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

SOUTHERN CALIFORNIA GAS COMPANY'S (U 904 G) ENERGY EFFICIENCY PROGRAM SOLICITATION PLAN

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August 4, 2017

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ENERGY EFFICIENCY PROGRAM SOLICITATION PLAN

Pursuant to the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judges, dated April 14, 2017 (Scoping Ruling), the Administrative Law Judges' Ruling Modifying Schedule (dated June 9, 2017), and the Administrative Law Judge's Ruling Requesting Responses to Questions and Providing Guidance on Briefs, as issued in Application (A.) 17-01-012 (Demand Response [DR] Ruling), Southern California Gas Company (SoCalGas) files its Energy Efficiency Program Solicitation Plan. Please see SoCalGas' Energy Efficiency Program Solicitation Plan, hereto attached as Attachment A. On July 26, 2017, Commission staff provided guidance on the Energy Efficiency Program Solicitation Plans, requesting that the proposals include a list of questions/topics. SoCalGas addresses this request in Appendix 1 to Attachment A.

Respectfully submitted on behalf of
SOUTHERN CALIFORNIA GAS COMPANY,

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ATTACHMENT A

SOCALGAS' ENERGY EFFICIENCY PROGRAM SOLICITATION PLAN

SOCALGAS: ENERGY EFFICIENCY PROGRAM SOLICITATION PLAN

I. OVERVIEW

SoCalGas' Energy Efficiency Program Solicitation Plan (Solicitation Plan) is intended to comply with the California Public Utilities Commission's (Commission's) requirement to have third-parties propose, design, and implement at minimum 60 percent of the energy efficiency program portfolio budget by the end of 2020. SoCalGas' Solicitation Plan will support a smooth transition by providing fair program solicitation opportunities to the energy efficiency community through a phased program solicitation approach as described herein.

II. OBJECTIVES

The objectives of this proposed program solicitation strategy are two-fold:

- To achieve higher levels of energy efficiency for customers in support of California's aggressive goal to double energy efficiency by 2030 through the inclusion of innovative third- party implementer program designs; and,
- To create a smooth and seamless transition to a new portfolio administrative structure that allows the energy efficiency program provider industry an opportunity to propose successful programs that benefit SoCalGas customers and California overall.

III. GOAL

SoCalGas plans to promote a healthy and vibrant energy efficiency ecosystem in California for both large and small providers. This includes a focus on Diverse Business Enterprises (DBE) contracting practices, while supporting a smooth transition into the new energy efficiency portfolio administrative structure adopted in Decision (D.) 16-08-019.

To accomplish this goal, SoCalGas will conduct program solicitations in three phases. The first phase will commence in the second quarter of 2018 upon approval of SoCalGas' Energy Efficiency Business Plan (Business Plan). The last program solicitation phase is targeted to begin in the second quarter of 2020, to complete a minimum of 60 percent third-party programs by the end of 2020. As part of the Business Plan, various program intervention strategies and tactics were identified for potential bidders to use in their proposals as possible ways to overcome perceived market barriers to customers adopting energy efficiency solutions.[1] There are

[1] Business Plan, p. 14.

suggested program design elements identified in the Business Plan that may be key to overcoming sector challenges and improving upon the customer's overall program experience. These suggested program strategies, tactics, and design elements are provided as a resource for potential bidders. SoCalGas encourages bidders to bring forth their program designs based on program strategies and tactics they deem appropriate to address the needs of the portfolio.

In the initial phase of the Solicitation Plan, SoCalGas intends to reallocate its current third-party program budget (representing approximately 20 percent of the portfolio budget) to promote programs that are relevant based on the program portfolio needs reflected in the Business Plan. SoCalGas is not committed to offering the same programs in its portfolio, and looks forward to receiving new and/or reformed program design ideas from bidders.

Individual programs will be proposed, designed, and implemented by third-party providers based on the portfolio needs presented in the Business Plan. SoCalGas will leverage its core competencies when applicable to the program delivery in order to provide an effective engagement platform to support successful third-party program implementation.

IV. COMMISSION KEY POLICIES

D.16-08-019 requires utility program administrators (PAs) to outsource at least 60 percent of their portfolios to third-parties by the end of 2020.[2] The Commission notes in D.16-08-019: "[T]he past definition of third-party programs did not require that the third-party have input and control over program design, which has resulted in a lack of clarity about what types of activities count as 'third-party' under the existing rules."[3] As a result, D.16-08-019 clarifies that third-party programs "must be proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator."[4] While third-parties will be responsible for leading program design, the Commission recognized that "utilities may consult and collaborate, using their expertise, on the ultimate program design implemented by the third party."[5] This clarification aligns with the Commission's intention "to push the utilities to focus more on their role as determiners of 'need' and portfolio design, and less on their role as program designers and implementers."[6]

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[2] *See* D.16-08-019, p. 111 (OP 12).
[3] *Id*. at 100 (COL 20).
[4] *Id*. at 10 (OP 10).
[5] *Id*. at 104 (COL 57).
[6] *Id*. at 71.

D.16-08-019 also requires 25 percent of each utility PA's portfolio budget to be comprised of statewide programs by the end of 2020, and clarifies that all upstream and midstream programs must be delivered statewide.[7,8] The Commission also expressed an interest in D.16-08-019 to explore the feasibility of the statewide approach for downstream programs, and requested the utility PAs propose at least four downstream programs to be piloted on a statewide basis in their business plans.[9]

The Commission provided the following definition of statewide programs in D.16-08-019:[10]

- They should be consistent across territories and overseen by a single lead PA;
- They should be designed and delivered by one or more statewide implementers under contract to the lead PA; and
- They generally should not include local or regional variations in incentive levels, measure eligibility, or program interface.

In addition, the Commission clarified statewide programs could be third-party programs to the extent that they meet the new definition of third-party programs established in D.16-08-019.[11] SoCalGas intends to outsource statewide programs to the extent possible, in accordance with the definition of third-party programs.

To implement the direction of statewide programs from D.16-08-019, SoCalGas, Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) have each proposed to be the lead PA for several new statewide programs. Below is a summary of the proposed statewide programs along with the proposed Lead PA:

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[7] *Id*. at 109-110 (OPs 5 and 6).
[8] SoCalGas requested in its application that its statewide program budget requirement be limited to 15 percent, as a single fuel utility without contributions from statewide lighting or other electric-only programs. *See* Business Plan at 542-3.
[9] *See* D.16-08-019 at 110 (OP 9).
[10] *See Id*. at 109 (OP 5).
[11] *See Id*.

Lead Program Administrator	Statewide Program
PG&E	Codes & Standards • Building Codes Advocacy • Appliance Standards Advocacy
PG&E	Workforce Education & Training • K-12 Connections
PG&E	Institutional Partnership – State of California
PG&E	Institutional Partnership – California Department of Corrections and Rehabilitation
SCE	Commercial New Construction —Savings by Design
SCE	Emerging Technologies — Electric
SCE	Lighting • Primary Lighting • Lighting Innovations • Lighting Market Transformation
SCE	Institutional Partnership – University of California/California State University
SCE	Institutional Partnership – California Community Colleges
SDG&E	HVAC — Residential and Commercial Upstream
SDG&E	Plug Load and Appliance (PLA)
SoCalGas	Emerging Technologies — Gas
SoCalGas	Residential New Construction
SoCalGas	Midstream Water Heating
SoCalGas	Midstream Foodservice Point of Sale

Together with these statewide upstream/midstream programs, the Commission also directed the utilities to pilot the use of a statewide approach on four downstream programs[12] to test the use of common elements even with regional and local variations. The following are the proposed downstream programs to pilot on a statewide basis:

Lead Program Administrator	Statewide Pilot Downstream Programs
PG&E	Career and Workforce Readiness
SoCalGas	Downstream Foodservice[13]
SCE	Wastewater Pumping
SDG&E	Residential HVAC Quality Installation/Quality Maintenance

[12] *See Id*. at 111.
[13] On July 3, 2017, PG&E filed a Motion for Leave to Amend its 2018-2025 Rolling Portfolio Energy Efficiency Business Plan and Budget to remove the Indoor Agriculture Program pilot from its Business Plan. The Motion described a replacement pilot proposal, the statewide Downstream Foodservice Rebate Program, to be led by SoCalGas.

V. STATEWIDE AND LOCAL PROGRAM SOLICITATIONS

The Commission's revised third-party program definition relies on the program implementer community to propose, design, implement, and deliver programs by non-utility personnel. This new definition necessitates a program solicitation approach that provides opportunities for potential program implementers to bid on statewide and/or local programs. The proposed Solicitation Plan encourages bidders to propose programs that support achievement of the PA's energy efficiency goals and applicable metric targets while considering the future potential of energy efficiency, market trends, regulatory requirements and legislative direction. As the determiner of portfolio needs,[14] SoCalGas will identify market needs and gaps in the current program portfolio for each solicitation. This approach will allow bidders to submit proposals that meet the prescribed needs. The following description of the program solicitation strategy will apply to both statewide and local program solicitations.

Utilizing the best practices and strategies outlined in this Solicitation Plan, SoCalGas intends to procure quality services that will balance scope, methodologies, contractor expertise, and sufficient program timeframes while promoting fair pricing for the delivery of quality services for the benefit of SoCalGas' customers and ratepayers.

The sections of the proposal below will address the following areas pertinent to the success of the program solicitation: (1) coordination of statewide programs and local program solicitations; (2) outreach and training for potential bidders; and (3) program solicitation oversight through SoCalGas' Energy Efficiency Peer Review Group.

A. Solicitation Types

The utilization of either a single or a two-stage program solicitation as described herein will allow flexibility for the lead PAs and help meet the requirements of each program solicitation.

1. Single-stage Program Solicitation:

Request for Proposal (RFP) to the market for response, with a down selection to a smaller number of qualified bidders following scoring an evaluation of bids. Qualified bidders are asked targeted and specific questions, and provide presentations and in-person interviews to answer and clarify those questions.

[14] *See Id*. at 106 (COL 61).

2. **Two-stage Program Solicitation:**
   - **Stage 1**: Request for Abstract (RFA) is initial market submittal, with a down selection to a smaller number of qualified bidders following scoring and evaluation of abstracts.
   - **Stage 2**: RFP is submitted to the small number of identified and qualified bidders, possibly resulting in targeted questions and in-person interviews with the bidders.

B. Timeframe: Two-stage Program Solicitation - RFA/RFP

SoCalGas intends to utilize the two-stage program solicitation approach in the majority of its procurement opportunities for energy efficiency programs. Program solicitation timeframes may vary based on the type of program solicitation (e.g., statewide, local, targeted), including the allowance of sufficient time for bidders based on the complexity of the solicitation. It is anticipated, however, that most program solicitations will follow standard steps, which are outlined herein. It is important to note that these are approximate and general timeframes.

1. Pre-Solicitation Approach

SoCalGas expects to initiate program solicitations beginning in the second quarter of 2018,[15] with an estimated duration ranging from 8-12 months per program solicitation (including program implementer start-up activities, completion of Implementation Plan, and program launch). SoCalGas intends to have completed the following activities prior to the launch of the each RFA:

Identification and Outline of the Opportunity or Gap

1. Identify sector, segment, customer, etc. that will be the program's primary target
2. Identify cross-functional evaluation team members
3. Confirm Peer Review Group members
4. Create RFA template and scoring criteria
5. Create RFP template and scoring criteria
6. Receive input on RFA, RFP template and scoring criteria & weighting with Peer Review Group members
7. Develop contract template
8. Finalize all templates and criteria and weighting

[15] This timing is contingent upon Commission approval of SoCalGas' Business Plan.

C. Program Solicitation Approach

SoCalGas intends to utilize the following structure for both statewide and local solicitations. The following represents the structure which has been shared in comments[16] and at the solicitation workshop held on June 16, 2017. The elements that may be included are shown here:

Stage 1: Request for Abstract: Approximately 8-10 weeks

1. Finalize RFA draft
2. Obtain Peer Review Group input on draft RFA and finalize
3. Notification to bidders of upcoming RFA opportunity via Proposal Evaluation and Proposal Management Application (PEPMA) website
4. Release RFA via PowerAdvocate website
5. Allow potential bidders 3-4 weeks to develop abstracts
   a. Allow for bidder question and answer (Q&A) period (included in the 3-4 weeks)
6. Receive abstracts from bidders
7. Review all abstracts for compliance and completeness
8. Score abstracts using pre-determined scoring criteria
9. Receive input from Peer Review Group on scores
10. Finalize bidder selections to move to RFP stage
11. Notification to selected bidder(s) via PowerAdvocate

Stage 2: RFP: Approximately 8-12 weeks

1. Draft RFP
2. Receive internal and Peer Review Group input on draft RFP and finalize
3. Issue RFPs to selected bidders Via PowerAdvocate
4. Grant 3-4 weeks to develop full proposals
   a. Conduct bidder Q&A (within 3-4 week period)
5. Receive detailed proposals from bidders
6. Review proposals for compliance and completeness
7. Score proposals using pre-determined scoring criteria
8. Hold bidder interviews and presentations, as needed
9. Allow for internal review and Peer Review Group input on selected bidder

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[16] *See* Appendix 1 - Questions from Energy Division Guidance Document.

10. Notify selected bidder(s)

If a single stage RFP is conducted, SoCalGas reserves the right to request additional information from and/or conduct interviews with a selection of bidders following review of RFP responses.

Stage 3 Contracting/On-Boarding: Approximately 16-24 weeks

1. Conduct contract negotiations
2. Collaborate with winning bidder on enhancements to program design and delivery including coordination with preexisting programs, as needed
3. Execute contract
4. Develop draft Implementation Plan (IP)
5. Receive stakeholder input on IP (process to be determined)
6. Finalize IP and post on the California Energy Data And Reporting System (CEDARS)
7. Direct program implementer to begin on start-up activities
8. Launch program

D. Solicitation Schedule

Information compiled through collaboration with PG&E, SDG&E and SCE aided in the development and review of the Investor Owned Utilities' (IOUs') solicitation schedules. However, given the aggressive schedule to outsource both the statewide and local third-party programs to achieve a minimum of 60% of the portfolio by the end of 2020, the solicitation release dates will be individually tailored and consider the differences in service territories, portfolio needs and business plan requirements. The IOUs will continue to seek coordination in schedules, keeping in mind market and bidder participation. A combined schedule showing the proposed statewide and local solicitations by each IOU is attached here as Attachment 1 for reference.

E. Sector and Statewide Solicitations

SoCalGas will procure both statewide and local programs through competitive solicitations, utilizing the methods and strategies described herein. SoCalGas has proposed to administer the following statewide programs: Residential New Construction, Gas Emerging Technologies, Midstream Foodservice Point of Sale Rebate, Downstream Foodservice, and Midstream Water Heating programs. As the Lead PA, SoCalGas will lead the statewide solicitation effort through its two-stage approach described in Section C above. Statewide program solicitations will require significant collaboration and coordination among all funding PAs, and will draw input from relevant stakeholders. Upcoming statewide RFA/ RFPs will call for proposals to address the program's primary objectives to which the PAs will consider a variety of implementation options, including scenarios that involve one or more statewide implementers.

The following section summarizes the planned solicitation approaches for each of the five sector's statewide and local programs, including:

- Sector Profile
- Challenges and desired outcomes
- Sector annual contract budget ranges and timeframe[17]
- Program concepts and associated strategies

1. Residential Sector

Residential customers account for approximately 52 percent of the natural gas consumption among SoCalGas' customer classes. SoCalGas observes that the residential sector is entering a period of great change with new market entrants, new and innovative energy efficiency programs, and government regulations promising to reshape the market in upcoming years. The sector's long-term vision, challenges, and desired outcomes, along with the upcoming program solicitations, are presented by phase below.

Residential - Desired Outcomes	
10-year Vision: Residential energy use will be transformed to ultra-high levels of energy efficiency. All cost-effective potential for energy efficiency will be routinely realized for all residential properties and will fully integrate with other customer demand-side management options – including clean renewables – on a site-specific basis.	
Perceived Challenges	**Desired Outcome**
Whole house retrofits too costly and program offerings cost-ineffective.	Increase the customer adoption of whole house gas energy efficiency solutions.
Low participation across residential sector, especially multi-family segment.	Increase customer adoption of gas energy efficiency solutions, including behavioral-related actions, across all residential segments especially the multi-family segment.
Appliance retailers re-evaluating support for point-of-sale rebate program offering due to growing participation costs.	Increase adoption of energy efficiency gas appliances in single family and multi-family segments.

[17] These ranges do not include SoCalGas' portion of statewide programs that will be solicited by other IOUs.

Residential - Desired Outcomes	
10-year Vision: Residential energy use will be transformed to ultra-high levels of energy efficiency. All cost-effective potential for energy efficiency will be routinely realized for all residential properties and will fully integrate with other customer demand-side management options – including clean renewables – on a site-specific basis.	
Perceived Challenges	**Desired Outcome**
Diminishing returns and increasing costs are causing the residential new construction builder not to pursue above code energy efficiency.	Increase the amount of above code energy efficiency gas technologies into new homes to avoid lost opportunities.

Phase 1 - Local Program Solicitations

Local program solicitations in Phase 1 will commence in the second quarter (Q2) of 2018, after the approval of the business plans. The expected annual contract value range for local program solicitations in Phase 1 is approximately $9 - $11 million.

Residential Sector Local Solicitations - Phase 1

Program Opportunities	Segment	Potential Program Strategies
Whole Building Solutions	SF, MF	• Simplified customer program experience • Segment-specific solutions for SF, MF • Historic building training • Connection with alternate financing options (e.g., PACE) • Bundled measures • Customer Partnering • Below/ To-code savings and energy management technologies (EMT) promotion (future)
Emerging Management Technologies	MF	• Intelligent outreach • Virtual Energy Audits (behavioral and retrofit opportunities)
Direct Install - standard and comprehensive	All	• Simplified customer program experience • Segment-specific solutions for SF, MF and MH • Comprehensive deeper EE retrofits • Customer co-pay option • Standard simple/low cost EE retrofits • Assistance to customer to find alternate funds and/or On-Bill Finance (OBF)/On-Bill Repayment (OBR) to fund co-pay • Include ways to use local contractors in rural communities • Customer partnering with larger MF property owners

Program Opportunities	Segment	Potential Program Strategies
Efficient Home Rating System	SF, MF	• Simplified customer program experience • Energy Performance Rating • Sales Training & Awareness • Home Certification • Benchmarking • Coordination with Residential New Construction
AB 793 Residential Emerging Management Technologies	SF	• Segment-specific solutions for SF • Bundled Measures • Pay-for-Performance • Simplified customer program experience
Prescriptive Incentives	MF	• Segment-specific solutions for MF • Bundled Measures • Simplified customer program experience
Disadvantaged Community Outreach	All	• Simplified customer program experience • In-language communications • Energy Savings Assistance Program Coordination • Best Practice Sharing • Provide EE and other energy management solutions based on unique customer profiles

Note: SF = single family, MF = multi-family, MH = mobile home, All = SF, MF, and Mobile Homes.

Phase 1: Statewide Program Solicitations

Statewide program solicitations in Phase 1 will commence in the third quarter (Q3) of 2018, after the approval of the business plans. The annual contract budget range which SoCalGas expects to contribute towards statewide program solicitations in Phase 1 is $1 - $3 million.

Residential Sector Statewide Solicitations - Phase 1

Program Opportunities	Segment	Potential Program Strategies
Statewide Residential New Construction	SF, MF	• Support transition to Zero Net Energy • Industry Partnering • Builder collaboration throughout California

Phase 3: Local Program Solicitations

Local program solicitations in Phase 3 will commence in Q2 of 2020. The intent of the Phase 3 solicitation is to identify residential sector gaps, evaluate program successes and shortcomings from the Phase 1 solicitations and solicit new programs, if necessary. The expected annual contract value range for local program solicitations in Phase 3 is $1 - $3 million.

Residential Sector Local Solicitations - Phase 3

Program Opportunities	Segment	Potential Program Strategies
Additional Residential Programs	All	• Support transition to Zero Net Energy • Intelligent outreach • Homeowner Resale • Direct Install • Midstream Energy Efficiency • Financing • Customer Incentives • Partnering

2. Commercial Sector

SoCalGas' commercial sector represents a very large and diverse customer base with many unique customer segments. Most of SoCalGas' commercial accounts are small to medium-sized businesses, which account for approximately 67 percent of the commercial sector energy usage annually. Many of these smaller customers use gas in a manner much like a residential customer. Across most customer segments, there is a significant amount of untapped energy savings associated with potential changes in customer operations and practices. The sector's long-term vision, challenges, and desired outcomes, along with the upcoming program solicitations, are presented by phase below.

Commercial – Desired Outcome	
10-year Vision: *Commercial buildings will realize the highest natural gas efficiency levels to support a pathway to zero net energy by 2030 for all new (and a substantial proportion of existing) buildings. Innovative technologies, enhanced building design, and operational practices will dramatically grow in use in the coming years.*	
Perceived Challenges	**Desired Outcome**
Varied and unique segments with specific needs make it difficult to offer standard program that fits the needs of all customers.	Increase adoption of energy efficiency solutions by customers within untapped energy efficiency potential across all customer segments and sizes.
The commercial sector is trending towards more leased properties creating a larger split incentive barrier between owners and tenants.	Increased energy efficiency levels in commercial leased properties.
Builder confusion on how to achieve ZNE in new construction and retrofitting of commercial buildings.	Increase number of ZNE-ready buildings across most commercial segments through increased gas energy efficiency levels.
Improper HVAC replacement and maintenance of equipment limits the potential for significant energy savings.	Increase the number of properly installed and maintained HVAC systems.

Phase 1 - Local Program Solicitations

Local program solicitations in Phase 1 will commence in Q2 of 2018, after the approval of the business plans. The expected annual contract value range for local program solicitations in Phase 1 is approximately $3 - $5 million.

Commercial Sector Local Solicitations - Phase 1

Program Opportunities	Segment	Potential Program Strategies
Disadvantaged Community Outreach	All	• Target non-English speaking owners • Intelligent Outreach
Direct Install (Standard & Comprehen-sive)	All	• Provide simple/low cost EE retrofits & deeper EE retrofits • Customer co-pay for deeper EE retrofits • Assistance to customer to find alternate funds and/or OBF/R to fund co-pay • Include ways to use local contractors • Primarily focused on above-code, early retirement opportunities, but may include to-code opportunities
Segment Solutions: Office, Retail, Foodservice and Laundry Efficiency	• Office • Mixed Use • Retail • Foodservice (Leased restaurants) Laundry Solutions in following segments: • Laundry • Lodging	• Simplified customer program experience • Segment-specific solutions • Premium incentives for communities • Bundled measures tailored to unique customer groups • Pay-for-Performance incentive component for larger projects • Retro-commissioning and monitor-based commissioning (RCx/MBCx) features • Whole building approaches • Facility audits • Industry partnering • Technical assistance • Locational targeting with premium incentives

Phase 2: Statewide Program Solicitation

Statewide program solicitations in Phase 2 will commence in Q2 of 2019, after the approval of the business plans. The annual contract budget range which SoCalGas expects to contribute towards statewide program solicitations in Phase 2 is \$5 - \$7 million.

Commercial Sector Statewide Solicitations - Phase 2

Program Opportunities	Segment	Size	Potential Program Strategies
Midstream Incentives - Foodservice	Food Service	All	• Distributor incentives • Distributor training • Industry partnerships
Midstream Incentives - Water Heating	All	Small/ very small	• Distributor incentives • Distributor training • Industry partnerships
Downstream Foodservice Rebate Program	Food Service	All	• Incentives

Phase 3: Local Program Solicitation

Local program solicitations in Phase 3 will commence in Q2 of 2020. The intent of the Phase 3 solicitation is to identify sector gaps, evaluate program successes and shortcomings from the Phase 1 solicitations and solicit new programs, if necessary. The expected annual contract value range for local program solicitations in Phase 3 is \$1 - \$2 million.

Commercial Sector Local Solicitations - Phase 3

Program Opportunities	Segment	Size	Potential Program Strategies
Commercial Future Program	All	All	• Partnering • Intelligent Outreach • Technical Assistance • Strategic Energy Management • Custom Incentives • Direct Install • Midstream Energy Efficiency • Financing

3. **Industrial Sector**

The industrial sector offers an abundance of energy savings opportunities including operational changes in production processes and improvements to operations and maintenance (O&M) practices. Program strategies will be offered to customers to permanently capture these energy savings. SoCalGas will facilitate customer engagement in industrial energy efficiency programs through customer account executive relationships, facilitation of customer audits, and local outreach opportunities. Altogether, this approach enables an intelligent outreach platform which will provide implementers with customers with higher energy savings opportunities. The sector's long-term vision, challenges, and desired outcomes, along with the upcoming program solicitations, are presented by phase below.

Industrial - Desired Outcome	
10-year Vision: There will be high adoption of energy efficiency solutions across all industrial segments with particular emphasis on high adoption among smaller (<10k annual therm usage) industrial customers that demonstrate high energy efficiency potential relative to their segment and size. Industrial organizational practices and simple customer engagement with reduced customer transactional costs will facilitate the investment in and pursuit of energy efficiency solutions.	
Perceived Challenges	**Desired Outcomes**
Low adoption of energy efficiency solutions by small/very small industrial group.	Increase adoption of energy efficiency solutions by small/very small industrial group.
Complex and time-consuming process to pursue energy efficiency solutions.	Provide greater number of simple, no hassle, low cost program transactions that encourage greater customer investment in energy efficiency.
Current industrial organizational practices do not realize the benefits of energy efficiency.	Permanently modify industrial practices to have organizations naturally consider and adopt energy efficiency solutions.
Diffused industrial market makes it difficult and costly to convince diverse customer segments to pursue energy efficiency.	Increase energy efficiency adoption levels across all industrial segments.

Phase 1 - Local Program Solicitations

Local program solicitations in Phase 1 will commence in Q2 of 2018, after the approval of the business plans. The expected annual contract value range for local program solicitations in Phase 1 is approximately $2 - $4 million.

Industrial Sector Local Solicitations - Phase 1

Program Opportunities	Segment	Size	Potential Program Strategies
Small Industrial Upgrades	All	Small	• Simplified customer program experience • Focus on smaller-sized customers Segment-specific solutions • Process-related retrofits solutions • Bundled measures • Industry partnering
Segment Solutions	Food Processing	All	• Simplified customer program experience • Segment-specific solutions for food processing • Process-related retrofits solutions • Disadvantaged Community outreach • Industry partnering

Phase 3: Local Program Solicitation

Local program solicitations in Phase 3 will commence in Q2 of 2020. The intent of the Phase 3 solicitation is to identify sector gaps, evaluate program successes and shortcomings from the Phase 1 solicitations and solicit new programs, if necessary. The expected annual contract value range for local program solicitations in Phase 3 is $2 - $4 million.

Industrial Sector Local Solicitations - Phase 3

Program Opportunities	Segment	Size	Potential Program Strategies
Industrial Future Program	All	All	• Partnering • Intelligent Outreach • Small Industrial Outreach • Strategic Energy Management • Custom Incentive • Direct Install • Technical Assistance • Midstream Energy Efficiency • Financing

4. **Agricultural Sector**

SoCalGas serves agricultural customers ranging from very small family farms to large commercial outfits, including but not limited to greenhouses, wineries, dairy farms, and field crops, etc. The SoCalGas service territory encompasses the Lower San Joaquin Valley, Central Coast, and Southern California growing regions. The sector’s long-term vision, challenges, and desired outcomes, along with the upcoming program solicitations, are presented by phase below.

Agricultural - Desired Outcome	
10-year Vision: *Energy efficiency will support the long-term economic and environmental success of California agriculture.*	
Perceived Challenges	**Desired Outcome**
A considerable number of small agricultural customers lack technical and financial resources.	Substantial increase in deeper, comprehensive natural gas energy efficiency savings from smaller-sized customers.
The agricultural sector has competing priorities, which may overshadow energy efficiency.	Increase investment in natural gas energy efficiency to lower operational costs and improve competitiveness.
A diverse agricultural sector base makes it difficult to offer programs that fit the needs of all customers.	Substantial increase in natural gas energy efficiency savings among all agricultural segments.

Phase 1 - Local Program Solicitations

Local program solicitations in Phase 1 will commence in Q2 of 2018, after the approval of the business plans. The expected annual contract value range for local program solicitations in Phase 1 is approximately \$1 - \$3 million.

Agricultural Sector Local Solicitations - Phase 1

Program Opportunities	Segment	Size	Potential Program Strategies
Segment Solutions	Urban Farming and Greenhouses	All (<1 MM sqft. for Greenhouses)	• Simplified customer program experience • Segment-specific solutions for Urban Farming and Greenhouses • Process-related retrofit solutions • Disadvantaged Community outreach

Phase 3: Local Program Solicitation

Local program solicitations in Phase 3 will commence in Q2 of 2020. The intent of the Phase 3 solicitation is to identify sector gaps, evaluate program successes and shortcomings from the Phase 1 solicitations and solicit new programs, if necessary. The expected annual contract value range for local program solicitations in Phase 3 is \$1 - \$2 million.

Agricultural Sector Local Solicitations - Phase 3

Program Opportunities	Segment	Size	Potential Program Strategies
Agricultural Future Program	All	All	• Partnering • Intelligent Outreach • Technical Assistance • Customer Incentives • Direct Install • Midstream Energy Efficiency • Financing • Strategic Energy Management

5. Public Sector

Public sector customers are generally characterized as not 'profit-motivated' or as having fixed utility budgets, requiring public process on key decisions (including funding and project approval), implementing on a fiscal year rather than a calendar year and following unique purchasing guidelines. Public customers are primarily taxpayer-funded and are often subject to state mandates (executive, legislative, and other mandates). Public-service driven missions dominate secondary priorities. The sector's long-term vision, challenges, and desired outcomes, along with the upcoming program solicitations, are presented by phase below.

Public - Desired Outcomes	
10-year Vision: California's public sector will incorporate energy efficiency into their policies and practices to capture all energy efficiency opportunities throughout their facilities, thereby enabling a pathway to zero net energy.	
Perceived Challenges	**Desired Outcome**
Many public-sector customers have limited resources.	Increase adoption of energy efficiency solutions by customers that have significant energy efficiency potential to support ZNE-ready buildings.
Public sector-specific mandates (e.g., public contract code, sustainability goals, and centralized energy billing practices) create competing priorities.	Permanently modify organizational practices to have customers automatically consider and adopt energy efficiency solutions by incorporating energy efficiency into the organization's energy mandates, policies, and practices.
Public customers serving rural and disadvantaged communities are particularly impacted, demonstrated by low energy efficiency adoption levels.	Increase energy efficiency levels among public sector customers serving rural and disadvantaged communities.

Phase 1 - Local Program Solicitations

Local program solicitations in Phase 1 will commence in Q2 of 2018, after the approval of the business plans. The expected annual contract value range for local program solicitations in

Phase 1 is approximately $1 - $3 million.

Public Sector Local Solicitations - Phase 1

Program Opportunities	Segment	Size	Potential Program Strategies
Direct Install (Standard & Comprehensive)	All	Small	• Simplified customer program experience • Segment-specific solutions • Customer co-pay • Assistance to customer to find alternate funds and/or OBF to fund co-pay • Include ways to use local contractors
Tech, Policy & Planning	All	All	• Technical Assistance • Climate Action Planning Support • Green Building and Sustainability Policy Assistance
Performance and Prescriptive Incentives	K-12	All	• Pay-for-performance incentives • Whole Building Approaches
Outreach	All	All	• Target public sector customers serving rural communities • Target public sector customers serving Disadvantaged Communities

Phase 3: Local Program Solicitation

Local program solicitations in Phase 3 will commence in Q2 of 2020. The intent of the Phase 3 solicitation is to identify sector gaps, evaluate program successes and shortcomings from the Phase 1 solicitations and solicit new programs, if necessary. The expected annual contract value range for local program solicitations in Phase 3 is $1 - $2 million.

Public Sector Local Solicitations - Phase 3

Program Opportunities	Segment	Size	Potential Program Strategies
Public Future Program	All	All	• Partnering • Intelligent Outreach • Technical Assistance • Customer Incentives • Direct Install • RCx/MBCx • Financing • Strategic Energy Management

6. Statewide Emerging Technologies Gas Program

The Gas and Electric Emerging Technologies Programs (ETP) is being modified to accommodate its redesign as a statewide program pursuant to D.16-08-019. ETPs are non-resource programs designed to help California ratepayer-funded programs meet energy savings goals by identifying cost-effective measures that deliver reliable energy savings. ETP is evolving the program approach to use Technology Priority Maps (TPMs) to strategically guide research. ETP technology assessment can be the first step in initiating market transformation for efficient technologies, transforming to a codified baseline. The primary program function is to support the incubation of emerging technologies through active demonstrations and limited pilots while encouraging partnerships among technology developers, finance community and program implementers to further advance market acceptance. The Gas ETP's objectives are stated below:

Objective 1: Programs have a comprehensive set of suitable technology options for new measures.

Objective 2: PAs receive actionable market information to inform program design.

Objective 3: Technology development partners understand what measures programs need.

This cross-cutting sector's long-term vision, challenges, and desired outcomes, along with the upcoming program solicitations, are presented by phase below.

Phase 1 - Statewide Program Solicitations

Statewide program solicitations in Phase 1 will commence in Q2 of 2018, after the approval of the business plans. The annual contract budget range which SoCalGas expects to contribute towards statewide program solicitations in Phase 1 is expected not to exceed $1 million.

Emerging Technologies Statewide Solicitations - Phase 1

Program Opportunities	Segment	Size	Potential Program Strategies
Gas Emerging Technologies Program	All	All	• Develop and execute TPMs • Solicit and meet PA Request for additional market or customer research on ET Measures • Work with technology developers with <1 year from commercialization, including new technology vendors, manufacturers and entrepreneurs • Work technology developers with products <5 years from commercialization including CEC, universities and colleges

F. General Scoring Criteria for RFA/ RFP

To improve the quality of submitted proposals, the following section provides potential bidders an overall understanding of the program selection process and the general criteria that may be applied to statewide and local program solicitations. The list of criteria presented may not be inclusive nor applicable to all program solicitations.

1. Conformance/ Responsiveness

Before proposals can be reviewed and scored they must pass a review of minimum requirements. Each bid is reviewed for completeness, consistency, accuracy, and conformance with the general requirements identified in the corresponding RFA/RFP. Each of the criteria must be met to proceed to the evaluation stage.

i. Proposed Program Design

Bid proposals will be reviewed based on how well the proposed program design addresses the gaps and opportunities presented in the RFA/RFP. Applicable scoring criteria may include, but will not be limited to: review of the proposed program's process flow and work plan, market approach, outreach plan, effectiveness in generating savings and other defined outcomes, feasibility, and any applicable measurement and verification considerations.

ii. Relevant CPUC EE Policies

The review will consider how the proposal satisfies applicable Commission directives and responds to legislative mandates and other applicable government requirements.

2. Cost

i. Cost-efficiency

Bids are typically scored on how cost-efficient the proposed program can be delivered. Generally, there are two types of analyses that may be applied: acquisition cost (i.e., $/therm, $/MW and/or cents/kWh) and/or Program Administrative Cost (PAC) and Total Resource Cost (TRC) levelized costs (cost/lifecycle benefits).

ii. Cost-effectiveness

The PAs are required per the Energy Efficiency Policy Manual,[18] to present on a prospective basis a cost-effective program portfolio that meets or exceeds a threshold of 1.0 for both the TRC and PAC tests. The PAs typically extend this requirement in the bid review process. Recognizing that the Commission does not extend this policy to individual programs, and to encourage longer-term energy savings (i.e., measures/ programs that are not yet cost-effective

[18] *See* Energy Efficiency Policy Manual, p. 18.

but are expected to be in the long-term), cost-effectiveness thresholds may vary among solicitations.

Regardless of any specific threshold cost-effectiveness requirement(s) included in a solicitation, the PAs will generally require each third-party program to be cost-effective as measured by both the TRC and PAC tests. Proposed program designs that are most cost-effective will likely receive higher scores on the criterion.

3. Feasibility

i. Likelihood for Success

The proposed program is reviewed and scored for the design elements, outreach plan, and the likelihood of a positive response by the targeted customer segment(s).

4. Innovation

Program scoring may include evaluating how new or existing technologies are applied. Also, innovation can be perceived as an improvement of an existing program design and/or delivery that produces the potential for greater energy savings results, increase cost-efficient delivery and/or improved program cost-effectiveness. Innovation may also include untapped markets and spillover to measures outside of the program.

5. Capabilities & Experience

i. Program Implementation and Market Experience

Another consideration is the capabilities of the bidder. If applicable, a review of past program performance is conducted. Typically, bidders' past performances are evaluated on energy savings achieved compared to goals, and actual spending compared to budget. Additionally, the IOUs may evaluate the bidding company's size, location, and other characteristics that may increase the likelihood of success.

ii. Bidder Capabilities

Based on information requested in the RFA/RFP, the IOUs may evaluate the applicable expertise of the bidder's staff. In addition to evaluating these capabilities, the PAs will judge the bidder's commitment to staff the proposed program with those individuals who have the claimed relevant expertise and experience.

6. Diversity

i. Niche Organizations

Scoring criteria includes consideration for encouraging the growth of the contractor market and thus criteria may be established to encourage participation by a diverse set of contractors including smaller companies, firms specializing in specific markets, equipment, or other unique attributes, and entities that have not historically operated in the EE sector.

ii. Diverse Business Enterprises (DBE)

As part of the proposal requirement, a DBE commitment form is included and scored according to how the bidder will contribute to any DBE goal set by Company management. IOUs may also establish a scoring methodology that considers past performance related to DBE subcontracting.

7. Embedded Measurement and Verification (M&V)

SoCalGas is looking to third-parties to propose embedded M&V designs in their bids where applicable. After a winning bid is selected, SoCalGas will work with successful bidders to refine their proposal for embedded M&V before program launch. M&V requirements are described in the following section.

VI. PROJECT M&V REQUIREMENTS

Certain RFPs will require a project M&V plan. In such cases, the program bidder must include an M&V plan as part of the submitted proposal. The bidder's M&V plan will be reviewed for adherence with Commission's prior direction, industry standard protocols, and soundness of approach. The M&V plan must be based on energy efficiency program evaluation methods such as those described in the California Evaluation Framework[19] and the California Evaluators' Protocols.[20] These two documents include guidance on use of full experimental designs with randomized control trials (RCTs), quasi-experimental designs, billing analysis with normalized metered energy consumption data, and the International Performance Measurement and Verification Protocol (IPMVP). The Evaluators' Protocols also provide guidance on the level of "rigor" required[21] for the different types of energy efficiency resource programs, based upon factors such as the expected energy savings, the level of uncertainty about the expected savings, and whether the program will be scaled up in the future. For example, RCTs are considered an "enhanced" rigor protocol, while IPMVP Option A (use of an engineering model with collection of key data) is considered a "basic" rigor protocol.

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[19] *See* California Evaluation Framework, at http://calmac.org/events/California_Evaluation_Framework_June_2004.pdf

[20] *See* California Evaluators Protocols at http://calmac.org/events/EvaluatorsProtocols_Final_AdoptedviaRuling_06-19-2006.pdf

[21] *See* Table 1 on p. 26.

VII. AWARENESS & TRAINING

A prepared and informed bidder pool is foundational to the success of the IOUs' sector solicitations. The IOUs propose several channels for widespread notification of solicitations. Additionally, the IOUs plan to prepare and educate the marketplace for the upcoming solicitations through a series of outreach events and bidders conferences. Such support will be especially valuable to new and/or small business bidders. The IOUs will seek vendor and stakeholder feedback, and incorporate lessons learned to enhance outreach and education. Trainings will be held jointly amongst the IOUs, and recorded to provide convenient access by prospective bidders.

A. Solicitation Notifications

The IOUs plan to use several channels to notify bidders and interested stakeholders about third-party program solicitations. These channels include, but are not limited to, PEPMA, individual IOU websites, the California Energy Efficiency Coordinating Committee (CAEECC) website, R.13-11-005 and A.17-01-013 and related service lists.

B. Vendor Outreach and Training

The IOUs plan to hold a series of in-person vendor training workshops to provide prospective bidders general information on essential administrative requirements such as cyber and contractor safety requirements, insurance requirements, third-party security review and data access requirements, diverse businesses, and other basic qualifications (e.g., what constitutes an acceptable bid, and qualification process). The trainings will also include an overview of energy efficiency program-related resources and where to locate them (i.e., recent Commission decisions, IOU business plans, California Standard Practice Manual, cost-effectiveness tool (CET), etc.), and best practices in measuring savings and Evaluation, Measurement, and Verification (EM&V) 2.0. The IOUs will collaborate on the development of these trainings. In some instances, the trainings could be recorded and posted on the CAEECC website so that they are accessible at any time to all prospective bidders and/or stakeholders.

C. Bidders' Conferences

In addition to the outreach and training opportunities described above, the IOUs may offer bidders' conferences for each of the specific RFA/RFPs. In most cases, bidders' conferences will be web-based and may provide a detailed review of the specifics of a particular RFA/RFP, including milestones, dates and specific instructions for proposal submittals, questions/responses and a more detailed description of each solicitation's requirements. Additionally, the bidders' conference may detail best practices and preferred methods for responses to aid the bidders in preparing their proposals. The web-conference is typically held early in the process to allow bidders to understand the requirements of submittal and to allow them to develop any additional questions for the respective IOU during the specific RFA/RFP process.

VIII. COORDINATION AMONG PAS ON REGIONAL SOLICITATIONS

As part of the program solicitation plan, PAs will be looking for opportunities to coordinate solicitations and potentially partner on third-party programs with other utilities, such as IOUs and publicly-owned utilities, in a shared service territory. Coordination on solicitation timing with regional PAs may create opportunities for bidders to propose comprehensive programs and reduce overlapping programs in the marketplace. Partnering with other utilities to co-administer a program or set of programs can greatly improve on program effectiveness and efficiency. Mutual collaboration and coordination, as well as equitable contribution of resources and commitment are key to such program strategies. Partnering with other entities through structured arrangements is intended to: increase the number of customers adopting energy efficiency; promote deeper, comprehensive energy efficiency; simplify customer engagement; and reduce program costs through a cost-sharing partner model.

IX. PROGRAM TRANSITION AMONG IMPLEMENTERS AND IOUS

A smooth transition from one program implementer to another is essential. SoCalGas' ultimate objective is to create a transition that minimizes distribution for the customer, utility staff, implementer(s), and the ongoing program portfolio performance. There are two distinct third-party program transitions: (1) IOU implementation to new implementer and (2) preexisting third-party implementer to new implementer. These transitions will impact both statewide and local programs. The two transition types are discussed in more detail below.

A. Transition from IOU Implementation to Third-Party Implementation

While potentially a major challenge for customers, the transition from PA implementation to third-party implementation is contractually straightforward. Program implementation will be assumed by the third-party program implementer on a mutually agreed to date between the new implementer and SoCalGas. The third-party will simply assume all implementation responsibilities, including preexisting projects, as of the transition date. This transition will likely cause some customer confusion, and possibly a lack of trust with a non-utility entity in the short-term. To overcome such customer challenges, SoCalGas will work with the new implementer on specific program tactics/approaches to overcome such perceptions which may include transitional co-outreach and awareness. Additionally, to the extent possible, SoCalGas will use a "white label" approach whereby the programs will appear to be directly delivered by SoCalGas rather than a disparate set of implementers. This is likely to improve customer acceptance of implementer-delivered programs.

B. Program Transition Among Third-Party Program Implementers

The transition from preexisting to new program implementers will necessitate careful administration of both implementer contracts to realize a smooth transition period. The new contracts will be structured to protect the interests of the impacted customers and program implementers.

Depending upon the program design, it may be necessary to create a transition period that allows both pre-existing and new implementers to deliver the programs simultaneously. The duration of the transition period will depend upon the proper management of current customer projects associated with the preexisting implementer. This transitional situation is best described through the following example:

C. Background (Example)

A program performs comprehensive energy efficiency projects for medium-sized businesses. The preexisting implementer's services include potential project identification, audits, business case development and presentation, project approval, measure implementation, and M&V, as needed. Once the project is approved, implementation through M&V may take between 6 and 12months.

D. Preexisting Implementer

During the transition to a new program implementer, a timeframe is established for the preexisting implementer to complete preexisting projects. Depending upon available budget, specific projects, and other such factors, a deadline will be identified for the preexisting implementer to complete and receive approval for active projects. The preexisting contract would then be amended to allow approved projects to be completed by a set date. This phase-out would limit customer disruption during the transition to the new implementer but it will create additional effort for the PA.

E. New Implementer

Concurrently, SoCalGas will instruct the new program implementer to immediately begin their program startup activities. The new implementer would launch the new program, and likely both the new and preexisting implementers will be active in the same market. The new implementer will be allowed to approach all targeted customers and projects within the program scope except those approved preexisting projects under the scope of the preexisting implementer.

X. PEER REVIEW GROUP APPROACH

A Peer Review Group approach that is currently utilized for both third-party solicitations and EM&V maintains the Energy Division's role in providing oversight for solicitations, and is consistent with the current administrative structure. SoCalGas disagrees with the recommendation for the adoption of a Procurement Review Group (PRG) and Independent Evaluator (IE). SoCalGas contends that PRG/IE oversight, on which current electric power procurement relies, is intended for significantly larger contract values for supply-side electric utility power procurement where there is need to safeguard against a utility or its affiliate from self-selection. However, with the Commission's recent policy change to migrate program design and delivery away from the IOUs to the program implementer community, there is no potential for self-selection by the IOUs.

SoCalGas does not support the need for Commission approval of contracts for third-party programs solicited through this plan. The current Peer Review Group approach provides an opportunity to garner support from intervenors to facilitate an expedited intervenor review to allow the Commission to approve negotiated procurement contracts in short order. This is not necessary for energy efficiency program solicitations, as the Commission will have approved the PA business plans. The business plan application process allows the Commission to review and approve all budgets and corresponding expected benefits in order to protect the ratepayer's investments consistent with prior energy efficiency proceedings. The approval of the business plans provides the authority to implement future programs through the energy efficiency program provider community.

Additionally, unlike electric power procurement which seeks to procure a $/MW contract, energy efficiency program portfolios seek to procure energy efficiency programs. This program-based solicitation falls squarely within SoCalGas' standard procurement policies which provide the necessary control environment for fair solicitation for all energy efficiency programs. Furthermore, as the IOUs are required to transition at least 60 percent of their portfolios to third-party programs by the end of 2020, additional layers of oversight by a PRG/IE would only cause further delays to the solicitation process. Most importantly, there is no fact-based rationale (e.g., occurrence of unfair procurement practices in past solicitations, need for additional oversight, etc.) provided in this proceeding that would justify a PRG/IE oversight role. Thus, the proposed PRG /IE oversight function to procure energy efficiency programs adds a duplicative layer of oversight, more time delays, and an increased cost ranging between $75,000 - $100,000 per solicitation of rate payer funds.

SoCalGas strongly opposes the implementation of an IE and requests that the Commission approve the continuance of SoCalGas' current Peer Review Group process for all future statewide and local solicitations. SoCalGas' experience with the current Peer Review Group has proven to provide sufficient oversight in the evaluation of the third-party solicitation process. Since its inception, the Peer Review Group process has demonstrated SoCalGas' ability to conduct fair and acceptable competitive solicitations and bid evaluations.

However, if the Commission deems it necessary to utilize an IE with the Peer Review Group, SoCalGas requests that the IE: (1) only oversees RFPs whose budget exceeds a minimum threshold (i.e., $5 million); (2) implement the use of a standardized checklist aimed at providing feedback to the Peer Review Group on the IOU's selection process; and (3) contract directly with the IOU.

XI. SOLICITATION DOCUMENT COMPONENTS

The following represents many of the documents that may be included in each solicitation package:

a. RFP – Rules of Engagement
    1. Registration requirements
    2. Proposal submittal procedures
    3. Timelines, milestones and submittal deadline
    4. Bidders' Conference detail
b. Bid evaluation criteria – overview of criteria
c. Diverse Business Enterprise Goals and Commitments
d. Sustainability Questionnaire
e. Solicitation Requirements (as determined by opportunity, gap, sector, etc.)

Additionally, the IOUs are working together so that the overall structure of the documents and content is very similar or identical in some high-level sections, including the approach, layout and required sections for completion. The IOUs will work together so that, to the extent possible, each bidder can utilize a standard form and standard data for the bidders' company information, including company name, size, revenue, location, etc. This standardization should help the bidders with consistency and increase ease when responding to solicitations that may be issued concurrently.

The other component will be General Terms and Conditions, which are the foundation for contracts that are the result of the solicitation and negotiation process. These are individual to each IOU, but it is anticipated that the following elements will be included as part of the development:

1. Contract Budget
2. Contract Length with option for extension
3. General Terms & Conditions
4. Payment Structure
5. IP requirements
6. Key Performance Indicators
7. Annual budget and performance review

Appendix 1 – Questions from Energy Division Guidance Document

1. **If the IOUs are planning to keep a program or component/function in-house, provide an explanation and the reasons why they are not putting this program/component/function out to bid.**

   Future program in-house options will be decided based on the responses received back from SoCalGas' third-party solicitations. Individual programs must be proposed, designed, and implemented by third-party providers based on the program intervention strategies presented in the Business Plan, to qualify under the newly defined third-party requirement. In an effort to provide an effective engagement platform supporting successful program implementation by third-party providers, SoCalGas will retain the following components/functions in order to leverage its core competencies of customer engagement, data analytics, customer outreach, customer audits, rebate processing, engineering and effective contract management.[22] SoCalGas will implement a three-phase solicitation approach beginning in the second quarter of 2018 with the final solicitation scheduled to commence in the second quarter of 2020. This multi-phased approach will aid SoCalGas in determining the future of in-house program services.

2. **Provide an estimated budget for the sector solicitations at the portfolio level. These estimates should reflect the IOUs' best judgment based on the determination of portfolio need.**

Program Solicitation	Annual Contract Ranges
Phase 1: Local Program Solicitation	
Residential Sector	**$9-11 Million**
Commercial Sector	**$3-5 Million**
Agriculture Sector	**$1-3 Million**
Industrial Sector	**$2-4 Million**
Public Sector	**$1-3 Million**
Phase 1: Statewide Program Solicitation	
Res New Construction Program	**$1-3 Million**
Emerging Technologies Program	**Not to exceed $1 Million**

[22] *See* Business Plan at 35.

Program Solicitation	Annual Contract Ranges
Phase 2: Statewide Program Solicitations	
Foodservice POS Program	**$5-7 Million**
Downstream Foodservice Program	
Midstream Water Heating Program	
Phase 3: Local Program Solicitation	
Residential Sector	**$1-3 Million**
Commercial Sector	**$1-2 Million**
Agriculture Sector	**$1-2 Million**
Industrial Sector	**$2-4 Million**
Public Sector	**$1-2 Million**

3. **To the extent possible, each IOU should describe how their solicitation strategy differs from the other IOU proposals.**

A primary difference between the IOU's solicitation strategy is the proposed two-stage approach at the sector level that includes a broad RFA followed by a more defined RFP. For example, SoCalGas anticipates applying a two-stage RFA/ RFP approach focused on providing guidance on sector, segment, size and strategy. Like SoCalGas, PG&E and SCE also expect to apply an RFA stage to their solicitation process. The solicitation strategy for SDG&E relies on an RFP approach and does not include an RFA stage. The sector-level solicitation timeframes for PG&E and SCE are most aligned, while the solicitation timing for SoCalGas and SCE are staggered further out. Please refer to the IOU solicitation timeline in Attachment 1 for a detailed view of each IOU's planned solicitation schedule.

Additionally, SoCalGas proposes to use an energy efficiency Peer Review Group, rather than a Procurement Review Group and Independent Evaluator (PRG/IE), for solicitation oversight. This discussion can be found in Section X above.

4. **Identify and include a list of programs that do not count towards the 60% minimum target that will be outsourced.**

SoCalGas does not intend to resolicit all programs at once. SoCalGas aims to create a smooth, seamless transition to the new third-party structure. Solicitations will occur over three phases, that will require certain legacy programs to continue until solicitation for such programs occur. SoCalGas does not have a specific list of programs that will not be outsourced, but rather expects the portfolio to evolve as proposals are received from the third-party community.

5. **Explain how this transition to mostly third-party implemented programs/components/functions could impact the portfolio budget, particularly with respect to administrative costs.**

SoCalGas' Business Plan outlines a solicitation strategy to be conducted in three phases between now and 2020, to obtain new program designs based on the strategies proposed in the Business Plan. It is currently unknown to what extent programs selected through this effort will impact SoCalGas' budget or administrative cost. SoCalGas will monitor its administrative costs as well as other costs, including third-party program costs, by funding categories (i.e., administrative, marketing, direct implementation).

6. **Identify and include a list of the statewide programs that the IOUs intend to outsource.**

SoCalGas intendeds to outsource the following statewide programs:

- Emerging Technologies — Gas
- Residential New Construction
- Midstream Water Heating
- Midstream Foodservice Point of Sale
- Downstream Foodservice[23]

7. **Identify the advantages and disadvantages of all IOUs issuing and conducting solicitations at the same time.**

Pursuant to Decision (D.) 16-08-019, PAs will facilitate a smooth transition between existing energy efficiency program activities and the changes outlined in this decision, minimizing program disruptions and avoiding any funding hiatus for ongoing efforts or partnerships.[24] SoCalGas aims to provide a simple and clear structure to the market, and to minimize overloading the ability of vendors to respond to multiple solicitations. Considering the high volume of solicitations anticipated by all IOUs through 2020, SoCalGas believes its phased

[23] *See* Fn. 13.
[24] *See* D.16-08-019 at 112 (OP 14).

solicitation approach is more likely to facilitate a smooth transition to the new third-party model.

8. **Include a joint schedule of proposed solicitations by each program administrator (PA) for each year.**

   Please see Attachment 1 of SoCalGas' Solicitation Plan.

9. **Explain what the relevant programs will look like in 2018, since solicitations will not likely begin until mid-2018. Specifically: identify and describe the types of transition, preparation, etc. activities that are currently underway and/or scheduled to occur. Will current contracts get extended? For how long?**

   As explained in response to Question 4, SoCalGas does not intend to resolicit all programs at once. The intent of SoCalGas is to create a smooth, seamless transition to the new structure. Solicitations will occur over three phases, which will require that certain legacy programs continue until such programs can be resolicited. If the Commission determines that future solicitations will not begin until mid-2018, SoCalGas respectfully requests that current programs set to expire on October 22, 2018, be extended for one full calendar year, assuming there is no IE role added, and assuming the current procedural schedule holds (indicating Commission approval by 2017). SoCalGas requests this extension based on the following:

   a. Solicitations are expected to range between 8-12 months. A mid-2018 solicitation launch would extend SoCalGas past the October 2018 expiration date.

   b. SoCalGas does not currently utilize nor has any previous experience working with an IE. It was announced at the June 16, 2017, Solicitation Workshop that the solicitation and implementation of an IE could take at least an additional 3-6 months. If the Commission requires SoCalGas to utilize an IE, this additional time coupled with the mid-2018 solicitation start date would cause delays and potentially move the Phase 1 solicitations into 2019, making it prohibitive to complete solicitations by October 2018.

10. **IOUs should clearly explain how existing long term contracts will ramp down while the third-party proposals ramp up to meet the 60% target**.

    Please see Section VIII – “Transition from One Implementer to Another" above for further transition details.

11. **Explain how third-party programs will meet the new definition in 2018:**

    SoCalGas plans to resolicit new program strategies using the existing portfolio budget to meet the required 20 percent interim third-party requirement under the new definition.

12. **How will each program administrator ensure cohesion between their business, plan visions and strategies, and third-party designed and implemented programs?**

    Please see each sector section’s “Desired Outcome” table above for further clarification.

13. **Provide a description of the type of training/support that will or could be offered to implementers and potential bidders. Will this be offered jointly across the state? Will the training be offered year-round?**

    Please see Section VI. “Outreach & Training” above for further training/support details.

14. **Include a description of the components of the RFPs. Will program administrators develop a ‘standard’ (user-friendly) RFP template and optional add-ons, and/or one or more non-standard RFP template(s) for more unique solicitations?**

    Please see "Solicitation Type" section above for further RFA/ RFP details.

15. **Provide an estimate for how many RFPs will be issued each quarter over the next three years.**

    Please see Attachment 2, “Expanded Version of SoCalGas Program Concept Offerings for 2018-2020.”

16. **Describe how program administrators will ensure the RFPs will respond to address hard to reach communities or other segments, without direct oversight of designing programs.**

    Please see the "Desired Outcome" Tables above for each of the five sectors (Residential, Commercial, Industrial, Agricultural, and Public).

17. **Include the general scoring criteria and weighting the program administrators propose to use, to evaluate RFPs.**

    For general scoring criteria, please refer to "General Scoring Criteria" above for further details. Note: SoCalGas does not include corresponding weighting as these may differ depending on RFP.

18. **Describe the process if bids received are rejected, i.e., there is no selected bidder to implement a program. What are the steps to fill the program gaps if this happens?**

    After the solicitation process is over and no successful bidders are selected, SoCalGas will assume the responsibility of implementing programs to fill portfolio gaps until such time as a new solicitation can be offered. If no programs are offered in the interim by SoCalGas to cover these gaps, this could result in lost EE opportunities.

19. **Include a description of the additional timing/ramp up process for creating an Independent Evaluation (IE)/Procurement Review Group (PRG) process, if applicable.**

    For questions 19-23 below, please see Section X, "Peer Review Group Approach" above, discussing SoCalGas' Solicitation Plan Proposal/SoCalGas' recommendation against the PRG/IE (recommending maintenance of the existing energy efficiency through Peer Review Group structure).

20. **Explain how many IEs there would be, who holds the contract for the IE, how to ensure the IE has adequate experience in evaluating energy efficiency bids, or other relevant experience.**

    Please see response to Q19.

21. Explain what the IE would be reviewing: would they just review for compliance or would they evaluate program design?

Please see response to Q19.

22. Describe how many bids - the IE would be reviewing: should they review a sample or review all, or is there a dollar threshold? If a dollar threshold, explain why this threshold was selected.

Please see response to Q19.

23. Describe how the IOU IE/PRG process differs from the process that the CPUC currently uses for supply-side procurement.

The Peer Review Group approach that is currently utilized for both third-party solicitations and EM&V, maintains the Energy Division's role in providing oversight for solicitations and is consistent with the current administrative structure. SoCalGas contends that PRG/IE oversight, on which current electric power procurement relies, is intended for significantly larger contract values for supply-side electric utility power procurement where there is need to safeguard against a utility or its affiliate from self-selection. However, with the Commission's recent policy change to migrate program design and delivery away from the IOUs to the program implementer community, there is no potential for self-selection by the IOUs.

24. Is there a risk of a bidder getting selected in two or more different solicitations, to implement programs/serve customers located in a service area shared by an IOU and a REN or CCA? If so, how will the program administrators coordinate to eliminate or mitigate this risk?

If the bidder is selected by multiple solicitations to a serve shared territory, then SoCalGas expects the IOUs/RENs/CCA to coordinate the implementation activities and arrange for possible co-fund or a cost sharing arrangement. SoCalGas will closely collaborate with the RENs and CCAs in order to mitigate the risk of program solicitation and duplication of program solicitation.

Attachment 1

2017-2020 Solicitation Timeframes

	Description	Sector	Subsector Focus / Program Concepts / SW Program	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
JOINT	Statewide RFI	Platform	SW - Deemed Platform Support	RFI																	
PG&E	Statewide Program RFP	Cross Cutting	SW - Codes and Standards Title 24 - Phase 1		Start	End	Launch														
PG&E	Statewide Program RFP	Cross Cutting	SW - Codes and Standards Title 24 - Phase 2			Start		End	Launch												
PG&E	Open Sector RFA / RFP	Commercial	Large Office / High Tech / Regional SMB				Start		End	Launch											
PG&E	Open Sector RFA / RFP	Industrial	Food Processing / Petroleum			RFA	Start		End	Launch											
PG&E	Open Sector RFA / RFP	Residential	Single Family / Multi-Family				Start		End	Launch											
PG&E	Statewide Prog RFA / RFP	Cross Cutting	SW - WE&T Career Connections					Start		End	Launch										
PG&E	Statewide Prog RFA / RFP	Public Sector	SW - State of California Partnership					Start		End	Launch										
PG&E	Open Sector RFA / RFP	Public Sector	K-12 / Government				RFA	Start		End	Launch										
PG&E	Open Sector RFA / RFP	Agricultural	Dairies / Wineries / Breweries					Start		End	Launch										
PG&E	Open Sector RFA / RFP	Cross Cutting	C&S / WE&T / ET					Start		End	Launch										
PG&E	Open Sector RFA / RFP	Commercial	Retail / Healthcare / Hospitality							Start		End	Launch								
PG&E	Open Sector RFA / RFP	Industrial	Manufacturing						RFA	Start		End	Launch								
PG&E	Open Sector RFA / RFP	Residential	Single Family / Multi-Family							Start		End	Launch								
PG&E	Statewide Program RFP	Cross Cutting	SW - Codes and Standards Title 20							Start		End	Launch								
PG&E	Statewide Prog RFA / RFP	Cross Cutting	SW - WE&T Workforce Readiness									Start		End	Launch						
PG&E	Open Sector RFA / RFP	Cross Cutting	C&S / WE&T / ET								RFA	Start		End	Launch						
PG&E	Open Sector RFA / RFP	Public Sector	K-12 / Government									Start		End	Launch						
PG&E	Open Sector RFA / RFP	Agricultural	Greenhouses / Crop Production									Start		End	Launch						
PG&E	All Sector RFA	All	Ongoing										RFA								
SCE	Open Sector RFA / RFP	Commercial	SW - Commercial New Construction			Start		End	Launch												
SCE	Open Sector RFA / RFP	Industrial	-		RFA	Start		End	Launch												
SCE	Open Sector RFA / RFP	Residential	SW - Lighting Program			Start		End	Launch												
SCE	Open Sector RFA / RFP	Public Sector	SW - Gov. & Inst. Partnerships and Water/Wastewater Pumping				RFA	Start		End	Launch										
SCE	Statewide Prog RFA / RFP	Cross Cutting	Electric Emerging Technologies					Start		End	Launch										
SCE	Open Sector RFA / RFP	Agricultural	-						RFA	Start		End	Launch								
SCE	All Sector RFA	All	Future Targeted RFPs as Needed (per RFA results)								RFA										
SoCalGas	Local RFA/RFP	Residential	Whole Building / Residential DI / Prescriptive Incentives / Efficient Home Rating / DA Commur					Start	End	Launch											
SoCalGas	Local RFA/RFP	Commercial	DA Community Outreach / Small Commercial Standard and Comprehensive DI / Segment Solut					Start	End	Launch											
SoCalGas	Local RFA/RFP	Agricultural	Small Ag Outreach / Urban Ag & Small Green Houses				RFA	Start	End	Launch											
SoCalGas	Local RFA/RFP	Industrial	Small Industrial Upgrades / Med & Large Food Beverage Facility Upgrade					Start	End	Launch											
SoCalGas	Local RFA/RFP	Public	DA Community Outreach / DI Public Facilities / Tech, Policy & Plan Assistance / Public Perform					Start	End	Launch											
SoCalGas	Statewide Program RFP	Residential	SW - Res New Construction					RFA	Start	End	Launch										
SoCalGas	Statewide Program RFP	Non-Resource	SW - Gas Emerging Technologies						Start	End	Launch										
SoCalGas	Statewide Program RFP	Commercial	SW - Foodservice POS									Start	End	Launch							
SoCalGas	Statewide Program RFP	Commercial	SW - Downstream Food Service								RFA	Start	End	Launch							
SoCalGas	Statewide Program RFP	Commercial	SW - Midstream Water Heating									Start	End	Launch							
SoCalGas	Local RFA/RFP	Residential														Start	End	Launch			
SoCalGas	Local RFA/RFP	Commercial														Start	End	Launch			
SoCalGas	Local RFA/RFP	Agricultural													RFA	Start	End	Launch			
SoCalGas	Local RFA/RFP	Industrial														Start	End	Launch			
SoCalGas	Local RFA/RFP	Public														Start	End	Launch			
SDG&E	Statewide Program RFP	Commercial	SW - Upstream-Midstream Commercial HVAC			Start			End		Launch										
SDG&E	Statewide Program RFP	Residential	SW - Upstream-Midstream Residential HVAC			Start			End		Launch										
SDG&E	Statewide Program RFP	Residential	SW - Plug Load and Appliances			Start		End	Launch												
SDG&E	Open Sector RFP	Commercial	SMB / Direct Install			Start			End		Launch										
SDG&E	Open Sector RFP	Residential	Multi-Family and Low Income Residential				Start			End		Launch									
SDG&E	Open Sector RFP	Cross Cutting	WE&T				Start			End		Launch									
SDG&E	Open Sector RFP	Commercial	Commercial Real Estate					Start		End	Launch										
SDG&E	Open Sector RFP	TBD	IDEEA 365					Start		End	Launch										
SDG&E	Statewide Program RFP	Residential	SW - HVAC QI/QM							Start			End		Launch						
SDG&E	Open Sector RFP	Residential	EUC, Behavioral, CMPH							Start			End		Launch						
SDG&E	Open Sector RFP	Agricultural	Agriculture							Start		End	Launch								
SDG&E	Open Sector RFP	Industrial	Industrial							Start		End	Launch								
SDG&E	Open Sector RFP	Commercial	Core Commercial Programs							Start			End		Launch						
SDG&E	Open Sector RFP	Residential	Residential Lighting									Start			End		Launch				
SDG&E	Open Sector RFP	TBD	IDEEA 365									Start		End	Launch						
SDG&E	Open Sector RFP	TBD	IDEEA 365													Start					

Attachment 1

Attachment 2