

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

Application of Southern California Edison  
Company (U338E) for Approval of Energy  
Efficiency Rolling Portfolio Business Plan.

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And Related Matters.

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Application 17-01-013  
(Filed January 17, 2017)

Application 17-01-014  
Application 17-01-015  
Application 17-01-016  
Application 17-01-017

**SAN DIEGO GAS & ELECTRIC COMPANY'S RESPONSE  
TO ADMINISTRATIVE LAW JUDGE'S RULING SEEKING COMMENT ON  
ENERGY EFFICIENCY BUSINESS PLAN METRICS**

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May 22, 2017

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

Application of Southern California Edison Company (U338E) for Approval of Energy Efficiency Rolling Portfolio Business Plan.	Application 17-01-013 (Filed January 17, 2017)
And Related Matters.	Application 17-01-014 Application 17-01-015 Application 17-01-016 Application 17-01-017

**SAN DIEGO GAS & ELECTRIC COMPANY’S RESPONSE  
TO ADMINISTRATIVE LAW JUDGE’S RULING SEEKING COMMENT ON  
ENERGY EFFICIENCY BUSINESS PLAN METRICS**

Pursuant to the Administrative Law Judge’s Ruling Seeking Comment on Energy Efficiency Business Plan Metrics, dated May 10, 2017 (“Ruling”), San Diego Gas & Electric Company (“SDG&E”) files its Response to Attachment A of the Ruling. Specifically, SDG&E responds to questions posed in Sections I, II and VI of Ruling’s Attachment A, hereto attached as Attachment A.

In conjunction with its responses to Attachment A, SDG&E submits the following comments on the Ruling, for discussion at the May 26, 2017 workshop on metrics.

**I. OVERARCHING COMMENTS ON COMMISSION STAFF SECTOR-LEVEL METRICS**

SDG&E appreciates the Commission Staff’s proposal for sector-level metrics. In general, SDG&E does not object to the proposed sector metrics that are related to tracking energy savings: (1) annual gas, electric and demand savings; and (2) annual gas, electric and demand savings as a percentage of overall sectoral usage. SDG&E notes, however, that it did not include these metrics in its proposal because (1) savings should be considered an outcome, and not a leading indicator, and (2) SDG&E’s fundamental understanding is that the portfolio is

designed to meet or exceed Commission energy efficiency (EE) savings goals assigned to SDG&E.

SDG&E supports the guiding principles for business plans provided in the Ruling’s Table 2.<sup>1</sup> SDG&E applied these principles in the development of its proposed metrics. However, in reviewing the Commission Staff proposed metrics, some metrics merit further discussion and clarification. The guiding principle requires that metrics have a readily interpretable meaning. SDG&E recommends that the Commission provide a clear and implementable definition for some metrics, such as disadvantaged communities, “hard to reach” customers, and “levelized” costs.

The guiding principles also require that metrics rely on data used in program implementation and recognize that metrics that require extensive research cause reporting delays. Therefore, there should be a clear understanding of the expected reporting timing of the metrics (*e.g.*, monthly, quarterly or annually) before any of these metrics are adopted. Metric data collection and reporting that exceeds annual reporting would not be available for timely decision-making for portfolio management changes and may result in a reduction of portfolio cost effectiveness and lost savings.

## **II. RECOMMENDATIONS FOR DISCUSSION TOPICS AT THE MAY 26, 2017 WORKSHOP**

In addition to the topics outlined in the Workshop agenda, SDG&E would appreciate Commission Staff clarifying the following questions from the Ruling’s Attachment A at the workshop:

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<sup>1</sup> Ruling at 3–4.

Q1: Demonstrate in a quantitative way, via table or graphic, how the proposed metrics cumulatively are useful and effective indicators of each PA's likely achievement of targeted energy efficiency program uptake and overall savings goals.

Q3: What metric would best ensure that projects provide actionable data to complete work papers?

Q4: What metric would best ensure that projects provide information required by incentive programs or codes and standards?

SDG&E looks forward to working with Commission Staff and stakeholders on refining its proposed Business Plan sector metrics.

Respectfully submitted,

*/s/ Ellen N. Adler*

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**ATTACHMENT A**  
**QUESTIONS FOR BUSINESS PLAN PROPONENTS**

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**I. Questions Applicable to All Prospective Program Administrators (PAs)**

**1. Demonstrate in a quantitative way, via table or graphic, how the proposed metrics cumulatively are useful and effective indicators of each PA’s likely achievement of targeted energy efficiency program uptake and overall savings goals.**

**Response:**

SDG&E developed the metrics as indicators of sector strategy success. SDG&E’s proposed sector strategy metrics are for strategies that in and of themselves do not directly reflect achievement of savings. Rather they are intended to address barriers that SDG&E believes hinder achieving savings, e.g., discourage customer participation, complex processes, lack of education/ information etc. The strategies will reduce the barriers in each sector which will lead to increased customer participation in resource programs, thereby leading to increased savings to meet savings goals.

SDG&E did not include energy efficiency savings as a metric, as savings should be considered an outcome, and not a leading indicator, in addition to the fundamental understanding that the portfolio is designed to meet or exceed Commission energy efficiency (EE) savings goals assigned to SDG&E. SDG&E notes that Commission staff proposed sector metrics including energy savings; SDG&E welcomes the opportunity to discuss these at the Metrics Workshop on May 26, 2017.

Therefore, SDG&E cannot directly quantify how its proposed sector strategy metrics directly impact overall saving goals. It would lack validity to quantify savings related to the proposed sector strategy metrics at this stage. This type of quantification would be possible after SDG&E begins tracking the metrics and resulting program energy savings. However, some of SDG&E’s proposed sector strategy metrics lend themselves to direct correlation to achievement of energy savings. Examples are:

Sector	Market Barriers	Strategy	Sector Metric
Residential Sector (pp. 60-61)	<ul style="list-style-type: none"> <li>High cost and low ROI leads to low adoption of high efficiency products.</li> <li>Multiple programs and entries lead to low program participation.</li> </ul>	Empower customers to better manage their energy usage by providing them with granular level information on end-use and personalized recommendations on how to save.	Number of customers enrolled in a Behavior program (p.61)

<p>Commercial Sector (pp. 92-93)</p>	<ul style="list-style-type: none"> <li>• Lack of cross-promotion leads to single end-use transactions</li> <li>• Trade Pros and customers are confused by rules and processes</li> </ul>	<p>Create an online platform to facilitate cross promotion and comprehensive, concierge approach to EE offerings.</p>	<p>Number of realized recommendations or conversion from online platform</p>
<p>Public Sector (pp.134-135)</p>	<ul style="list-style-type: none"> <li>• B3: No Universal Acceptance of Value Proposition</li> <li>• B4: Funding and Procurement Challenges</li> <li>• B5: Current Processes and Tools Are Not Intuitive</li> <li>• B6: Mismatch between Public Sector Timing and Available Offerings</li> </ul>	<p>3. Tailor offerings to meet the unique needs of public customers' savings</p> <p>4. Develop a public sector customer action plan to facilitate participation</p> <p>5. Equip public customers with the tools they need to succeed in Climate Action Planning</p> <p>6. Enable EE projects through financial solutions</p>	<p>Increased number of public entities with an established EE goal (i.e., CAP or kWh savings goal)</p>
<p>Industrial Sector (pp. 158-159)</p>	<p>Diverse, highly complex systems means that no one approach will meet all needs</p>	<p>Unlock deeper savings through Strategic Energy Management offering</p>	<p>Number of customers engaged with this solution per year</p>
<p>Agricultural Sector (p. 183)</p>	<p>Lack of awareness and information</p>	<p>Leverage Strategic Energy Management (SEM)</p>	<p>Number of agricultural participants enrolling in the SEM program</p>

As discussed in the Business Plan, Appendix C, page 236, SDG&E proposes to test the validity of the individual metrics over time. That is, are the metrics correlated to savings for each sector,



and do they need to be adjusted, eliminated, or supplemented. Once this type of analysis is done, targets can be refined to be both reasonable and track to a sector level or cumulative savings goal.

SDG&E looks forward to a discussion of this question at the workshop.

**2. Provide the number of multi-family units and multi-family properties in your respective geographic areas.**

**Response:**

<b>Property Type</b>	<b>Number</b>
<b>Multi-Family (Not Sub Metered)</b>	<b>458,085</b>
<b>Master Meter Properties</b>	<b>3,618</b>
<b>Units (Sub-metered)</b>	<b>16,494</b>

**II. Questions applicable to all investor owned utilities (IOUs)**

**A. Regarding Metrics**

**3. What metric would best ensure that projects provide actionable data to complete work papers?**

**Response:**

It is unclear how sector level metrics, as proposed in the Business Plan, would provide measure level data necessary for the work papers. SDG&E would like to better understand the types of metrics that the Commission is considering for work paper updates. This type of metric may be a more appropriate metric for specific implementation plans since not all “programs” require work papers.

SDG&E looks forward to a discussion of this question at the workshop.

**4. What metric would best ensure that projects provide information required by incentive programs or codes and standards?**

**Response:**

The business plan did not specifically include project level metrics, since these would be more appropriate for the implementation plans rather than sector level metrics. In SDG&E’s assessment, there is valuable data to be collected at the project level, and will address that in the implementation plans. SDG&E looks forward to a discussion of this question at the workshop.

## **B. Workforce Education and Training (WE&T)**

### **5. How does the number of training partners indicate how well the spectrum of entities involved in the workforce is covered?**

#### **Response:**

WE&T provides education and training for the following “Market Segments,”<sup>1</sup> which SDG&E equates with the question’s “spectrum of entities involved in the workforce”:

- SDG&E offers a Core Energy Education for post-secondary students, adults, and retraining.
- SDG&E also offers energy education as a technical “upskill,” for engineers, designers, and other professionals, as well as technicians.
- SDG&E also offers education and training to customers, including owners, tenants, property managers, and facility managers.

The metric “Number of Training Partners” is intended to measure how many training partners SDG&E engages with to expand reach and ensure that each market segment’s needs are met as different training partners will be needed to ensure that the training is appropriate for the market segment. For example, trainers and training methods for designers will be different than for trade professionals.

### **6. Please provide more information on how all targets involving percentage increases were developed or determined.**

#### **Response:**

Targets were determined based primarily on historical performance of the programs, EM&V studies, and broad research into existing literature. The table below provides the justification for each target.

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<sup>1</sup> Business Plan at p. 203.

**EE Business Plans: Sector Metric Table - Workforce Education & Training**

Problem Statement	Market Barriers	Desired Sector Outcome	Intervention Strategies	Sector Metrics	Baseline	Metric Source	Short Term Target (1 - 3 years)	Mid Term Target (4 - 7 years)	Long Term Target (8 - 10+)	Justification
A comprehensive WE&T program requires collaborative efforts by many entities	1) Traditional occupation training does not focus on energy efficiency 2) Educators must remain up-to-date with changes in codes and technology	Prepare California's workforce to meet the doubling of energy efficiency savings by 2030	Collaborate with external training organizations to identify gaps in energy efficiency education and develop curriculum to share	Curriculum developed and shared with external organizations	Current Number of Training Partners	Program Data	Assessment Year and prioritize. Determine appropriate training partners	10% increase in partners year over year	10% increase in partners year over year	Historically we have seen approximately a 10% increase or decrease across program years in training partners. In 2015 SDGE had 14 training partners, and in 2016 that number had gone down to 3. This effort is to refocus and continually increase partners.
Trade Professionals don't have the technical knowledge, skills, or abilities to meet SDG&E's EE savings goals	1) Code Changes and Complexity 2) New technologies and "upskill" training is needed to stay competitive 3) Lack of understanding in how to participate in SDG&E programs	Design and deliver workforce, education and training programs that help SDG&E energy efficiency sectors achieve savings goals	1. Market Actors will receive training to ensure that energy efficiency projects realize energy savings.	Number of participants trained in high potential topics/energy use areas for energy savings	Establish Current Number of Applicable Clean Energy Trade Professionals (28,500 per Clean Energy Report*)	Program Data	20% of Market	25% of Market	30% of Market	Data from 2013-2015 indicates that about ~2,100 individuals participated in at least 1 training (7% of SD Market), with attendance of offerings annually around 10,000 - 11,000. With new efforts that include marketing, online education in collaboration with other IOUs, partnering with organizations to enrich their curriculum, 20% of the market (5,700 market actors) seems reasonable to achieve. Per the Clean Energy Report cited in WE&T chapter of BP,
Decision Makers Don't Understand the Value Proposition of Energy Efficiency	1) Lack of Understanding or Awareness of ROI or Programs 2) Unaware of business benefits beyond Utility Cost savings 3) Program Complexities diminish perceived value 4) Contractors don't "sell value" of EE		2. Customers / Contractors will receive education in conjunction with marketing, education, and outreach to prioritize energy efficiency when paying for a project.	Number of participants trained in high potential topics/energy use areas for energy savings	Current Number of Participants	Program Data	10% increase by Year 3	Additional 10% increase by Year 7	Additional 10% increase by Year 10	WE&T currently does minimal education efforts in regards to educating project decision makers. SDG&E will begin to design and offer educational offerings targeted to commercial and residential EE decision makers. Growing by 10% seems reasonable given historic trends in contractor training. In 2013 there were 196 participants, 2014 352, and 2015 397. Additionally, there is the assumption that as the program takes off we expect a flattening in participation.

\*Clean Energy Report refers to Clean Energy: Labor Market Analysis San Diego County. San Diego Workforce Partnership, Oct 2014. [http://workforce.org/sites/default/files/pdfs/reports/industry/clean\\_energy\\_2014\\_0.pdf](http://workforce.org/sites/default/files/pdfs/reports/industry/clean_energy_2014_0.pdf).

Note that Sections III through V do not apply to SDG&E.

**VI. Questions applicable to San Diego Gas & Electric Company (SDG&E)**

**A. Third Party Programs / Solicitation Plan**

**27. On Page 22 the business plan cites only “illustrative” performance metrics that include increased savings and reduced costs. Page 22 states that performance metrics will be “finalized with the implementer.” Please clarify: will strategies and metrics be included in the request for proposals, or will they be proposed by implementers, or will they be developed by a stakeholder group, or something else?**

**Response:**

The sector level metrics should be viewed as indicators of sector level success. SDG&E will include program level performance indicators/metrics in the implementation plans for each program. SDG&E may include them as part of the request for proposals or the implementers may propose their own program metrics. SDG&E will work with implementers to determine the reasonableness of the data collection necessary to track the proposed program metrics, but SDG&E reserves the right to determine the final metrics.

**B. Residential Sector**

**28. Visits to online platform:**

**a. What is the basis for selecting 18,000, 24,000 and 30,000 visits?**

**Response:**

Currently, there are approximately 18,000 unique visits per year to SDG&E’s existing online audit platform, the My Account online survey. SDG&E is proposing to upgrade to a new online platform, with improved customer interface.

Given the new online platform, SDG&E is targeting to retain 18,000 unique visits since it is expected that there will be drop outs due to the transition. Moving forward, SDG&E’s goal is to increase unique customer visits to the online platform by 250 customers per month. The unique visits in the short, mid, and long term reflect this monthly goal for increased traffic to the platform.

**b. What is expected uptake from visits?**

**Response:**

SDG&E plans to develop the platform to increase accessibility of EE programs and services to the residential sector. As outlined in its Business Plan, customers seek opportunities to increase cost savings through EE, conservation, and home improvements, but these opportunities need to be simple and easily understood.<sup>2</sup> The new online platform will provide customers with a simple

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<sup>2</sup> See page 34 of the SDG&E Energy Efficiency Business Plan. Source of data is the “Residential Direct Install Focus Group, June 2015.”

approach to understanding which programs and services will best serve their needs. In SDG&E's assessment, this increased visibility for the correct solutions will drive adoption of EE programs and services and ultimately EE savings.

**c. Does this level of participation justify cost? How?**

**Response:**

In SDG&E's assessment, the improved platform will increase customer engagement, and ultimately EE savings. The new online platform is one strategy of a larger approach outlined in the business plan to improve customer participation. The associated costs to developing the new platform should be viewed as a such.

The online platform can be viewed as a vehicle for delivering residential savings. Therefore, in the short term, it is more appropriate to look at the cost effectiveness of the sector/portfolio to justify its cost and not just the cost of the platform in isolation. Ultimately, the cost justification of the platform should be based on the EE lifecycle savings achieved over the life of the new platform.

**d. Should repeat visits be tracked separately from first time visits? Why or why not?**

**Response:**

SDG&E will track both repeat and unique visits as SDG&E believes that both pieces of data provide unique insight into customer engagement with the online platform. In addition, SDG&E will track which visits result in an enrollment or further inquiry. This data will be tracked to enable the continued improvement of the online platform, and associated programs, which will serve to increase visibility and accessibility for EE programs and services.

**29. Behavior program enrollments:**

**a. Provide current enrollment in behavior programs.**

**Response:**

Currently, approximately 505,000 customers are enrolled in the behavior program. 100,000 serve as the control group for evaluation purposes.

**b. Explain the reasoning for the selection of 5 percent increases year over-year as reasonable.**

**Response:**

SDG&E currently provides behavior reports to 42% of approximately 1.2 million residential customers (approximately 505,000 customers as stated in response to Q29a above). Of the 1.2 million customers, roughly 900,000 customers, or 75%, are eligible for the behavior program. Therefore, an annual increase of 5% would project program saturation near 80% in 8 years. This assumes the randomized control trial (RCT) requirement is eliminated to enable SDG&E to target the entire eligible population.

**30. Property manager training tools: Specify a minimum threshold for success in ‘establishing a usage baseline.’**

**Response:**

SDG&E is currently estimating how many property managers/owners are associated with the approximately 3,618 property units identified in response to Q2 above.

**31. Provide missing metric source and targets for “implement new training tools for tenants and resulting tenant engagement.”**

**Response:**

The metric “implement new training tools for tenants and resulting tenant engagement” shares the same metric source and targets as the metric presented above it in the business plan on page 61. The source is program data, and targets are to develop one new tool each of the first three years, and increase tool usage by 20% over the mid and long term.

**32. Number of new approaches partnering with retailers and manufacturers: this metric does not clearly reflect the success of the strategy, nor the volume of effort since a “new approach” would be difficult to quantify.**

**a. What are examples of “new approaches” that would be reported?**

**Response:**

The current midstream/upstream approaches include “point-of-sale” and manufacturer buy-downs, which complement SDG&E’s downstream rebate programs. To accomplish an increase in introduction of new products, product availability, and customer participation geared towards more comprehensive customer action, SDG&E is seeking “new approaches.” Therefore, strategy seeks to work with new partners to collaborate on new, innovative approaches.

**b. Why does SDG&E believe this metric reflects success more accurately than a count of product-types or sales volume?**

**Response:**

The strategy is intended to meet the increasing challenge of the SB 350 goal of doubling EE. The metric “Identify and engage new retailers and manufacturers to drive innovative and ‘new’ approaches” and the associated targets directly reflect the strategy. As described in the response to Q32a above, SDG&E designed the metrics as leading indicators of achieving EE savings. Thus, the focus of this metric is to measure the number of new approaches. SDG&E will continue to track and report uptake and sales volume as part of its normal reporting process. Ultimately, the success of the strategy will be reflected in the increased availability of EE products (both new and improved next-generation energy efficiency products) and installed savings. The correlation of the strategy success to EE savings can be determined later as described in the response to Q1 above.

## C. Commercial Sector

**33. For the commercial sector metric ‘percent of small/lease customers.’ This may increase simply because other commercial participation drops off.**

**a. Why not track number of small/lease customers participating and percentage increase year-over-year?**

**Response:**

SDG&E proposes tracking the percentage of small/lease customers participating out of the total population of small/leased customers. The number of participating customers alone fails to account for changes in the population. If, for instance, the small/leased segment grows, an absolute number would fail to indicate the need to capture increasingly more customers. However, to track the percentage, it will be necessary to track the number of participating customers. Therefore, it is not necessary to have both the number and percentage as the metric.

**b. What is the current percent of commercial participating customers that are small and lease?**

**Response:**

SDG&E is currently assessing the total small/lease customer population to determine the current percentage of participating small/lease customers.

**c. Will the metric be calculated as the percent of commercial participants that are small and lease, or does it represent growth in the number of small commercial participants?**

**Response:**

The metric is the number of small/lease participants as a percent of total population of small/leased customers.

**d. What about a customer with many sites? Are these considered one or many ‘customers’ in the database?**

**Response:**

A customer is defined by premise, i.e., a specific geographic location with the customer’s meters aggregated. Thus, a customer with many sites is considered many customers.

**34. For the proposed metric ‘Landlords enrolled in programs:’**

**a. What does it mean to be enrolled in a program?**

**Response:**

Enrollment is defined as participation in a program. Program Participation is defined by the program itself, as some programs only provide customers with audits or support, while others require customers to adopt measures to be deemed participating customers (see response to Q34b below).

**b. If a landlord received energy reports or received an audit but did not adopt any measures – are they ‘enrolled’?**

**Response:**

As stated in Q31a above, enrollment is defined as participation in a program. If the program is limited to providing an audit or support, then the landlord is considered a participating customer, even if the landlord does not adopt any measures. If the program includes more than providing an audit or support, such as adopting measures, and the landlord does not adopt any measures, then the landlord will be considered a dropout. However, SDG&E’s Business Plan does not identify programs but rather expects that these programs will be designed in conjunction with the third-party solicitations. Until these programs are designed, enrollment to each program cannot be fully defined. Therefore, SDG&E does not have the necessary information to answer this question at this time.

**c. How many landlords are currently enrolled in programs, to determine the baseline?**

**Response:**

SDG&E is currently working to identify this population as part of the analysis referred to in Q33b.

**35. For metric ‘Number of realized recommendations’ for conversion of online platform – what recommendations are these referring to?**

**Response:**

The metric “Number of realized recommendations or conversion from online platform,” refers to any energy savings, conservation or demand response recommendations.

**36. The residential sector metrics are related to strategies, but commercial metrics are related to barriers. The first two Commercial sector metrics are based on growth in enrollments – please clarify the baseline quantity.**

**Response:**

Please refer to response in Q34b and Q34c above as they relate to identification of the relevant baselines.

#### **D. Public Sector**

**37. How does SDG&E propose to measure the first metric listed in Figure 4.25, “Determine and deliver leaderships ‘tool kit’?”**

**Response:**

SDG&E will develop the tool kit in conjunction with the Local Government Best Practices Coordinator, account executives (AE), public sector partners, and Energy Division. The tool kit will provide an informative, easy to follow set of best practices programs and services for local leaders. Additional focus will be placed on identifying EE project funding and finance



opportunities for public sector customers. If the resulting tool kit is developed and presented to local public leaders, then the metric would be determined to be successful.

**38. As the “absolute number of [public] sector-wide implemented EE measures” will only indicate public sector adoption, how will SDG&E measure and track the stated outcome of private sector impacts resulting from demonstrating the value of energy efficiency through public sector customers (page 125 and Figure 4.25)?**

**Response:**

SDG&E will work with public sector customers to identify potential ways to track the impact of the public sector on the private sector. One potential method is to use referral codes that will directly reference public sector activities that lead to private sector uptake.

**Note that Sections VII through VIII do not apply to SDG&E.**