Program Overview

Program Budget and Savings

1. **Program Name**

   Small Commercial Program (SCP)

2. **Program ID Number**

   SDGE4003

3. **Program Budget Table**

Costs	2021	2022	2023	Total
Administration	$728,000	$1,120,000	$1,512,000	$3,360,000
Marketing/Outreach	$546,000	$840,000	$1,134,000	$2,520,000
Direct Implementation – Non-Incentive	$2,896,872	$4,607,261	$6,228,927	$13,733,060
Direct Implementation – Incentive	$4,929,128	$7,432,739	$10,025,073	$22,387,940
Total	**$9,100,000**	**$14,000,000**	**$18,900,000**	**$42,000,000**

4. **Program Gross Impacts Table**

SCP Goals	2021	2022	2023	Total
Gross Electric Savings (kWh)	25,946,194	37,941,757	49,052,698	**112,940,649**
Net Electric Savings (kWh)	21,320,877	31,184,664	40,326,267	**92,831,808**
Gross Demand Reduction (kW)	4,427	6,527	8,538	**19,492**
Net Demand Reduction (kW)	3,627	5,350	7,000	**15,977**
Gross Gas Savings (therms)	206,892	363,325	570,354	**1,140,571**
Net Gas Savings (therms)	171,047	299,225	469,386	**939,658**

5. **Program Cost Effectiveness (TRC)**

2021	1.25
2022	1.26
2023	1.29

6. **Program Cost Effectiveness (PAC)**

2021	1.35
2022	1.36
2023	1.39

7. **Type of Program Implementer**

   Third-Party Delivered

8. **Market Sector**

   Small Commercial (non-residential customers below 20 kW, excluding commercial customers located in the Port Tidelands and non-residential customers defined as Public, Industrial, and Agricultural)

9. **Program Type**

   Resource

10. **Market Channels and Intervention Strategies**

    Downstream: Direct Install, Incentive, Finance, Audit, Technical Assistance

Implementation Plan Narrative

1. **Program Description**

   SDG&E's Small Commercial Program (SCP) delivers comprehensive, integrated energy efficiency (EE) and demand response (DR) savings to commercial customers with a total maximum monthly demand of 20 kW or less. The SCP complies with SDG&E and CPUC requirements to deliver program goals through an integrated, wholistic demand-side offering. The SCP's integrated delivery team provides full customer service and a complete EE solution through a single point of contact.

   Program Rationale: 85% of the SDG&E commercial market is defined as small, < 20 kW maximum monthly demand. To ensure these hard-to-reach, smaller customers with unique challenges are served, SDG&E specifically segmented the commercial market to place emphasis on serving these customers. This program focuses on serving small commercial customers through an open network of Trade Pros, community-based organizations, local contractors, and subcontractors. Serving SDG&E's highest volume commercial sector, this program is a critical part of SDG&E's efforts to achieve its share of California's ambitious EE and greenhouse gas reduction goals. The program also contributes to SDG&E's efforts to comply with the requirements of the California Public Utility Commission's (CPUC) D.16-08-019, which directed program administrators to transition to a majority of third-party designed and implemented programs.

   Program Objectives: The SCP's primary objective is to produce program delivery cost savings while meeting SDG&E's Business Plan goals (improve the EE penetration in the property management market, increase savings through an improved customer experience, and maximize savings and efficiency by executing new approaches). An additional objective is to increase EE adoption rate among hard-to-reach customers and in disadvantaged communities through innovations in program design.

2. **Program Delivery and Customer Services**

   Program Savings Delivery: The SCP delivers savings and streamlines participation through a variety of activities such as those listed below.

- Community blitzes
- Strategic partnerships
- Direct install and Do-It-Yourself measures
- Simplified financing
- Full-service concierge (comprehensive) approach
- Targeted marketing collateral
- Simplified energy management technologies (EMTs) with DR capabilities
- Single point of contact
- Email campaigns to re-engage customers
- Customer surveys

The exhibit below shows the strategies and tactics to streamline marketing and support the implementer in reaching the program goals.

Exhibit 1. *SCP Strategies and Tactics to Support Program Goals*

Strategy	Tactic
Build general awareness	▪ Create and launch SCP website ▪ Develop marketing materials ▪ Promote program via social media ▪ Leverage existing online presence ▪ Perform outbound telemarketing, leveraging historical knowledge of customer behavior by business type ▪ Train call center leads to provide a seamless customer experience
Deploy data analytics to improve sales	Use extensive experience with EE to prepare Energy Service Representatives (ESRs) to meet the customer and complete a sale. Use proprietary software to: ▪ Bundle measures and show the customer the benefits of implementing EE and the financial investment required ▪ Provide marketing support materials to meet the specific needs of each decision maker in the small business customer segment
Deliver a highly effective sales operation with a concierge approach through ESRs	▪ Train ESRs using the Value Selling Training Program, which explains the implementer/utility relationship, program and product benefits, turnkey service delivery, and warranty management ▪ Leverage more than 100 customer personas (created from historical projects) to personalize the business case and translate the value proposition in terms that customers from each demographic find relatable ▪ Use case studies from similar project successes ▪ Conduct in-person visits or professional sales calls using a one-touch sales approach ▪ Re-engage past customers using tailored campaigns
Offer financing solutions to remove financial barriers	▪ Offer a range of credit and financing options to support decision-making and increase enrollments ▪ Financing options, such as buying down interest rates, are paid in lieu of providing customers with cash incentives

Offer technical assistance	▪ Support customers through measure selection and adoption, equipment selection, design/scoping support, turnkey installation, etc. ▪ Technical assistance is offered in lieu of paying customers cash incentives ▪ Support with green leasing language when applicable for building owners and tenants

Reaching Customers: EE is a low priority for many small commercial customers, especially those with less than 20 kW in demand. Small businesses don't often prioritize the reduction of energy use. Further, approximately 90% of eligible SCP customers are considered Hard-to-Reach.

The implementer's marketing approach is designed to address this through tailored, specific messaging that will resonate with small commercial customers to secure sales during the first meeting. The SCP deploys a professional sales organization of ESRs, who are provided data and tools (from Table X above) in advance to overcome the three primary small business customer objections: (1) lack of upfront capital, (2) lack of time, and (3) the "unstated" belief that energy efficiency savings are not real.

Key messaging is tailored based on the customer type or "persona," and the retrofit opportunities available. Messaging is developed and modified with input from SDG&E.

The SCP leverages SDG&E-branded marketing materials and collateral in various forms, including, but not limited to:

- General program flyers
- Customized flyers (tailored to relevant business type and language)
- Personalized business cases
- Direct mailers / postcards
- Phone campaigns
- Email campaigns
- Radio campaigns
- Social media campaigns

The SCP uses an online platform that is the single pathway for customer enrollment and communication, as well as program reporting and KPI (Key Performance Indicator) tracking.

Services Provided: The SCP's concierge approach includes the following services:

- Intelligent outreach – marketing efforts tailored for cost-effective sales by using proprietary software tools
- Provide customers with a single point of contact
- Bundle EE, DR, and energy management technologies (EMTs) with support from program partners
- Act as facility manager to support equipment and contractor selection, construction management, and financing options (note: HTR/DAC customers will have an incentive add-on to minimize financial barriers)
- Financing will be offered before cash incentives, providing a path to no incentives
- Facilitate Do-It-Yourself measures

3. Program Design and Best Practices:

Strategies/Tactics to Reduce Market Barriers: The program leverages six main strategies and supporting tactics to reduce market barriers. These have been developed based on lessons learned and best practices identified through past program delivery.

Exhibit 2. *SCP Strategies and Tactics to Reduce Market Barriers*

Barrier	Strategy	Tactic
Landlord / Tenant Split Incentive **Multiple Levels of Decision Making** **Misperception of EE Value**	Transform tenant energy savings into asset value for property owners	***Property Owner/Tenant Education*** **–** Translate the value proposition to decision-makers in terms that are relatable and increase perceived value of EE (based on historic data).
		Intelligent Outreach **–** Use program software to demonstrate to property managers how similar owners have implemented EE measures and realized energy savings. Use an email campaign to educate customers on how much money they could have saved by completing projects.
Program Complexities Diminish Value **Lack of Customer Sophistication About EE**	Provide a simple, yet comprehensive, customized energy solution for this HTR (split incentive) segment	***Concierge Approach*** **–** ESRs simplify participation with tools to enroll customers during the first site visit to improve customer satisfaction, which also leads to better perceptions of the utility. Leverage intelligent outreach software tools to bundle comprehensive measures and provide turnkey delivery with quality solutions.
		Consolidate Program Services **–** Provide a single program offering for customers that would have previously been served under multiple programs.
		Maintain Trade Pros for Seamless Experience **–** Enable all qualified SDG&E Trade Pros to deliver program and continue building on successful customer relationships from implementers who are common across programs.
	Online platform facilitates cross-promotion of end-uses	***Simplify Application Process*** **–** Offer a single, streamlined application via an online platform. Allow customers to understand their EE journey. Train Trade Pros and contractors on submittal process and application fields.
		Increase Customer Access **–** Use online tools to expand customer access (for example, allow customers to perform self-audits with the assistance of an online tool to educate themselves).
		Communication Connection **–** Online platform provides clear communication path between contractors and customers. Customer surveys automatically sent from online platform to track, monitor, and improve performance. Online platform tracks contractor rankings throughout program to ensure customer satisfaction.
	Expand platform to encourage EE adoption	***Integrate Non-EE Incentives*** **–** Motivate customers through simple communication to reduce consumption during high-demand periods. Leverage EMTs with DR controls.

Barrier	Strategy	Tactic
Contractors are often single end-use focused	Ensure reliable, efficient equipment is installed with accurate savings	***Training Trade Pros/Contractors*** **–** During program launch, lead training and shadowing for Trade Pros and contractors. Hold quarterly Trade Pro trainings to cover new measure/technology implementation, best practices, and safety.
		Equipment Qualifications **–** Create an accessible product listing of Tier 1 and 2 products and host it on an online platform. This list defines measure eligibility, new equipment requirements, and supports subcontractors in equipment selection. Monitor savings to ensure accurate and claimable savings, revising workpapers when necessary.
Financial Limitations	Expand procurement vehicles and intervention strategies	***Financing and Flexible Incentives*** **–** Provide financing first, and partner with state programs, such as GoGreen. Offer flexible incentives when needed.
		Self-Service (Do-It-Yourself) Option **–** Empower customers with in-house installation capabilities to save on costs by self-installing. The SCP completes audits, procures materials, provides equipment specifications, and completes post-installation inspections before the incentive is paid.

Best Practices/Lessons Learned: The strategies and tactics listed above were designed based on lessons learned and best practices identified through past program delivery.

Software: An online platform serves as a repository and single point of access for data integration and continuous stakeholder engagement. The platform is the center for all program processes and data. It provides real-time 24/7 tracking and reporting, forecasting and goal/budget management, savings calculations, Trade Pro management, user access control, and more. It can also easily be adjusted for any policy changes that may impact savings or documentation.

The online platform reduces administrative costs and human error with an integrated, embedded QA/QC protocol.

4. Innovation

This single program combines seven innovations, enabling all customers (including HTR/DAC customers) to be served. These innovations allow SCP to cost-effectively integrate distributed energy resources (DERs) and other integrated demand-side management (IDSM) resources and to provide EE as a grid resource if needed by SDG&E.

Innovations include:

- Integrated delivery team that provides full-service support and a simplified offer to customers
- EE, DR, and EMTs to increase persistent EE savings and DR enrollments
- Online platform to track and manage all program activities, data, advanced analytics, communication, and KPIs.
- Simple, customer-friendly offer that provides path to no incentives

- Intelligent outreach using proprietary software and modeling technologies to improve results
- Do-It-Yourself option for simple measures
- Journey to Zero Net Energy – educate customers on the value and benefits of controlling energy consumption and generation

The SCP continues the iterative process to generate new innovations. As innovative practices are developed, they should be reviewed and considered for adoption in this program.

5. Metrics

An online platform tracks program processes and provides clear, detailed insight into program status by capturing the following KPIs:

- Savings (kWh, kW, therms)
- Savings to Goal
- TRC
- Budget Spent
- Savings to Budget Alignment
- Passed Inspections (overall and separated by Subcontractor)
- Customer Conversion Rate (overall and separated by Subcontractor)
- Customer Satisfaction Score (overall and separated by Subcontractor)
- % Savings and Budget Delivered to HTR/DAC
- Innovation: Deployment of EE, DR, and EMTs

6. For Programs Claiming To-Code Savings

Where to-code savings potential resides: CPUC D.17-11-006 requires that program execution lend insight into to-code savings potential. An online platform tracks and reports the specific to-code measures and savings implemented through the program by building type, segment, and geography for reporting to SDG&E. A custom calculated approach for accelerated replacement (AR) and behavioral retro-commissioning and operational BRO measures capture to-code savings.

To-code savings potential for specific equipment, building types, segments, and geography: *Equipment Types* – Heating ventilation and air conditioning (HVAC) equipment has the greatest to-code savings potential. This potential resides in deferred maintenance, change in use or occupancy from original HVAC system design, poor initial design, failed or overridden controls, and Add-On-Equipment (AOE) opportunities. For example, installing and retro-commissioning variable frequency drives (VFDs) on fans and pump motors.

Significant to-code savings potential also resides in lighting equipment. Measures include LED retrofit and replacement fixtures. Eligible to-code savings potential resides primarily in AR measures. This potential is high in these small customers. Some AOE potential resides in the installation of occupancy sensors or daylighting controls for existing lighting systems.

Building Type, Customer Segments – Small businesses are more likely to use deferred maintenance and "repair indefinitely" approaches to equipment maintenance, providing higher to-code savings potential.

Geographical Locations – To-code savings potential spans SDG&E's full territory. Inland/desert regions possess higher potential for to-code HVAC measures than coastal regions due to extreme temperatures that create high cooling and heating loads.

Barriers that prevent code-compliant equipment replacements: Barriers that prevent code-compliant replacements follow.

1. Lack of capital – Most of these small business customers do not have excess revenue to invest in their building systems and EE. This results in customers extending existing equipment life through short-term repairs and like-for-like replacements with in-stock materials. Customers may not fund EE investment due to a lack of financing options or due to reluctance to take on debt and show it on their balance sheets. Capital-intensive projects such as HVAC replacements are often costly with paybacks that exceed customers' financial criteria and payback expectations.
2. Lack of information – Customers may not have sufficient knowledge of code requirements, awareness of higher efficiency options, and estimates of avoided costs (savings) and installation costs. Owners may lack confidence in vendor/contractor savings claims. Without good information, least-efficient, lowest first-cost solutions perpetuate. Good projects may not be approved because smaller customers do not have business case options.
3. Lack of technical expertise – Smaller customers are generally not as familiar with code implications and replacement options. They are often unsure how to implement, operate, and maintain the solutions. They may be unsure how to select a product, vendor, or contractor. Customers may also have concerns about downtime during installation or how new solutions or equipment might impact their core business. This uncertainty and lack of knowledge can stall or prevent replacements.
4. Perception of risk – Customers this small do not want the installation interfering with their business and sales. They also may lack the time needed to be trained on new operation and maintenance (O&M) requirements.
5. Permits and regulations – Implementation may require permits and approval of engineering design drawings, which adds complexity, time, and cost, so the customer may be reluctant to implement those measures.

Why natural turnover is not occurring within certain markets or for certain technologies: Natural turnover does not occur due to "repair indefinitely" practices, which is when customers repair or bypass existing failed equipment rather than replacement with to-code (or higher efficiency) equipment. It is only when equipment fails beyond repair that to-code normal replacement is triggered. Equipment replacements are delayed because customers choose lowest first-cost repairs over higher-cost replacements, without consideration of operating and lifecycle costs. Repairs extend the life of the below-code equipment, keeping old, inefficient units in use. Repair Indefinitely measures are very common among small commercial customers because these customers often lack the time, awareness of higher-efficiency options and cost savings, technical expertise, and/or the

capital to invest in new technologies. Technologies in this market that aren't being replaced by natural turnover are near end-of-life packaged air-conditioning units and heat pumps, refrigeration equipment, non-Title 24 compliant thermostats, and failed HVAC controls, including VFDs and economizers.

Program interventions that would effectively accelerate turnover: The primary interventions begin with offering AR measures to capture to-code savings. By including AR measures, the program identifies and claims to-code savings and benefits. Customers are educated on to-code and higher efficiency options, as well as the associated benefits and incentives for each. The barriers that prevent to-code equipment replacements are listed below with the applicable program intervention used to overcome each.

1. Lack of capital: Flexible Incentive Model – Present customers with business case options of measure packages tailored to their financial criteria and payback expectations, when applicable. Offer customers one (or more) of the no-upfront cost financing options before incentives. The options include EE as a service, where customers are billed monthly and pay back the loan with their energy savings. This may be shown as operating expense rather than debt on balance sheets. If customers do not need financing, SCP provides technical assistance in support. Cash incentives are only offered as needed. The program offers incentives for to-code savings and motivates customers to select the highest-efficiency options through higher (tiered) incentives.
2. Lack of info: Business Case – The program educates customers on code requirements, presents measure packages that give them options to meet and/or exceed code, and shares accurate cost and cost avoidance estimates. Case studies from previous projects are shared with customers to give them confidence in the recommendations. A one-page business case is prepared and then tailored and presented to financial decision makers, if necessary.
3. Lack of time and technical expertise; perception of risk: Turnkey Options and Technical Assistance – The program offers customers turnkey options, where the customer can have a Trade Pro or program staff perform installation for the measures selected by customers. The program also provides technical assistance in the form of audits, specifications, scopes of work, bid document preparation, construction management, and turnkey proposals. Customer support is provided to design implementation strategies that avoid downtime and to train customers in O&M requirements.
4. Permits and regulations: Technical Assistance – The program provides plan review and inspection services for facilities within SDG&E's. The program supports customers, Trade Pros, and contractors with permitting processes to ensure that they can obtain approval when permitting is required.

7. Pilots

Pilots are not part of the program at this time.

8. Workforce Education and Training

Expand/initiate partnerships with entities that do job training and placement: The implementer has partnered with a firm that specializes in workforce development and training to provide

program job training and placement. In addition to this firm, implementation partners may provide training during launch.

Require placement experience for any new partners in the workforce, education, and training programs and new solicitations: New partners will be appropriately placed based on experience and certifications.

Require "first source" hiring from a pool of qualified candidates, before looking more broadly, beginning with self-certification: The SCP prioritizes employing economically disadvantaged San Diego residents in new entry-level positions for applicable roles, both for direct program staff and Trade Pros/subcontractors. This includes posting available roles to local job boards, and recruiting within local workforce development programs, training centers and community-based organizations.

Facilitate job connections by working with implementers and contractor partners and utilizing energy training centers: An online platform will allow for coordination and facilitation of implementers and contractor partners connecting. SDG&E-hosted trainings will be leveraged when applicable.

9. Workforce Standards

The SCP includes workforce standards and takes all prudent efforts to improve quality and reduce risk of lost lifecycle savings from poor installation, modification, or maintenance of EE measures.

HVAC Control Measures: The standards pursuant to D.18-10-008 are applicable. The program includes the installation, modification, and maintenance of incentivized (potentially greater than $3,000) HVAC measures in non-residential buildings by program, subcontractor, and Trade Pro staff, triggering the applicable workforce standards. When required, the program verifies that the installation team has completed and/or is enrolled in a California or federally accredited HVAC apprenticeship, completed at least five years of work at the journey level, passed an HVAC system installation competency test, received training specific to the equipment being installed, and has a C-20 HVAC contractor license from California's Licensing Board.

To further enhance quality and deliver deep, durable energy savings, the program:

- Establishes workforce standards that meet or exceed those set forth in the contract with respect to apprenticeship, journey level experience, and licensing.
- Requires and provides training that improves overall quality of installers, including subcontractors and Trade Pros.
- Requires and provides training targeted at specific measures.
- Tracks technicians for measures installed and maps measures to applicable trainings, providing valuable workforce education and training metrics.
- Performs comprehensive QA/QC, ties outcomes to specific technicians, and requires targeted, remedial training based on those outcomes.

Compliance is demonstrated and enforced throughout the program life cycle by:

- Establishing workforce standards requirements in customer applications/project agreements that are tied to incentive eligibility.
- Collecting and verifying proper worker documentation ("qualified documents").
- Retaining "qualified documents" for reporting and periodic inspection by SDG&E.

Lighting Controls Workforce Standards: The program includes the installation, modification, and maintenance of incentivized (potentially greater than $2,000) lighting controls measures in non-residential buildings by program staff, team subcontractor staff, and Trade Pros, triggering the applicable workforce standards.

The SCP:

- Establishes workforce standards for lighting controls installations requiring California Advanced Lighting Controls Training Program (CALCTP) certification where applicable.
- Requires and provides training that improves the overall quality of implementation workers across program staff, subcontractors, and Trade Pros.
- Requires and provides training targeted at specific measures proposed and implemented.
- Tracks installing technicians for measures installed and maps measures to applicable trainings, providing valuable workforce education and training metrics.
- Performs comprehensive QA/QC, ties outcomes to specific technicians, and requires targeted, remedial training based on those outcomes.

Compliance is demonstrated and enforced throughout the program life cycle by:

- Establishing workforce standards requirements in customer applications/project agreements that are tied to incentive eligibility.
- Collecting proper worker documentation ("qualified documents"); for lighting controls projects, installer certification is obtained directly from CALCTP.
- Retaining "qualified documents" for reporting and periodic inspection by SDG&E.

10. Disadvantaged Worker Plan

The program tracks and reports Disadvantaged Worker participation through an online platform, including the following metrics:

- # recruiting channels promoting access to Disadvantaged Workers
- % of job opportunities made available to Disadvantaged Workers
- % of candidates screened
- % of candidates interviewed
- % of candidates offered a position
- % of candidates hired

Additionally, the turnover and attrition (by designated classification of Disadvantaged Worker, subject to appropriate privacy considerations) are tracked. Subcontractor performance scorecards and KPIs are tracked by firm, with Disadvantaged Worker participation as a key element.

SDG&E has full visibility into this data. Reports are tailored as required to support SDG&E's portfolio reporting requirements.

11. **Additional Information**

    No additional information to provide.

Supporting Documents

The following documents are attached to the Implementation Plan. A program-level M&V plan is not included since Normalized Metered Energy Consumption (NMEC) is not part of the program at this time.

1. **Program Manuals and Program Rules**
2. **Program Theory and Program Logic Model**
3. **Process Flow Chart**
4. **Incentive Tables, Workpapers, Software Tools**
5. **Quantitative Program Targets**
6. **Diagram of Program**
7. **Evaluation, Measurement & Verification (EM&V)**

SAN DIEGO GAS & ELECTRIC

October 16, 2020

Small Commercial Program Manual

WILLDAN

Contents

Measure Eligibility Requirements

The Small Commercial Program (SCP) offers a full range of measures, including (but not limited to) LED lighting and lighting controls, HVAC modifications and controls for packaged equipment, HVAC retro-commissioning and operational measures, as well as refrigeration and hot water heating measures. The program will continue to work toward expanding the measure list and ensuring a comprehensive offering.

The program utilizes deemed and custom savings platforms to influence, calculate, and incentivize customers for energy savings. Deemed measures must have an approved workpaper or be listed in the Database for Energy Efficient Resources (DEER). Custom measures must be cost-effective and meet the criteria specified in the Statewide Custom Project Guidance Document.

Customer Eligibility Requirements

The SCP will serve all eligible, small commercial customer segments. Customers meet the eligibility requirements for the SCP if they:

- Have an active SDG&E electric or natural gas account
- Have a total peak demand of 20 kW or less across premise addresses
- Pay the Public Purpose Program surcharge on the account where the energy efficiency (EE) equipment is to be installed
- Are defined as commercial by their North American Industry Classification System (NAICS) code
- Are not located in the Port Tidelands
- Are not applying to more than one California energy efficiency incentive or rebate program for the same measure

Contractor Eligibility Requirements

In order to participate in the Program, Contractors must **meet the following eligibility criteria and** must submit proof of required license(s) and insurance as listed:

- Hold and maintain appropriate licenses required by the State of California Contractor's License Board to perform the class and type of work required, and if applicable, ensure that any subcontractors meet the same requirement.
- Hold and maintain all required City and County licenses.
- Hold and maintain all required insurances set forth by SDG&E.
- Submit a signed Participating Contractor Agreement.
- Comply with SDG&E's Drug and Alcohol policy: All employees of subcontractors and third-party companies participating in the implementation of SCP who perform work on the property of an SDG&E customer for the program must be drug- and alcohol-free while performing such work.
- Comply with SDG&E's Background Check policy: Contractors shall verify the identity and work authority of all employees who perform work on the property of a SDG&E customer.
- Meet Workforce Standards for HVAC and Lighting Controls projects.
- Attend an initial onboarding training session, as well as follow up training sessions on an ongoing basis throughout the program lifecycle.

For an initial probationary period, Contractors must successfully complete three (3) projects before approaching any other Customers with SCP incentives. Each of these initial projects will be carefully reviewed and evaluated for compliance with Program participation procedures. If any issues are found during this probationary period, or during official Program participation, the Program reserves the right to restrict project submission by contractor, or to suspend the contractor, until the issues are resolved to the Program's and Customer's satisfaction.

After a period of proven performance and customer satisfaction, Program staff may, at its sole discretion, consider the Contractor for placement on the "Preferred Contractor List," which will be used for customer referrals. Contractors must complete a minimum of two projects per year in order to remain on the Preferred Contractor List.

Contractors will no longer be eligible for participation in the Program if there are complaints about Contractor performance and problems are not resolved to the satisfaction of the Customer and the SCP administration. Contractor will also be ineligible for participation if it is determined that fraudulent misrepresentation of removed or installed equipment has occurred, or that the Program has been falsely described or represented in any way.

Additional Services

Additional services include:

- Energy Concierge Approach with Technical Assistance: Energy Service Representatives (ESRs) are equipped with tools and training to provide customers with a simplified, minimal touch Program. ESRs work closely with customers to understand their needs, decision-making process, and regulatory requirements. This individualized approach provides consistency throughout the journey, with the ESR acting as the facility manager to support with equipment and contractor selection, construction management, and financing options.
- Providing an Energy Master Plan to Customers: ESRs conduct walkthroughs of facilities and identify cost-effective efficiency measures. The master plan/energy survey details efficiency and demand response recommendations for the customer's short- and medium-term benefit, along with estimated savings, available incentives, and financing options.
- Providing Diverse Financing Options to Customers: The program assists customers with implementing energy efficiency projects by offering a variety of financing mechanisms, including loans, leases, energy efficiency as a service, and property-assessed financing options. The program also promotes SDG&E's On-Bill Financing Program for customers that qualify, along with GoGreen Financing.
- Providing an Online Platform with Simplified Application: The program's online platform provides customers and trade professionals with a single repository that tracks and manages all program activities, data, advanced analysis, communication, and key performance indicators, in an effort to reduce program complexities and improve customer satisfaction.
- Managing Turnkey Installation Services: The program offers full-service measure implementation, providing installation of approved measures to all eligible small commercial customers through a properly certified workforce.
- Managing Open Network of Trade Pros: The program provides an actively managed trade professional network, providing ongoing training on program offerings and requirements and ensuring that quality of workmanship and certain qualification requirements are met. Facilitating Do-It-Yourself for Simple Measures: For customers who opt-in, the program allows customers with in-house installation capabilities to save on costs by self-installing measures that do not require a trained electrician or plumber.
- Interface with Statewide Programs: The program continuously monitors measures offered and proposed to be offered by Statewide programs to be aware of potential overlap and offerings are adjusted, as necessary. Program staff is trained on Statewide programs and refer customers to programs that could benefit them.
- IDSM Services in Addition to the EE Budget: IDSM services are tailored to this small customer class and focus on solar and battery storage. The program also offers customers a seamless route to implementing

demand response by deploying automated demand response-enabled, NMEC-compatible energy management technologies and leveraging existing demand response programs.

Audits

The program performs in-person audits to determine the recommendations for each site.

Audits are comprehensive and include EE measures and distributed energy resources. The program's team and its partners and subcontractors perform the audits. During mandatory trainings, all partners and subcontractors learn how to identify good candidates for the program offerings during an audit.

Program Quality Assurance Provisions

Program success and customer satisfaction are rooted in adherence to our quality assurance procedures. Due to the project size and delivery method (a majority of forecasted savings delivered through direct install or deemed channels), the program's quality assurance and quality control (QA/QC) procedures verify accuracy and completeness of documentation and record errors and corrections. The implementer's experienced partners will continue to improve program QA/QC processes and tools. Partnered firms will oversee tool development for the Custom Review Guidance Document, review checklists for early screening, and application and installation reports. These firms will assess program-level performance.

Additionally, QA/QC tools are built into an online platform and follow a four-step process: (1) Early Screening, (2) Application Review, (3) Post-Installation Review, and (4) Feedback and Refinement. Each step has a checklist that must be completed before advancing to the subsequent step.

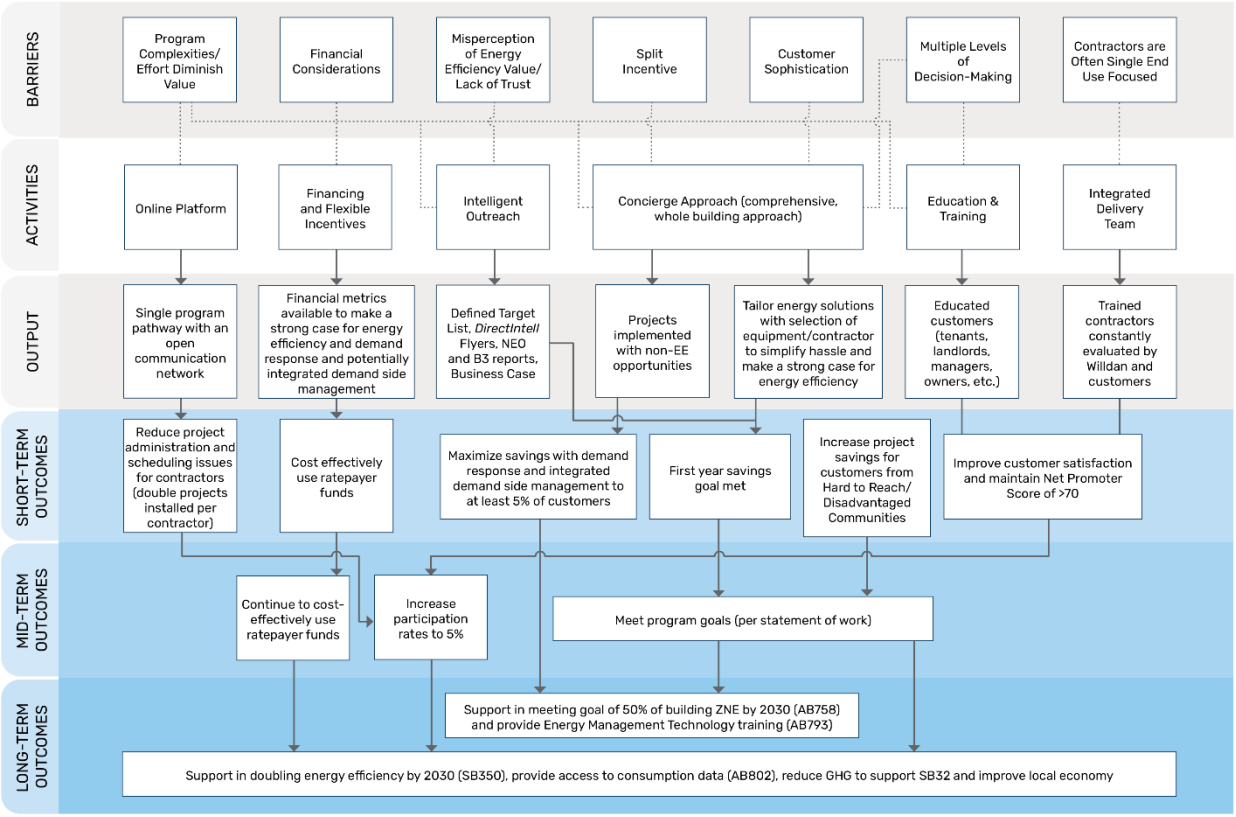
Other Program Metrics

An online platform tracks the following data points and KPIs:

- Gross kWh Annual and Lifecycle Savings
- Net kWh Annual and Lifecycle Savings
- Gross kW Annual Lifecycle Savings
- Net kW Annual Lifecycle Savings
- Gross therm Annual Lifecycle Savings
- Net therm Annual Lifecycle Savings
- Project and Program TRC Ratios
- Budget Spent
- Budget Allocated
- Inspection Fail Count/Rate
- Number of Customers in Each Status/Phase of Project (contacted, lead, enrolled, etc.)
- Customer Satisfaction Survey Results
- Forecasted Savings and Budget (monthly, quarterly, annually)
- Number of Customers Served in HTR/DAC
- Savings Forecasted and Delivered in HTR/DAC

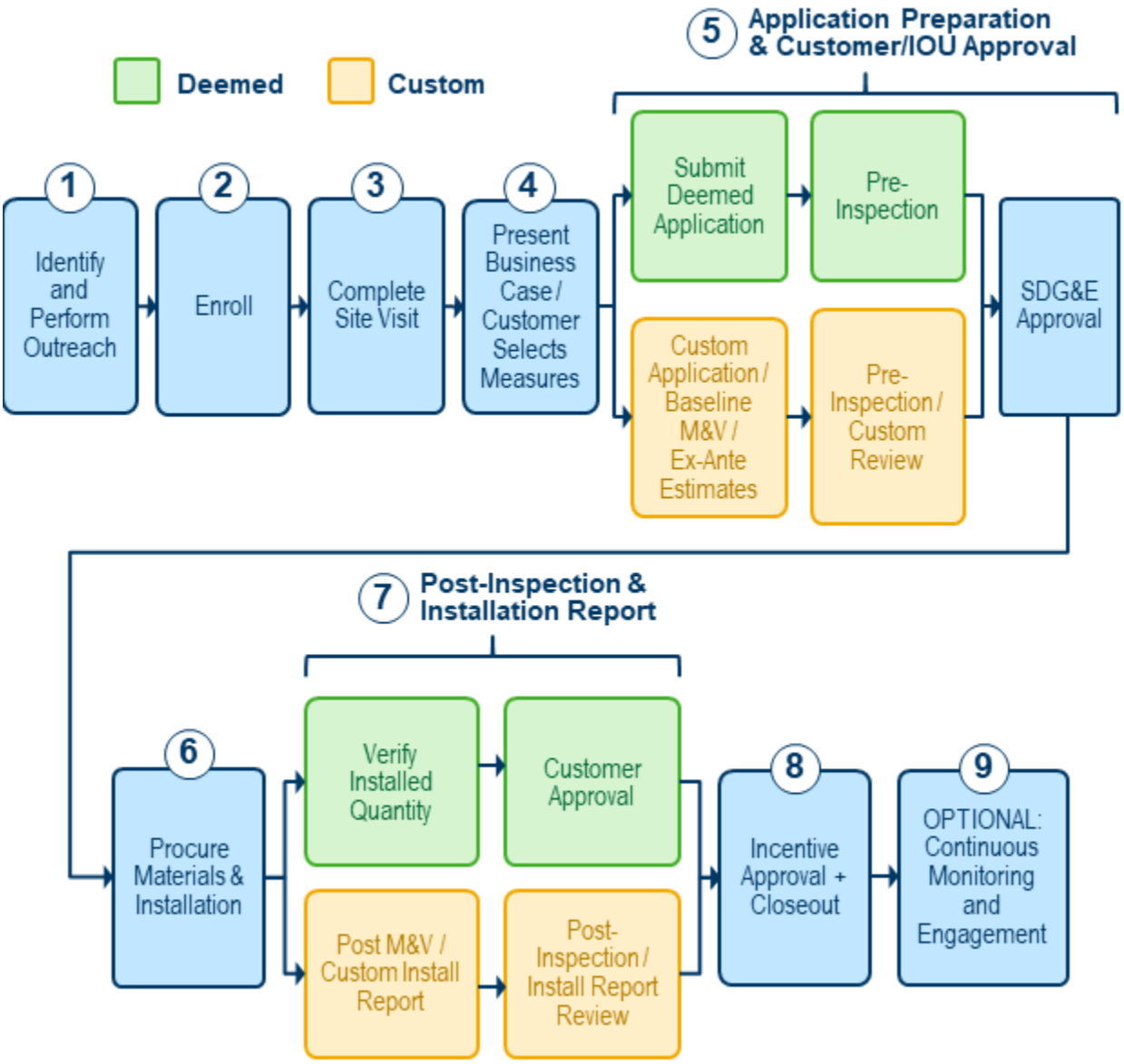
Program Theory and Program Logic Model

The program theory is to increase energy efficiency and IDSM adoption rates in small customers. The activities listed in the Program Logic Model below lead to outputs and short-term, intermediate, and long-term outcomes.



Process Flow Chart

A typical project in the Small Commercial Program (SCP) will include the following major steps:



1. **Step 1 – *Identify and Perform Outreach*.** Implementer or Trade Pro uses the qualifying list to identify and prioritize customers and also performs pre-marketing by sending flyers/mailers.
2. **Step 2 – *Enroll*.** Implementer or Trade Pro enrolls customer; application and CISR form (if necessary) are signed.
3. **Step 3 – *Complete Site Visit*.** Implementer or Trade Pro performs site visit, gathers site data, and identifies customer barriers along with potential measures. This is often performed at the same time as enrollment (Step 2).
4. **Step 4 – *Present Business Case*.** Implementer or Trade Pro presents the list of recommended measures, report of findings (savings, costs, detailed measure descriptions), along with the technical services, financing options, and/or incentives offered. Customer's specific decision-making needs are addressed during presentation of the business case. Customer selects measures for implementation.
5. **Step 5 – *Application Preparation and Approval*. For** Deemed projects, customer approves application triggering internal pre-inspection when required. For Custom projects, Implementer or Trade Pro prepares a report, which includes M&V data (measurements and trending) and Ex Ante savings calculations. Submittal of report and supporting documents triggers review and a pre-inspection, if required. Applications are approved by SDG&E prior to implementation.
6. **Step 6 – *Procure Materials, Schedule and Complete Installation*.** Upon SDG&E approval of the project, Implementer or Trade Pro procures materials and schedules and completes installation. Implementer or Trade Pro approves equipment specifications and provides on-site staff with appropriate training and support. Implementer or Trade Pro may chose to subcontract the labor portion of the installation to qualified subcontractors. When appropriate, Customer self-installs measures via a Small Business Do-It-Yourself (SBDIY) approach.
7. **Step 7 – *Post-Inspection and Installation Report*.** For Deemed projects, Implementer verifies installed quantities, obtains invoices, and obtains customer sign-off on Installation Report. For Custom projects, Implementer verifies post-operating conditions, performs post-installation trending, completes the Installation Report, and obtains customer sign-off. This triggers SDG&E post-inspection and Installation Report review.
8. **Step 8 – *Incentive Approval and Closeout*.** Implementer completes or works with Trade Pro to complete the incentive process, updating all documentation for SDG&E. Incentive, as applicable, is paid to the Customer, Implementer or Trade Pro.
9. **Step 9** (Optional) **– *Continuous Monitoring and Engagement*.** If applicable, when EMTs are installed.

Incentive Tables, Workpapers, Software Tools

All incentives will be determined by a flexible incentive calculation and are dependent on installed project savings. Many of the offerings will have numerous values for the incentives based on the implementation method, savings derivation and if the project is HTR/DAC. Incentive caps are applied as shown in the figure below.

Incentive Types	Eligible Cost	Incentive Cap
Normal Replacement (Code/ISP Baseline)	Incremental	100% of Incremental Cost
Add-on Equipment, Accelerated Replacement, Behavioral Retro-commissioning or Operational (Existing Baseline)	Gross	50% of Gross Cost
Prescriptive Rebate	Gross	100% of Gross Cost

The following table provides a summary of potential deemed measure offerings and associated workpapers. Custom offerings include any cost-effective measures not eligible under the deemed platform.

Measure	Workpaper
Bare Suction Line Insulation	SWCR010
Convection Oven	SWFS001
Conveyor Oven	SWFS008
Economizer Repair	SWSV005
Enhanced Ventilation for Packaged HVAC	SWHC023
Faucet Aerator	SWWH019
Floating Head Pressure Controls – Multiplex Refrigeration System	SWCR007
Fryer	SWFS011
Griddle	SWFS004
Heat Pump Water Heater	SWWH014
Hot Water Boiler	SWWH005
Hot Water Pipe Insulation	SWWH017
Hot Water Tank Insulation	SWWH018
HVAC Occupancy Sensor for Classroom	SWHC012
Ice Machine	SWFS006
Insulated Hot Food Holding Cabinet	SWFS007
Interior LED Ambient Fixtures and Retrofit Kits	SWLG012
Interior LED High/Low Bay Fixture	SWLG011
Interior LED T8 4-foot Lamp	SWLG009

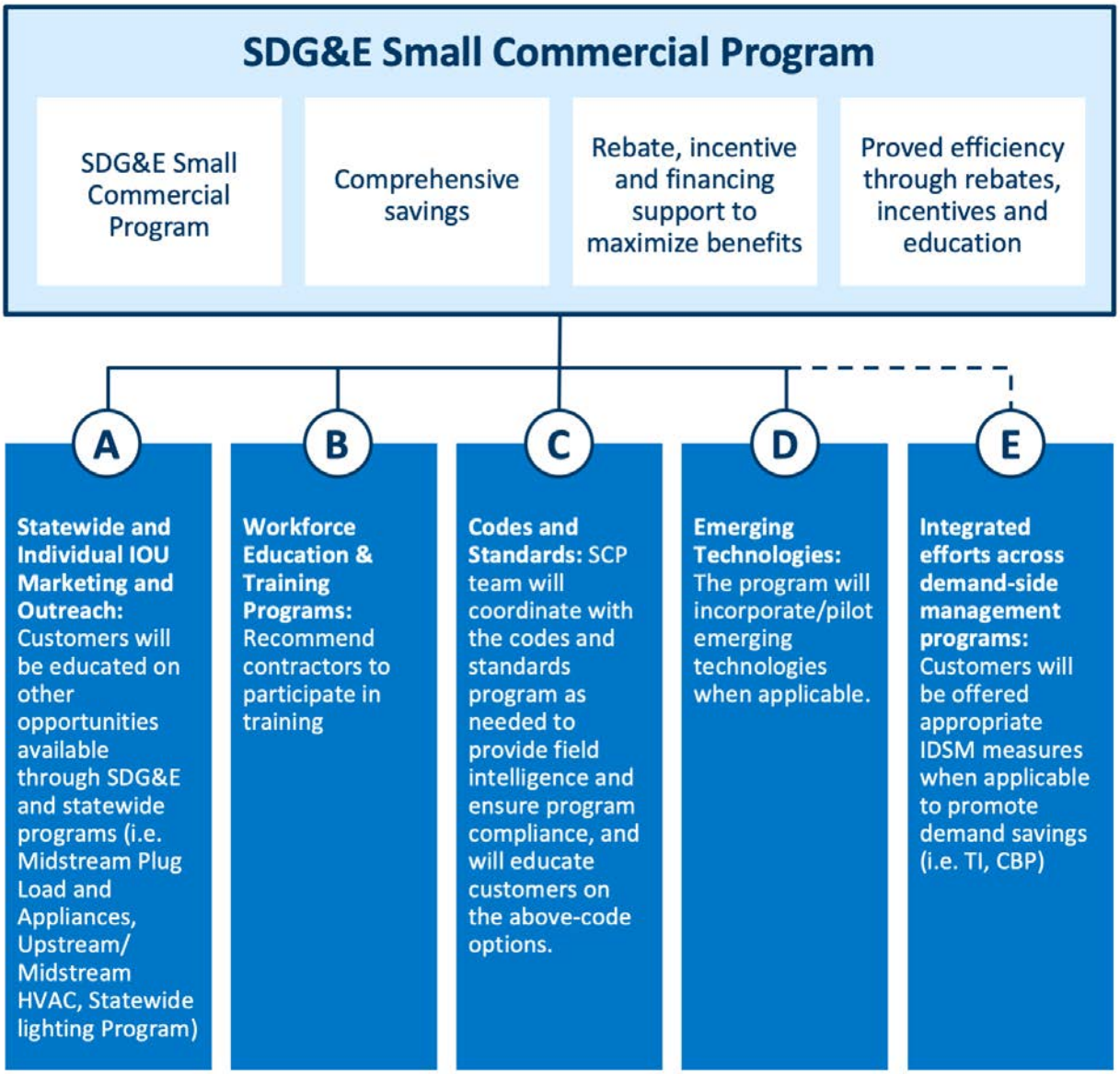
Measure	Workpaper
Laminar Flow Restrictor	SWWH004
Low Flow Showerhead	SWWH002
Low-Flow Pre-Rinse Spray Valve	SWFS013
Low-temperature Display Case Doors with No Anti-sweat Heaters	SWCR002
Ozone Laundry System	SWAP005
Package Terminal Air Conditioner/Heat Pump, Under 24 kBtuh	SWHC027
Pool Cover	SWRE001
Process Boiler	SWWH008
Rack Oven	SWFS014
Reach-In Refrigerator/Freezer	SWCR018
Refrigerant Charge Correction	SWSV002
Space Heating Boiler	SWHC004
Special Doors with Low/No ASH on Low Temp Display Case	SWCR001
Steam Trap	SWPR003
Steam/Convection Combination Oven	SWFS003
Steamer	SWFS005
Storage Water Heater	SWWH007
Tankless Water Heater	SWWH006
Variable Speed Drive for HVAC Fan Controls	SWHC018
Vending and Beverage Merchandise Controller	SWAP011

Quantitative Program Targets

Year	2021	2022	2023	Total	Reference
Total Customers Served	2,170	3,330	4,500	**10,000**	SDG&E Advice Letter 3585E
Hard-to-Reach (HTR) Customers Served	1,953	2,997	4,050	**9,000**	SDG&E Advice Letter 3585E
Disadvantaged Community (DAC) Projects	314	482	652	**1,448**	SDG&E Advice Letter 3585E
Incentives Delivered[1]	$4,929,128	$7,432,739	$10,025,073	**$22,386,940**	Implementation Plan – Program Budget Table

[1]*Incentives delivered include materials, installation labor, turnkey services, project management, etc.*

Diagram of Program



Evaluation, Measurement & Verification (EM&V)

EM&V and Quality Assurance Plan Overview

Willdan is committed to providing quality program delivery and meeting SDG&E customer needs, compliant with SDG&E and CPUC requirements and Statewide guidance. The Small Commercial Program's (SCP) Online Platform integrates project and program management, providing a platform for sharing information with all stakeholders. The Quality Assurance/Quality Control (QA/QC) procedures were developed and will be overseen by a team of industry experts, with emphasis on continuous improvement in response to QA/QC metrics, cost-effectiveness tracking, and ever-changing legislation, regulation and technologies.

Willdan developed and will employ our Online Platform to track project and program level QA/QC metrics, provide visibility to project and program data, and enforce QA/QC procedures.

Quality Assurance Plan (QAP) Features

The QAP has the following features:

Oversight by Industry Expert Partners: Third-party program partners oversee QA/QC training, review tool development and execution of QA/QC procedures, as well as provide full process review and analysis of program level metrics for Key Performance Indicators (KPIs).

QA/QC Process Review Tools: Third-party program partners will oversee development and continuous improvement of QA/QC review documents, consolidating guidance from various sources, and QA/QC checklists, refined from the existing CPUC checklist.

Early Screening: Willdan justifies measure eligibility, influence, measure application type, and other measure attributes, and then screens for project cost effectiveness prior to submittal of application. Willdan may opt to send completed Early Screening documents to SDG&E for approval prior to completion of Pre-Installation reports.

Enforcement, Documentation and Transparency: The Online Platform enforces QA/QC procedures, requiring sign-off of review checklists by senior-level engineers before project advancement. The Online Platform provides visibility to submittals and QA/QC documentation and tracks QA/QC metrics.

M&V Plans: Custom projects require development and execution of M&V plans, compliant with the most current versions of the Statewide Custom Project Guidance Document, LBNL site Level Technical Guidance and International Performance Measurement and Verification Protocol (IPMVP).

Customer Satisfaction: The QAP reduces review times and errors, preventing erosion of savings and incentives with the aim of satisfying SDG&E customers.

Continuous Improvement: Feedback of our QA/QC metrics will be used to revise our review tools and guidance documents as well as targeting training of Willdan engineers and Trade Pros.

Data Collection and Management to Support EM&V

The SCP Online Platform is the core of the data collection plan. It centralizes data collection and streamlines analysis and program/project management. It provides program stakeholders with instant visibility into program activities and performance.

Exhibit A. Data Collection Plan

Ability to Obtain Data - Willdan and Trade Pros obtain data during customer interactions and **quickly submit to the Online Platform,** where it is analyzed and **available real-time**.

Exhibit B. Data Collection – Activities, Milestones, Data, and Source

Activity/ Milestone	Summary of Data Required	Source
(a) **Program Management**		
Targeting	Contact information, account information, segmentation and benchmarking	**SDG&E** provides customer data **Online Platform** benchmarks
Outreach	Decision-maker, language, baseline equipment, documentation of influence	**Willdan and Trade Pros** gather by phone, email, in-person
Project Scope Definition	Equipment, savings calculations, financing/incentives	**Willdan and Trade Pros** create from audit
Project Installation	Permits, spec sheets, schedule/status, close-out	**Willdan and Trade Pros** submit
QA/QC	Pre-/post-installation inspection results, photos, verified savings, engineering review	**Willdan** engineering reviews/approves
Invoicing	Documentation, installed scope, pricing	**Willdan** submits invoice
Delivery Team Performance	Installation time/quality, inspection results, Voice of Customer (VOC) results, workforce data	**Willdan** evaluates delivery, submits data **Customers** complete/submit VOC **Online Platform** reports
(b) Milestone Accomplishment		
Cost- Effectiveness	CET file, TRC for installed projects	**Willdan** screens project TRC, runs CET file for program
Energy Savings	Verified savings for installed projects	**Willdan and Trade Pros** submit/update projects, **Willdan** updates savings
Forecasting Accuracy	Forecasted, committed, delivered projects/savings by quarter	**Willdan** forecasts/updates

Activity/ Milestone	Summary of Data Required	Source
Customer Satisfaction	VOC results, NPS	**Online Platform** sends VOC, compiles results **Customers** complete/submit VOC
Project Comprehensiveness	# Projects with measure types	**Willdan** updates
Safety	ISNetwork results	**ISNetwork** **Willdan** completes, uploads score
Engineering Quality	Unadjusted/adjusted savings	**SDG&E** notifies Willdan **Willdan** tracks return/resolution
Data Quality	# Invoices/projects submitted to SDG&E, # with data issues	

Analysis, Monitoring, and Continuous Improvement. The Online Platform harnesses artificial intelligence and proprietary algorithms to continuously analyze data and detect trends. It translates these into dashboards, showing progress toward program goals/milestones as KPIs.