans that minimize participant touch points and disruption.
Multiple program implementers in the multifamily sector	The MFWB Program will use a single implementer model to serve the Southern region, enabling a cohesive approach to solving issues and serving customers fully.

Market Barrier	Best Practices and Solutions
	The Program will also leverage IOUs Single Point of Contact (SPOC) service to streamline cross-program referrals and coordinate with other implementers.
Lack of trust for solutions delivered by non-IOU personnel	The MFWB Program will leverage experienced ESA subcontractors trained in effective in-language and in-culture messaging and who will use co-branded business cards and badges. The Program will also work with community champions, trusted messengers, and community-based organizations (CBOs) when needed to develop greater access to a customer segment.
Challenges reaching the decision maker of a multifamily property	The MFWB Program will leverage existing relationships – and those of subcontractors and trade allies – to reach Owners. The Program will also seek introductions to participating Owners’ networks and utilize owner industry conferences and association events.
Potential overlap or conflict with programs serving this segment (e.g., SOMAH and LIWP)	<p>The MFWB Program will leverage insight into the statewide multifamily market, including California Department of Community Services and Development’s Low Income Weatherization Program, to:</p> <ul style="list-style-type: none"> <li>• Guide interactions with MFWB participants and facilitate referrals</li> <li>• Coordinate with all third-party program implementers and statewide committees</li> <li>• Track statewide proposal approval processes and assess any impact on program design</li> <li>• Revise the MFWB measure mix to remove overlapped measures and increase promotion of alternative measures, if needed</li> </ul>
Limitations on rent increases for Non-Deed Restricted Properties	The MFWB Program will maintain transparency to build trust and overcome Owner fears, target qualifying properties that may be less deterred by rent restriction requirements due to unique funding structures. The Program will also demonstrate how project-specific future bill savings will offset rent impacts.

The MFWB Program draws from Implementer experience and lessons learned to inform carefully vetted new technologies, marketing strategies and delivery approaches that will optimize Program impact including the following:

- **Data-Driven Segmentation and Building Treatments:** Creating a streamlined, supportive participation experience begins with potential property identification and customer engagement. The Program will not only analyze available customer and market data to target eligible properties and customers across identified sub-segments (e.g., DAC

location or non-deed restricted properties), but will also apply this data to project treatment recommendations. Contractor will tailor building treatments to specific building types, measure-specific applications, and geographical characteristics such as climate zones and geographic segments—encouraging deeper savings.

- **Unlocking Stranded Savings Opportunities:** The whole-building model creates an opportunity to bridge historical gaps between CAM and in-unit measures. The Program offers a suite of new-to-this-market thermal envelope and air barrier measures that will capture a building’s full savings potential.
- **Holistic Resource Management:** The Implementers’ relationships with statewide agencies and market knowledge positions the MFWB Program to facilitate cross-program referrals and drive more than energy savings. Encouraging this cross-resource whole building approach ensures that the Program creates the greatest benefit to Customers and Owners.
- **Healthy Building Materials:** Considering both cost and benefits to program participants, Implementer will evaluate incorporation of Healthy Building Materials which pose minimal health risks if touched, ingested, or associated gasses are inhaled.
- **New Measure Development:** The MFWB Program planning process has included an exploration of high-potential new technologies that could inform future workpaper development and measure mix enhancements.
- **Technical Expertise:** Provide robust technical expertise to inform a comprehensive, future-focused measure mix. The Program approach builds upon a strong foundation of ESA requirements while applying lessons learned and best practices to reach more multifamily households, provide deeper energy savings, and maximize implementation cost-effectiveness.
- **Demand Response / Integrated Demand Side Management (IDSMS):** The MFWB Program will incorporate energy management tools and programs increases the customer’s control of consumption and energy costs, as well as maximizing system benefits by reducing operating costs, shaping load curves, and increasing reliability and resiliency of service. To this end, Contractor have included multiple measures to support IDSMS-EE integration in our proposed MFWB measure mix: grid-connected smart thermostats and heat pump water heaters and smart elevator controls. The CONTRACTOR will coordinate with the relevant SPOC service to identify and facilitate referrals to IDSMS programs.
- **Electrification Measures:** The MFWB Program will incorporate highly efficient electrification measures through this process:
  - Identify new commercially available electrification products and technologies by collaborating with statewide electrification efforts and partnering with manufacturers.
  - Evaluate energy and cost savings estimates, estimated useful life (EUL), greenhouse gas reductions and cost-effectiveness of measures. Implementer will ensure new products have been robustly tested and are market ready as well as selecting measures that do not unnecessarily increase Customer or Owner maintenance requirements.

- Recommend Based upon evaluation and analysis, the CONTRACTOR will work with the IOUs and ESA Working Group to propose new measures for inclusion in ESA MFWB, including through field monitoring and workpaper development support, as needed.
- Implement new electrification measures once developed and approved for the Program. This will include training contractors on the new measures and installation best practices.

The Program will also coordinate with the Southern IOUs' in-house SPOC and the Multifamily Central Portal to support a "true one-stop model" and improve leveraging of all available programs and services, including benchmarking and financial services. The Program design incorporates a referral process to seamlessly connect customers with other programs that might better fit their needs or that can be layered to maximize Program benefits and drive deeper, more comprehensive savings.

4. **Workforce Education and Training:** Describe how the Program will support workforce, education, and training as it relates to D.21-06-015:

- OP 100 - Program shall explore the feasibility of coordinating with other existing job training programs, centers, or community colleges to target workforce, education and training efforts towards low-income areas and disadvantaged communities.
- OP 102 – Program must leverage the statewide Career & Workforce Readiness (CWR) program to target workers in disadvantaged areas with specific training, as well as partner with organizations that provide training and job-related services.
- OP 101,111 - ESA WE&T objectives shall be met, including hiring of local and disadvantaged workers, worker training, and career-ladder job development, as well as any new metrics to track these objectives.
- OP 124 - Workforce outreach plans for leveraging existing available workforce, education and training programs, a preference for hiring from disadvantaged and local communities.

**Workforce Recruitment**

The Program will utilize ESA subcontractors and trade allies who have historically served DACs and hired from those communities. For new hires, Implementer will coordinate with industry partners that provide training and job-related services such as the Career & Workforce Readiness program, workforce development partners and career

centers. Job postings will be distributed through software that cross-posts openings to a dozen job boards. Subcontractors and trade allies will provide materials on job opportunities when serving multifamily buildings, especially when serving DAC Customers. Additionally, in partnership with Energize Careers, Implementer will connect ESA contractors and trade allies with recent graduates completing the Energize Careers program.

The Program will maintain complete training records for all ESA roles and track key metrics, including hiring source, residency in a DAC, rural or tribal community, incoming qualifications, new training, and certifications achieved and upward job progression (titles).

### **Leveraging WE&T programs**

The Program will support workforce, education, and training as it relates to Decision 21-06-015. The Program will coordinate with industry partners that provide training and job-related services such as the Career & Workforce Readiness program, workforce development partners, career centers, community colleges and CBOs to target low-income areas and DACs. This will include outreach through job fairs, community events, social media and other digital outlets to support hiring efforts and connecting workers with career-ladder job development. Implementer will also provide information on available training and certification programs by maintaining a clearinghouse of these opportunities on an in-house resource. Examples of programs that provide training include:

- UpSkill California
- IOU Training Centers
- Building Operator Certification training
- Pre-apprenticeship and apprenticeship programs through the State Building and Construction Trade Council of California

### **Worker Training**

To support position-specific training, the Program will coordinate with IOU Training Centers to enroll the MFWB workforce in appropriate WE&T programs or to leverage existing IOU training content to self-deliver training. The Program will implement supervised ride-a-longs and on-the-job training as well as share information about other training opportunities to support skill proficiency and certification. The Program will support the development of “bridge training” to assist technicians in preparing for more rigorous technical certification training that leads to greater career opportunities within and beyond ESA.

5. **Workforce Standards:** Identify all relevant workforce standards that the Implementer deems applicable to the Program, including any specific skills certification and/or broader occupational training and experience for the following Standards. Implementer is responsible for its employees, subcontractors, and representatives who perform Work for

COMPANY, have appropriate certifications, licenses, proper safety equipment and training prior to performing such Work for the Program to include, but not limited to:

- Program Onboarding: includes an overview of policies and procedures, information about leveraged other energy saving programs, and coordination with key stakeholders.
- Technical Training: all home assessment, installation, Work performance, and inspection staff are licensed, certified, and sufficiently trained to competently perform such all activities.
- Natural Gas Appliance Test (NGAT) Training: personnel performing NGAT testing, or pre-weatherization natural gas appliance evaluations must complete NGAT training through COMPANY or receive COMPANY acceptance of other training conducted by another IOU. Depending on the level of training or timeframe, NGAT re-training may be required.
- Combustion Appliance Safety Training: for performing Combustion Appliance Safety (CAS) Testing or pre-weatherization propane appliance evaluations, as applicable, requires completed industry and COMPANY accepted CAS training prior to performing any CAS Tests.
- Measure Trainings: Implementer shall be responsible to ensure proper and required training is completed prior to performing the applicable measure installations required for the Program.

**Additional information (optional):** Include here additional information to support the Implementation Plan.

The Program will require the following for ESA contractors:

**Pre-onboarding Screening:** Prior to acceptance into the subcontractor network, all ESA subcontractors must possess appropriate licenses through the California State Licensing Board, carry insurance coverage consistent with program requirements and maintain satisfactory status in ISNET. Energy Specialists (ESs) working on the ESA Program are required to hold a Home Improvement Sales Certificate (HISC) through the California State Licensing Board (CSLB) prior to commencing work. For positions other than ES, a comprehensive background check will be completed prior to acceptance into the program. Verification of position-specific training and execution of non-disclosure agreements and code of conduct are also part of the screening process for all subcontractors. Implementer will validate subcontractor employees meet all required Program criteria prior to issuing Program badges.

**Position-Specific Training:** The Program will leverage IOU ESA curriculum, and Implementer will partner with the IOUs to provide training through a variety of

modalities, including in-person, virtual and on-the-job training for roles such as Weatherization Specialist (WS), Energy Specialist (ES) and Natural Gas Appliance Testing (NGAT).

The Implementer will also provide Combustion Appliance Safety (CAS) training for use when propane appliances are present. Implementer has historically provided similar training to support to support California state weatherization programs where CAS is the standard.

**Measure Trainings:** Implementer shall be responsible to ensure proper and required training is completed prior to performing the applicable measure installations required for the Program. This includes training for assessors and installers on Installation Standards Manual policies and procedures and installation specifications for common area measures.

**Ride-A-Longs:** The Program will provide hands-on on-site support to installation contractors to enhance quality installation and field practices in the form of ride-a-longs. This includes targeted ride-a-longs based on third-party inspection results for contractors who need extra support and unannounced ride-a-longs.

Trade Allies will be vetted during program onboarding for compliance and quality. This includes verifying contractor compliance with certifications, licenses, safety, and training requirements set by the program. Additionally, Contractor will encourage Trade Allies to complete additional certification training, such as North American Technical Excellence and Air Conditioning Contractors of America and others.

For property-owner-selected contractor trade allies, prior to scope of work approval, the Program will confirm that they meet the requirements of the Program's Property Owner Affidavit (POA) including being licensed, bonded, and insured. The Program will collect information related to trade ally or owner-selected contractor performance through inspections and customer satisfaction surveys. Any trade ally that demonstrates questionable performance may be deemed ineligible for Program participation until completing remedial actions.

### **Metrics:**

The Table below identifies the Key Performance Indicators (KPIs) for the Program and describes how each KPI will be tracked. These KPIs will be the primary means of assessing the Program's performance on an ongoing basis with tracking of KPIs on a quarterly basis and development of a KPI score (multiplier \* score) on a quarterly basis. The quarterly KPI score will be a cumulative calculation, considering the preceding quarter's data. For example, if the Implementer does not meet their Q1 KPI score, but in Q2 they were able to achieve a 2.0 or higher, they will recoup their KPI retention for both Q1 and Q2. The goals referred to herein

refer to the program goals listed in Table 6 of the Scope of Work. Savings metrics shall be derived from the monthly reporting. Projects must be represented in SDG&E’s Company’s system of record, the Energy Efficient Collaboration Platform (EECP) to populate the ESACET. KPIs will be reviewed annually and updated based on changes to individual measure savings.

**Table 7 1 – Key Performance Indicators for 2023 - 2026**

<b>KPI #</b>	<b>Weight</b>	<b>Category</b>	<b>Description</b>	<b>Scoring</b>	<b>Continuous Monitoring Mechanisms</b>
<b>1</b>	20%	<b>Program Performance:</b> Yearly kWh Savings Targets (SOW Table 7)	To date, % achieved of the Yearly kWh savings required under the Agreement, based on planned savings acquisition rate by IOU	0: less than 80% 1: =/>80 – 89% 2: >89 - 99% 3: >99 - =105% 4:>105%	EECP
<b>2</b>	20%	<b>Program Performance:</b> Yearly Therm Savings Targets (SOW Table 7)	To date, % achieved of the Yearly Therm savings required under the Agreement, based on planned savings acquisition rate for the reporting year by IOU	0: less than 80% 1: =/>80 – 89% 2: >89 - 99% 3: >99 - =105% 4:>105%	EECP
<b>3</b>	15%	<b>Program Performance:</b> Whole Building Treatment and In-Unit Treatment (SOW Table 7)	Program’s Number of Household and properties treated based on planned treatment for the reporting year and by IOU.	0: less than 70% 1: 70-79 2: 80- 89 3: 90- 99 4:>100	EECP
<b>4</b>	10%	<b>Compliance/ Program Performance (Energy Savings):</b> Reporting Accuracy	Average % variance between the forecasted energy savings figures at the start of the reporting period and actual figures at the end of the reporting period	0: greater than 50% 1: 26 – 50% 2: 16 – 25% 3: =5 – 15% 4: less than 5%	Monthly Report
<b>5</b>	10%	<b>Compliance/ Program Performance (Inspections)</b> Pass Rate	Total percentage of Passing Inspections.	0: less than 80% 1: =/>80 – 89% 2: >89 - 95% 3: >95 - 99% 4: =100%	Monthly Report
<b>6</b>	5%	<b>Marketing:</b> Enrollment of Customers	# Of customers to date who take action as defined in Attachment 5 Marketing Plan divided by # of	0: less than 70% 1: 71 – 80% 2: 81 – 90% 3: 91 – 95%	Monthly Report



<b>K PI #</b>	<b>Weight</b>	<b>Category</b>	<b>Description</b>	<b>Scoring</b>	<b>Continuous Monitoring Mechanisms</b>
			customers forecasted per the marketing plan	4: greater than 96%	
<b>7</b>	5%	<b>Customer Satisfaction:</b> Survey Scoring	Average score of customer satisfaction surveys administered by Implementer (Assuming a 5-point scale where 5 is highly satisfied)	0: less than 2.9 1: 3.0 – 3.9 2: 4.0 – 4.5 3: 4.6 – 4.8 4: greater than 4.8	Monthly Report
<b>8</b>	5%	<b>Customer Escalations:</b> Received	# Of Customer Escalations received on a quarterly basis	0: 10 or more Customer Escalations 1: 7 Customer Escalations 2: 5 Customer Escalations 3: 2 Customer Escalations 4: Zero Customer Escalations	Quarterly Report
<b>9</b>	5%	<b>Compliance:</b> Marketing to DAC	To date, % of program savings from DAC (average of kWh, kW, Therms)	0: Less than 2% 1: 3 – 4% 2: 5 – 6% 3: 7 – 8% 4: Greater than 8%	Monthly Report
<b>10</b>	5%	<b>Compliance:</b> WE&T	Percent of hires qualifying as local and disadvantaged workers	0: less than 10% 1: 11 – 20% 2: 21 – 30% 3: 31 – 40% 4: Greater than 40%	Monthly Report

**Table 8 – MFWB Program Design Requirements**

<b>D. 21-06-015 Reference</b>	<b>Feature</b>	<b>Category</b>	<b>Contract Section Reference</b>
OP 124	A single in-take application (which can include reliance on the MFWB portal)	Customer Interaction/Program Participant Eligibility	Schedule G-Implementation Plan Pg. 9

<b>D. 21-06-015 Reference</b>	<b>Feature</b>	<b>Category</b>	<b>Contract Section Reference</b>
OP 111	Program should encourage an Implementer payment term structure that reflects the program design shift away from a number of homes treated goal to the portfolio energy savings goal, including deeper energy savings per household.	Implementer Compensation/Performance	Schedule G-Implementation Plan Table 3 MFWB Goals/Targets Pg. 5
OP 124	Segmentation treatment plan	Marketing and Outreach	Schedule G-Implementation Plan Pg. 8
OP 124	Program leveraging, including program-to-program customer Referrals	Marketing and Outreach	Schedule G-Implementation Plan Pg. 9
OP 124	In-language applications and marketing materials, at a minimum in Spanish	Marketing and Outreach, Customer Interaction/ Program Participant Eligibility	Attachment 05 – Marketing Plan Pg. 7
OP 124	Comprehensive technical assistance	Measures/Services Offered	Schedule G-Implementation Plan Pg. 8
OP 124	Consideration of healthy building materials	Measures/Services Offered	Schedule G-Implementation Plan Pg. 8
OP 124	Energy audits and expanded measure lists, with consideration for highly efficient electrification measures	Measures/Services Offered	Schedule G-Implementation Plan Pg. 5, 8
OP 124	A comprehensive treatment approach including in unit and common area measures	Measures/Services Offered	Schedule G-Implementation Plan Pg. 5

<b>D. 21-06-015 Reference</b>	<b>Feature</b>	<b>Category</b>	<b>Contract Section Reference</b>
OP 118	Multifamily whole building programs must each work towards maximizing a building's demand response technologies, greenhouse gas reduction, water energy nexus, and the health, comfort, and safety of tenants. The Utilities must include these program considerations into the multifamily whole building solicitation process.	Measures/Services Offered	Schedule G-Implementation Plan Pg. 8
OP 138	Program must require a 50 percent property owner co-pay for whole building and common area measures in non-deed restricted buildings.	Measures/Services Offered, Program Design	Schedule G-Implementation Plan Pg. 5
OP 124	Leveraging with California Department of Community Services and Development's Low Income Weatherization Program to provide Energy Savings Assistance funding for in-unit treatment measures that are common to both programs	Program Delivery	Schedule G-Implementation Plan Pg. 8
OP 124	Workforce outreach plans for leveraging existing available workforce, education and training programs, a preference for hiring from disadvantaged and local communities	Program Delivery	Schedule G-Implementation Plan Pgs. 9 – 10, Table 7
OP 124	Single Point of Contact services (where proposed to be outsourced), to be a "true one stop model" whereby a property owner, manager or tenant will rely on them to facilitate and coordinate program access	Program Delivery	Schedule G-Implementation Plan Pgs. 7 – 9
OP 101, 111	ESA WE&T objectives shall be met, including hiring of local and disadvantaged workers, worker training, and career-ladder job development, as well as any new metrics to track these objectives	Program Delivery	Schedule G-Implementation Plan Pg. 10
OP 111	Program should provide quality of service to the customer, including managing customer expectations on what measures/benefits they will receive at what program phase.	Program Delivery	Schedule G-Implementation Plan Figure 5, Program Manual

<b>D. 21-06-015 Reference</b>	<b>Feature</b>	<b>Category</b>	<b>Contract Section Reference</b>
OP 111	Program should incorporate community input to develop ideas that increase customer willingness to participate, are practical to implement, and will result in high quality of service from the customer’s perspective.	Program Delivery	Attachment 06 – Quality Assurance Plan Pgs. 5 - 6
OP 157	Program must carry forward the lessons learned from Marin Clean Energy’s Low-Income Families and Tenants pilot. Information on MCE LIFT lessons learned can be found in: <a href="https://www.mcecleanenergy.org/wp-content/uploads/2022/08/MCE-Low-Income-Families-and-Tenants-Pilot-Program-Evaluation_08262022.pdf">https://www.mcecleanenergy.org/wp-content/uploads/2022/08/MCE-Low-Income-Families-and-Tenants-Pilot-Program-Evaluation_08262022.pdf</a>	Program Design	Schedule G-Implementation Plan Table 6
OP 117	Program design is in full compliance with this decision, in particular adhering to cost-effectiveness guidelines and the Energy Savings Assistance program portfolio goals.	Program Design	Schedule G-Implementation Plan Pg. 4
OP 130	The Utilities’ SPOC services must 1) offer benchmarking services (through EPA Portfolio Manager), The Utilities’ SPOC services must 2) offer financial services, 3) be a “true one stop model” whereby a property owner, manager or tenant will rely on them to facilitate and coordinate program access, and 4) continue to offer on-bill financing to qualified deed-restricted multifamily properties.	SPOC	Schedule G-Implementation Plan  Pg. 9, Figure 4
OP 132	Eligibility (including in unit, common area and whole building measures) must be extended to non-deed restricted multifamily properties that meet the program’s income requirements.	SPOC Program Participant Eligibility	Schedule G-Implementation Plan Pg. 24
OPs 133, 134	The income qualification threshold to receive MFWB whole building services, common area measures or full property treatment in-unit services is 65 percent for deed restricted properties.	Program Participant Eligibility	Schedule G-Implementation Plan

D. 21-06-015 Reference	Feature	Category	Contract Section Reference
			Pg. 24
OP 135	Property owners shall be allowed to enroll tenants to receive in-unit measures without tenants having to separately enroll, as long as the property owner provides appropriate income eligibility documentation.	Program Participant Eligibility	Schedule G-Implementation Plan Pg. 6
OP 136	Program must allow non-deed restricted multifamily property owners to certify that at least 80 percent of the building's tenants meet the program's income eligibility thresholds (utilities cannot require individual tenant verification)	Program Participant Eligibility	Schedule G-Implementation Plan Pg. 24
OP 137	Program must allow deed-restricted multifamily property owners to certify that at least 65 percent of the building's tenants meet the program's income eligibility thresholds (utilities cannot require individual tenant verification)	Program Participant Eligibility	Schedule G-Implementation Plan Pg. 24
OP 138	Program must require a 50 percent property owner co-pay for whole building measures and common area measures in non-deed restricted buildings. Eligible multifamily ESA program in-unit measures will continue to be fully subsidized for both deed restricted and non-deed restricted properties.	Program Participant Eligibility	Schedule G-Implementation Plan Pg. 5
OP 139	Program must incorporate provisions wherein non-deed restricted property owners agree to maintain at least 50 percent of the building tenants as CARE income qualified for a period of 10 years following receipt of program measures. For deed-restricted properties, owners must agree that, if the deed restriction ends within 10 years of receipt of program measures, at least 50 percent of the building tenants shall be CARE income qualified for the remaining portion of the 10-year period.	Program Participant Eligibility	Schedule G-Implementation Plan Pg. 24

D. 21-06-015 Reference	Feature	Category	Contract Section Reference
OP 100	Program shall explore the feasibility of coordinating with other existing job training programs, centers, or community colleges to target workforce, education and training efforts towards low-income areas and disadvantaged communities.	Workforce Education and Training	Schedule G-Implementation Plan Pg. 9 – 10
OP 102	Program must leverage the statewide Career & Workforce Readiness (CWR) program to target workers in disadvantaged areas with specific training, as well as partner with organizations that provide training and job-related services. Information on PG&E’s CRW program can be found in the CRW Implementation Plan.	Workforce Education and Training	Schedule G-Implementation Plan Pg. 10

## Supporting Documents

The following supporting document links are included as part of the Agreement:

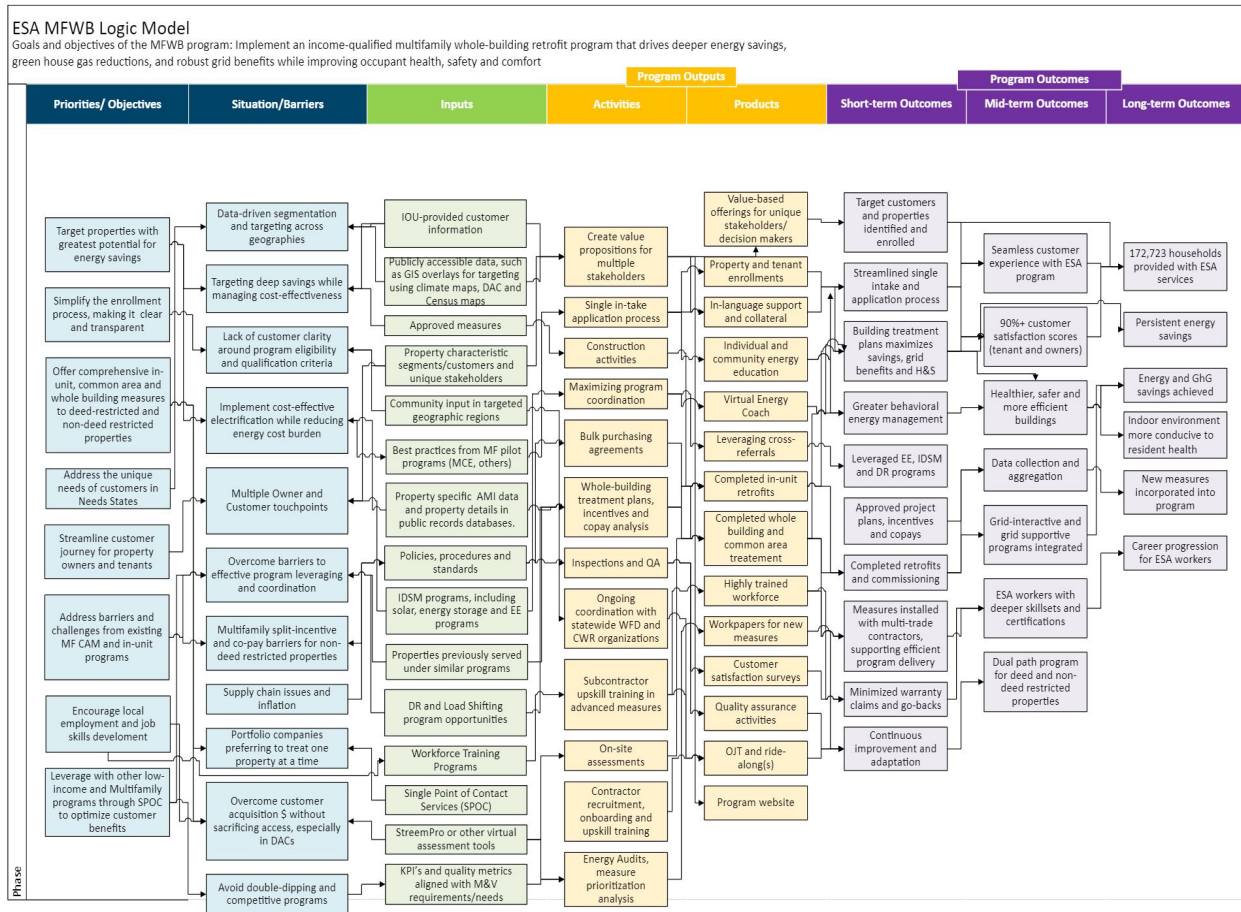
1. **Program Manuals and Program Rules:** The MFWB Program will rely on the Statewide ESA Program Policy and Procedures and Installation Standards Manuals.
  - a. ESA Policy and Procedures Manual: <https://www.sdge.com/node/23466>
  - b. Installation Standards Manual: <https://www.sdge.com/node/23461>
2. **Program Theory<sup>2</sup> and Program Logic Model:<sup>3</sup>** Program Theory and Logic Models should visually explain underlying program theory supporting the sub-program intervention approach, referring as needed to the relevant literature (e.g., past evaluations, best practices documents, journal articles, books, etc.).

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<sup>2</sup> The expected causal relationships between program goals and program activities in a way that allows the reader to understand why the proposed program activities are expected to result in the accomplishment of the program goals. A well-developed program theory can (and should) also describe the barriers that will be overcome in order to accomplish the goals and clearly describe how the program activities are expected to overcome those barriers. California Evaluation Framework, June 2004.

<sup>3</sup> The graphical representation of the program theory showing the flow between activities, their outputs, and subsequent short-term, intermediate, and long-term outcomes. California Evaluation Framework, June 2004.

Figure 1 - ESA MFWB Logic Model



- Process Flow Chart:** Provide a program or, if applicable, a sub-program process flow chart that describes the administrative and procedural components of the sub-program. For example, the flow chart might describe a how a customer submits an application, how the implementer screens the application, the application approval/disapproval process, verification of purchase or installation, incentive processing and payment, and any quality control activities.

Figure 2 - ESA MFWB Market Assessment and Outreach Process Flow

See the following page for the Southern MFWB program process flow chart. The RHA Team are collaborating closely on the program and are represented as a combined team in the chart.

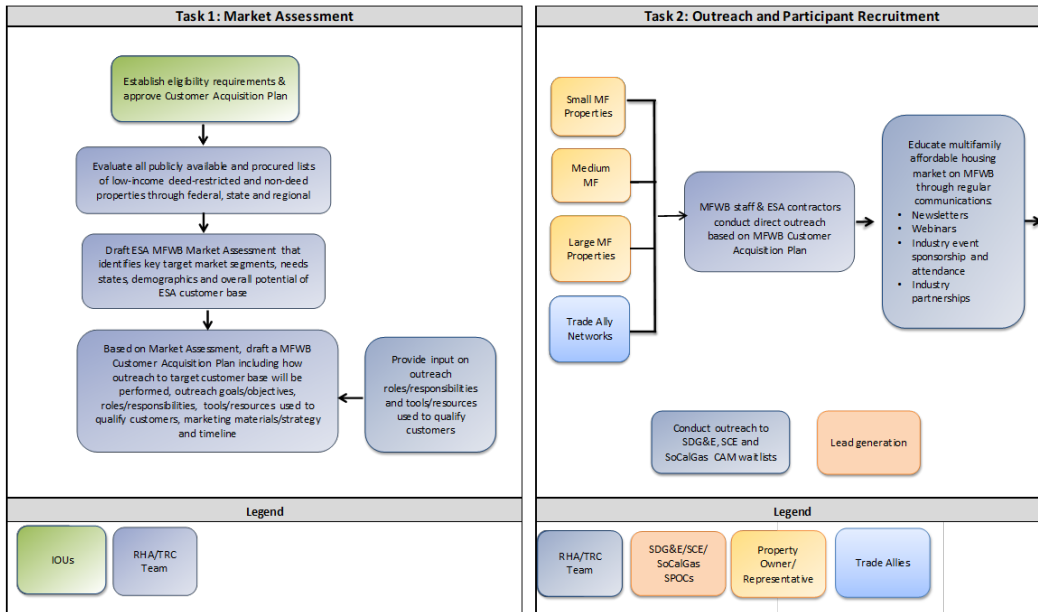


Figure 3 - ESA MFWB Eligibility Screening and Enrollment Process Flow

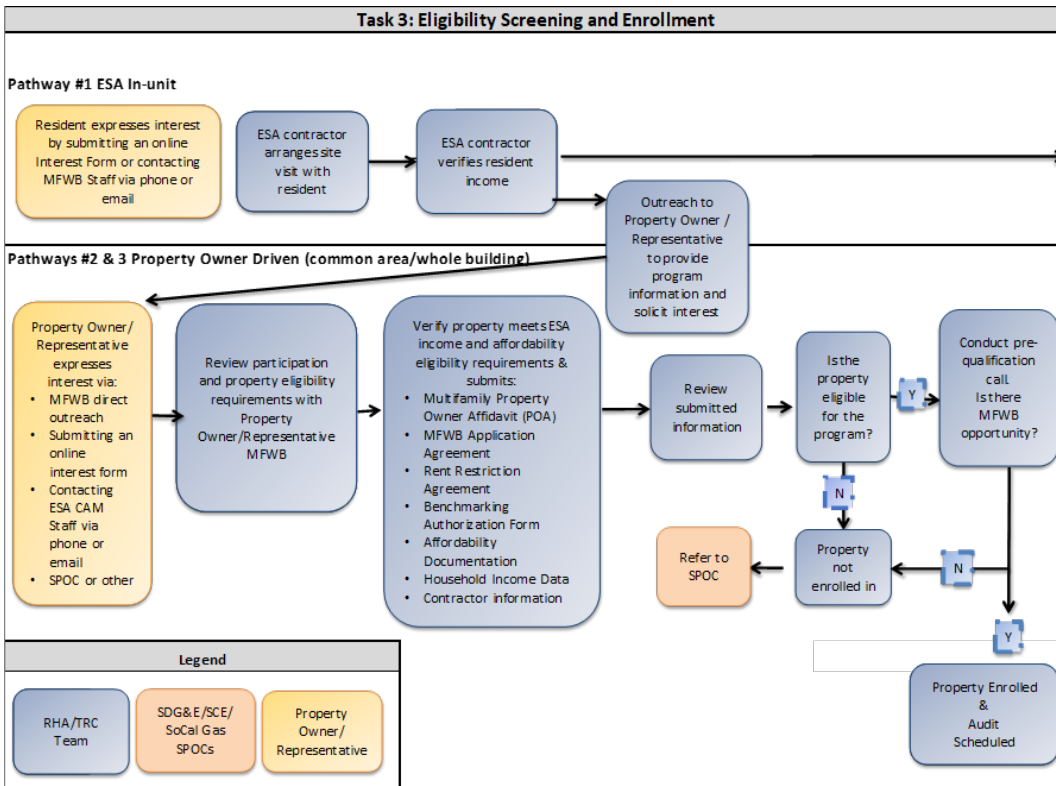




Figure 4 - ESA MFWB Energy Assessment, Benchmarking and Measures Process Flow

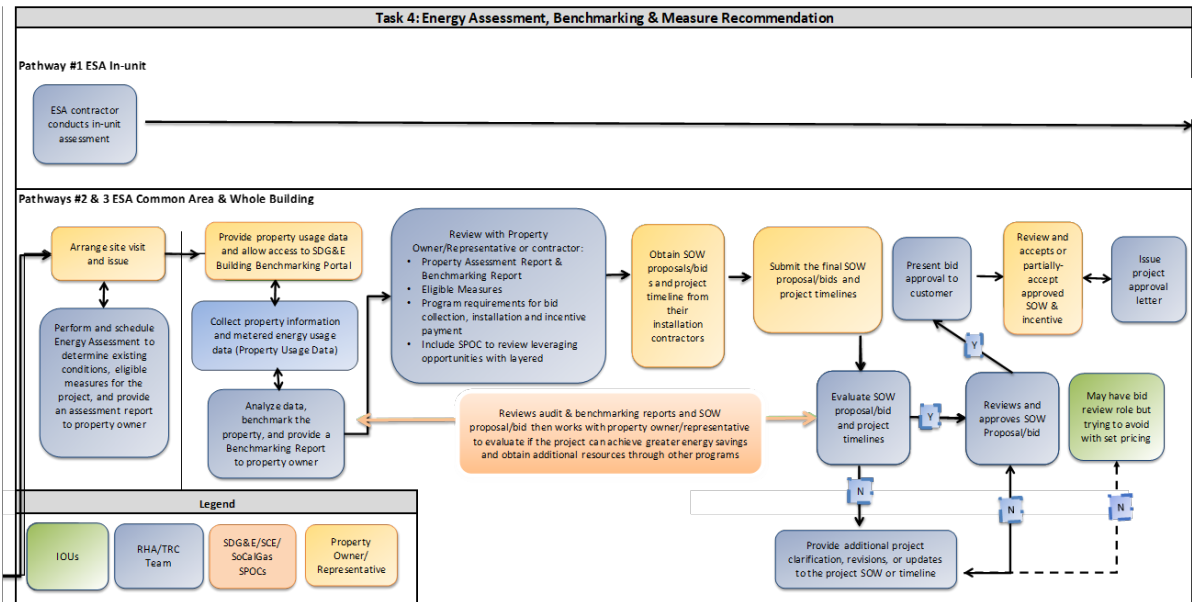
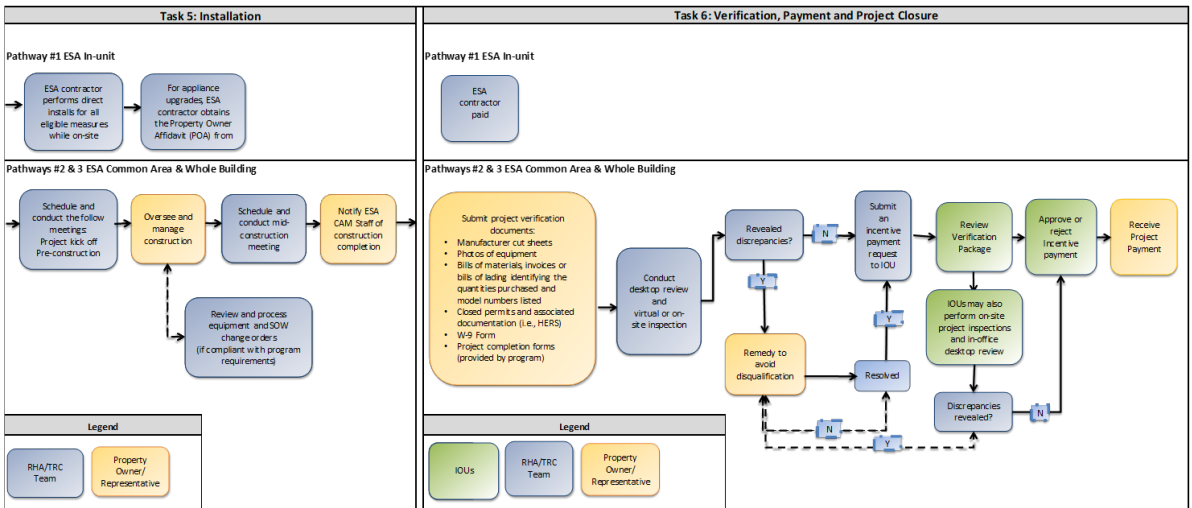


Figure 5 – ESA MFWB Installation and Verification, Payment and Project Closure



4. **Measure Mix and Workpapers:** Provide a summary table of measures with estimated costs and energy savings, along with links to the associated workpapers.

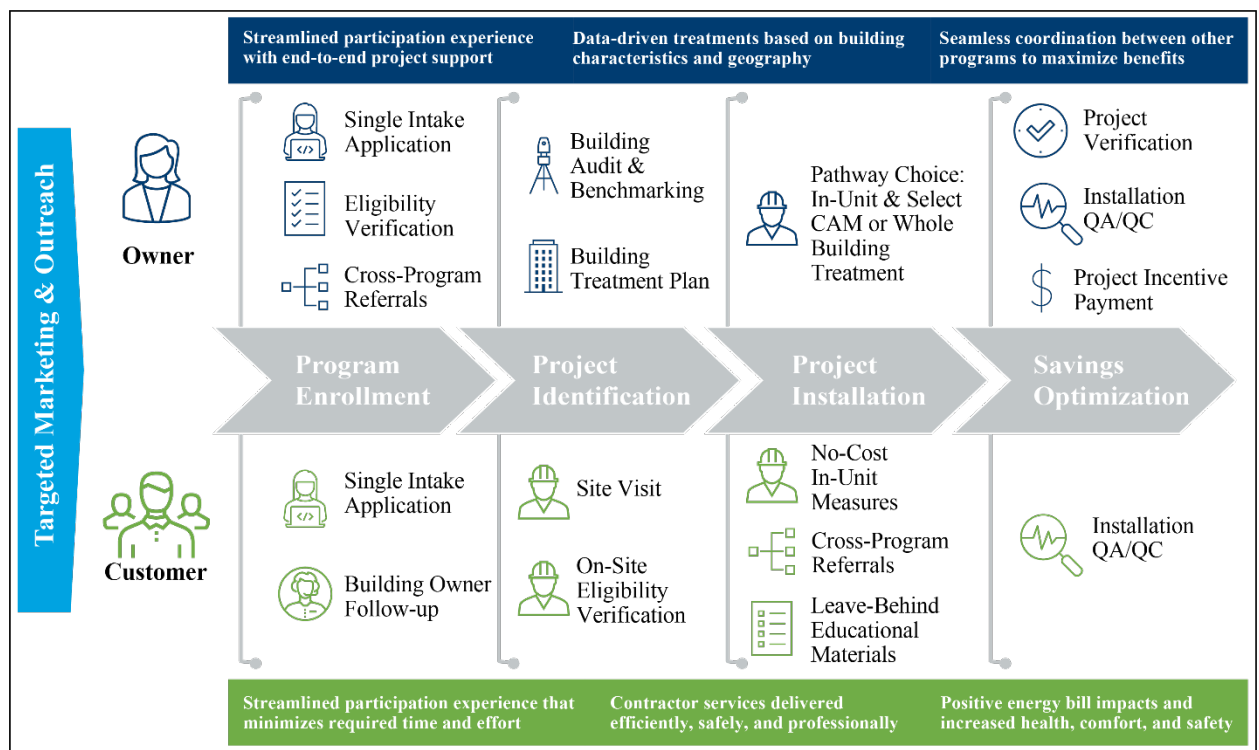
Implementer will develop this table as a part of Other Program Documents during Program Ramp Up.

5. **Quantitative Program Goals and Targets:** Estimated quantitative information on number of measures, energy savings (kWh, kW, and Therms), multifamily in-units and

properties that Program aims to deliver and/or complete annually is located on page 5 of the Implementation Plan under MFWB Goals and Targets.

6. **Diagram of Program:** Provide a one-page diagram of the Program. This should visually illustrate the program linkages to areas such as:
  - a. Customer Journey
  - b. Workforce Education & Training programs
  - c. Segmentation Treatment and Marketing
  - d. SPOC and integrated efforts across demand-side management programs (e.g., demand response (DR), WEN, etc.)

Figure 6 ESA MFWB Program Diagram



## Program Manuals

The Program must have manuals to clarify the eligibility requirements and rules of the Program for implementers and customers. Program rules must comply with CPUC policies and rules. At minimum, manuals should include:

1. **Eligible Measures or measure eligibility, if applicable:** Provide requirements for measure eligibility or a list of eligible measures.

The Program Manual will include a suite of core measures will include deemed in-unit, common area, and whole building measures that are currently approved for the Southern IOUs ESA and CAM programs. Eligibility criteria is defined in the current ESA Installation Standards Manual, current Southern IOU ESA, and CAM work papers, within new workpapers, or California eTRM workpapers adopted by The Program.

The initial list of deemed measures includes the following priority measure categories:

- Lighting
- Appliances and Plug Loads
- Heating and Cooling
- Building Envelope
- Water Heating
- NGAT
- Health Comfort and Safety

A complete list of measures can be found in the Measure Mix section.

The Program will also update and develop new workpapers as necessary to support new measures or to modify measures for the territory or use case.

Initial Program design includes exclusively deemed-savings measures supported by IOU-approved workpapers, with initial analysis conducted to align Ex Ante values with CONTRACTOR expectations for measure savings, costs, and EUL. As The Program evolves, The Program will evaluate measure mix and savings calculation methodology to maximize savings and customer benefits. This may involve strategically introducing custom or meter-based measures as well as graduating measures from one delivery channel to another.

Implementer will develop the Program Policy and Procedures Manual as a Ramp Up Activity due no later than 40 days after receiving the Notice to Proceed.

## 2. **Customer Eligibility Requirements:** Provide requirements for program participation

Program funds and services are available on a first-come first served basis. Properties in Southern IOU service territories meeting the following property- and income-eligibility criteria qualify:

- Five or more units at each site
- Active service account with Southern IOU
- Income-eligible for property type: Deed-Restricted and/or In-Unit (>65% of tenants at or below 250% Federal Poverty Guidelines), Non-Deed Restricted (>80% of tenants with incomes at or below 250% Federal Poverty Guidelines)

Program will allow deed-restricted multifamily property owners to certify that at least 65 percent of the building's tenants meet the program's income eligibility thresholds. The Program will

allow non-deed restricted multifamily property owners to certify that at least 80 percent of the building’s tenants meet the program’s income eligibility thresholds.

Additionally, The Program will serve all eligible interested multifamily residents. Individual residents may request services. Contact from interested tenants will also trigger follow-up with the property owner/representative to convey Program benefits and encourage whole-building participation.

3. **Contractor/Subcontractor Eligibility Requirements:** List any contractor/subcontractor (and/or developer, manufacturer, retailer, or other “participant”) eligibility requirements (e.g., specific required trainings; specific contractor accreditations; and/or, specific technician certifications required).

Please refer to Section 5 Workforce Standards for details on subcontractor eligibility.

4. **Additional Services:** Briefly describe any additional sub-program delivery and measure installation and/or marketing & outreach, training and/or other services provided, if not yet described above

Not applicable.

5. **Other Program Metrics:** List all documentation and data used to calculate Program Metrics. This includes but is not limited to data in support of sector-level and portfolio-level metrics.

Not applicable.

## **Guidance for the Implementation Plan Change**

**This form provides guidance for future changes to the Implementation Plan.**

**Modifications requiring change to implementation plan:** Select one of the following modifications requiring a change to the implementation plan.

1. Fund shifts or changes in budget
2. Changes to Program Theory/Logic Models
3. Changes in program targets and goals
4. Changes in measures
5. Other Commission–Directed Changes

**Driver of change:** Content for change driver(s) should be specific and succinct.

**Description of change:** Change descriptions should clearly indicate what area(s) of program implementation is changing, such as program financial/budget detail, logic models, eligibility rules, marketing plans, target sectors, etc.

**Budget change:** Budget change should indicate any other program budget(s) involved in the fund shift (money shifted from one Program to another), measure incentive/rebate changes, changes to PA budgets or other budget items, and other relevant budget details. Revised budgets should be consistent with CEI in annual compliance filings.

**Implementation plan section and/or wording changed or replaced:** Cite specific implementation plan section(s) to be changed or replaced.

**Replacement language or information:** Summarize replacement content or relevant information within this change version.

**Revised energy savings (if any):** indicate revised energy savings associated with the change(s).

**Other implementation plan changes required:** Identify if the implementation changes require changes to the Program Definitions Table or Cost Effectiveness inputs.