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Implementation Plan - Industrial Energy Partners (IEP) Program

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Prepared By
CLEARResult

Table of Contents

Program Overview	3
Program Budget and Savings	3
1. Program and/or Sub-Program Name	3
2. Program / Sub-Program ID Number	3
3. Program / Sub-program Budget Table	3
4. Program / Sub-Program Gross Impacts Table	3
5. Program / Sub-Program Cost Effectiveness (TRC)	3
6. Program / Sub-Program Cost Effectiveness (PAC)	3
7. Type of Program / Sub-Program Implementer	3
8. Market Sector(S)	3
9. Program / Sub-Program Type	3
10. Market Channel(S) and Intervention Strategies, Campaign Goals, and Timeline	3
Implementation Plan Narrative	3
1. Program Description	3
2. Program Delivery and Customer Services	4
3. Program Design and Best Practices	5
4. Innovation	7
5. Metrics	8
6. For Programs Claiming To-Code Savings	9
7. Pilots	10
8. Workforce Education and Training	10
9. Workforce Standards	10
10. Disadvantaged Worker Plan	10
11. Additional Information	11
Supporting Documents	11
1. Program Manuals and Program Rules	11
2. Program Theory and Program Logic Model	11
3. Process Flow Chart	13
4. Incentive Tables, Workpapers, Software Tools	14
5. Quantitative Program Targets	16
6. Diagram of Program	17
7. Evaluation, Measurement & Verification (EM&V)	17
8. Normalized Metered Energy Consumption (NMEC)	18

Program Overview

The Industrial Energy Partners (“IEP”) Program (“Program”) will advance energy efficiency in the industrial sector and empower SoCalGas’ eligible industrial customers to better manage their facility energy use resulting in energy savings.

Program Budget and Savings

1. PROGRAM AND/OR SUB-PROGRAM NAME

Industrial Energy Partners (IEP) Program

2. PROGRAM / SUB-PROGRAM ID NUMBER

SCG3943

3. PROGRAM / SUB-PROGRAM BUDGET TABLE

Please refer to the California Energy Data and Reporting System (CEDARS) for the following program details.

4. PROGRAM / SUB-PROGRAM GROSS IMPACTS TABLE

Please refer to the California Energy Data and Reporting System (CEDARS) for the following program details.

5. PROGRAM / SUB-PROGRAM COST EFFECTIVENESS (TRC)

Please refer to the California Energy Data and Reporting System (CEDARS) for the following program details.

6. PROGRAM / SUB-PROGRAM COST EFFECTIVENESS (PAC)

Please refer to the California Energy Data and Reporting System (CEDARS) for the following program details.

7. TYPE OF PROGRAM / SUB-PROGRAM IMPLEMENTER

Third party delivered

8. MARKET SECTOR(S)

Industrial

9. PROGRAM / SUB-PROGRAM TYPE

Resource

10. MARKET CHANNEL(S) AND INTERVENTION STRATEGIES, CAMPAIGN GOALS, AND TIMELINE

Downstream; Incentive, Finance, and Technical Assistance.

Implementation Plan Narrative

1. PROGRAM DESCRIPTION:

The IEP Program will provide energy efficiency services, technical assistance, and incentives to the industrial sector within the SoCalGas service territory. The Program will target textile, wood, paper, mining, aerospace, machinery, asphalt, cement, minerals, metals, and plastic subsegments using a downstream market approach and leveraging the Custom and Deemed savings platforms to deliver cost-effective energy savings.

The primary objectives informing the program design are:

- Increase the cost-effective savings achieved in the industrial sector.
- Provide industry-specific technical support for customers and establish strategic partnering with selected manufacturers and trade allies.
- Support long-term energy efficiency planning and continued customer engagement to maximize savings delivery.

2. PROGRAM DELIVERY AND CUSTOMER SERVICES:

The Program will deliver downstream energy savings through the following energy efficiency calculation platforms:

1. Deemed
2. Custom calculated

Customers may leverage On-Bill Financing or third-party financing where available. Customers will be identified and funneled into the appropriate platform based on their individual needs, savings opportunity, and efficiency goals.

Customer Outreach:

The Program will leverage multiple customer outreach strategies to drive awareness of energy efficiency offerings and engagement. This includes a data-driven analysis of savings potential and past participation paired with qualitative information on the customer decision making processes and market pressures to determine the best candidates for outreach. Based on this analysis the Program will reach out to customers directly with marketing messages and direct account management. The Program also will work with industry organizations and vendors to drive awareness of the offering.

Direct customer outreach will be the key tactic to drive customer participation. The Programs' outreach and account management team will focus on face-to-face meetings, email, and phone calls to create and sustain relationships and drive Program adoption. The strategies outlined below will be continuously built upon by the outreach team as the account managers continue to engage deeper in the market. Regular reviews will be conducted of these resources to assess relevance, and to make sure there are adequate resources to drive the desired results.

Lead generation will come from a variety of sources including:

- Direct to customer marketing
- Program and SCG Account Executives
- Manufacturers, distributors and vendors serving these segments
- Industry and trade organizations

Prospective customers will be contacted and introduced to the program at a high level to gauge their interest and business needs. Collateral, which is specific to the customer's need, will be used to educate the customer about the benefits of participation and help them identify best-fit solutions for their business. The account managers will ensure that customers are supported as they move through the program. The Program will focus on customer satisfaction as repeat participation and word-of-mouth are key program savings strategies.

The Program team will be able to speak to other programs and opportunities that support the sustainability goals of customers in these sectors. This will help eliminate customer confusion about multiple program offerings and will coordinate with existing statewide and local government programs to avoid overlapping customer outreach activities.

Support Tactics:

Other marketing tactics that will support customer lead generation and account management include:

- **Collateral:** Sector specific educational materials that convey the energy and non-energy benefits associated with custom projects and other offerings. These materials will educate customers about the long-term benefits of energy efficiency, available incentives, and other programs that may help. Program collateral will include:
 - Program overview
 - Industry specific info sheets
 - Measure specific info sheets

- **Case Studies:** Descriptions of specific projects that have been implemented by customers in California will be a key tool for account managers to use in encouraging customers to participate. Case studies will be developed on a wide variety of measures and industry types to equip the outreach team with specific examples of completed projects to show customers.
- **Trade Associations:** Trade associations are trusted partners in the business community and provide another avenue for reaching target sectors. CLEARResult will reach out to local trade associations and business leader groups to raise program awareness.

Services Provided:

- **Dedicated Energy Advisors** provide personalized attention, follow-through, and assistance in identifying solutions that meet customers' needs, budget, and levels of readiness for change.
- **Facility Audits:** Targeted facility audit to provide a peripheral view of the facility and operating systems to assist in development of a list of potential measures and opportunities. Identifying a comprehensive "suite" of measures to promote significant and long-lasting energy savings at industrial facilities consistent with the CPUC's policy focus on net lifecycle savings through its long-term engagement and highly technical approach to industrial specific processes.
- **Technical Assistance:** The Program will offer technical assistance to customers to help them understand the full scope of available resource conservation options and guide customers through the process from project identification to completion.
- **Financing:** Integrated financing options provided to reduce the need for capital investment in energy efficiency measures.
- **Incentives:** Financial incentives provided to off-set the costs of energy efficiency measures.

3. PROGRAM DESIGN AND BEST PRACTICES:

Program Design:

This Program design focuses on the industrial customers' perspective and the relationship between energy efficiency measures and productivity in key industries. The program will leverage its engineering and account management teams to understand the customers' processes and production goals to better assist them in identifying opportunities to save energy and optimize their outputs. The Program will:

- Combine incentive and financing resources to reduce costs, align with benefits, and reward savings.
- Carefully consider customer journeys and value propositions, tailored to support varied customer decision networks, make participating simple and attractive.
- Form meaningful links between energy savings and internal priorities, such as increased production or employee retention.
- Reduce complications associated with vetting and approving new products for incentives through our expert engineering analysis of market opportunity and strong regulatory presence and relationships.

The Program will tailor the customer experience based on the individual needs and goals of each customer: technical support through industry specific engineers, customizable tools, partner services, and best practices informed by insights from other programs targeting similar customer segments. The close engagement with each customer will foster the ability to guide them towards the participation track best suited to their organizational structure and goals – from more straightforward deemed measures to highly technical custom measures.

Following the initial customer engagement, The Program will match them with a dedicated energy advisor who will provide ongoing support, guidance, and follow-up communication throughout their participation experience. Additionally, this initial engagement will be used to schedule and perform a Facility Assessment tailored to the customer's size and potential, and determine the track (custom or deemed incentives) best suited to identified project opportunities.

Understanding that the local workforce represents a key customer touchpoint, The Program will provide trade allies with the strong, comprehensive tools and training they need to help customers navigate the decision-making process and drive project adoption. The Program will leverage this network to utilize our established best practices in program ally outreach and

engagement to convey the benefits of relevant energy-efficient measures, best practice installation guidelines, and SCG-specific requirements.

Market Barriers:

While these markets, and their sub-markets, are different in many ways, industrial customers face many challenges in participating in energy efficiency programs. Many have challenges understanding how best to evaluate and implement cost-effective energy efficiency improvements due to limited bandwidth and/or hesitation to adopt new technologies. In addition, customers in these segments have unique operations and variable conditions driving complexities in program ease of use, business priorities, opportunity identification, and value quantification. Due to competing priorities for resources within a customer’s business, it is a challenge to gain the attention of key decision-makers without having a succinct and proactive energy efficiency strategy that will bring financial and operational benefits to a customer immediately and in the years to come. Improving the efficiency of the equipment and processes driving their business is often not the priority of the facility staff. The unique needs of some customers will necessitate a deeper level of support and engagement to ensure successful project completion. Our target customers therefore require high-touch engagement to keep EE opportunities relevant and top of mind.

The Program includes strategic interventions to solve persistent barriers to industrial customer participation, including:

- Financial constraints inhibiting pursuit of large equipment or system upgrades – including complex internal capital expenditure authorization requirements, limited budget for energy efficiency work, and a fixed budget cycle that requires project planning years in advance – can be addressed through a robust incentive structure and integrated financing.
- The complex decision-making matrix and internal processes, unique to this segment, can be more effectively navigated using IEP’s holistic participant engagement approach.
- Participants may be aware of operational inefficiencies but not understand the link between diverted energy waste and available incentives, which the program will establish through upfront technical analysis, initial quick-win incentives, and frequent communication regarding incentive status.
- Lack of confidence in incentive availability or understanding of requirements to obtain funding leading to low participation and skepticism of the process. This is addressed through early establishment of program influence, proven project development protocols and clear and transparent communication.

Table 1 below details how The Program will minimize the barriers of participation.

Table 1. Market Barrier, Risks, and Risk Management Strategies

Market Barrier	Risk	Risk Management Strategies
Financial risks around measure performance and equipment downtime	<ul style="list-style-type: none"> • Decision-makers choose to install cheaper, less efficient equipment with shorter payback/IRR, resulting in lower savings • Customers place priority on fluctuating commodity prices 	Robust incentives provide financial relief to reduce the initial cost of retrofit or system upgrades
Complex decision-making process and long-term planning	<ul style="list-style-type: none"> • The planning cycle may miss the opportunity to adopt energy efficiency 	Energy Advisors help to inject energy management into long-term planning process
Siloed opportunities for energy improvements by product type	<ul style="list-style-type: none"> • Program misses out on significant energy savings toward meeting goals 	Conduct innovative technical analysis both in field and remotely to identify participants and opportunities

Lack of awareness of energy efficiency opportunities and value to business	<ul style="list-style-type: none"> • Customers see no need to replace functioning equipment • Customers are not informed about the most efficient equipment available when the need to replace it is immediate. Some efficient equipment may have a longer delivery time that would affect customer operations 	Energy Advisors build awareness, trust, and engagement
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Best Practices:

The Program will promote a comprehensive approach to energy efficiency projects, available to qualifying customers through a range of outreach and marketing tactics. The program will work directly with customers to help identify, develop, and implement qualifying projects.

Components of implementation, include:

- Engaging industry partners across SCG’s service area to provide maximum customer value and increase the rate of customer participation
- Educating customers on energy efficiency opportunities and directing them to the program through direct interaction, and marketing activities and materials
- Utilizing technical support to complete targeted facility assessments to aid in identification of potential opportunities
- Educating and developing an effective network of contractors, trade allies, and distributors to encourage energy efficient installation decisions among their customers
- Reviewing pending and completed project documentation to verify the applicant is an eligible customer operating within the SCG service territory, and the completed project and installed equipment meets program eligibility requirements
- For applicable project types, working with customers to confirm project pre-approval via email, before contracting for, ordering, or installing energy efficiency equipment and/or services
- Processing completed applications and issuing rebates for qualified projects/equipment
- Verifying completed equipment installation for a sample of participants to confirm program integrity as a part of M&V efforts.

4. INNOVATION

The Program takes an innovative approach to serving the industrial sector with an energy advising-focused model to build long-term relationships. This is done by performing customer facility assessments and calculations to identify measures and develop a business case to support customers’ business case to proceed to the installation including assisting the customer with financing and calculations on economic parameters based on their pre-defined decision-making metrics.

Increased Participation

Statewide savings goals cannot be achieved simply by continuing to serve industrial customers who have been energy leaders over the past decade. Reaching currently untapped customers and savings opportunities cost-effectively requires targeted engagement supported by clear, customized value propositions for each facility’s decision-makers. The Program will thoughtfully align customer outreach with recommendations for best-fit energy efficiency options, personalizing communication with energy insights that include, but are not limited to:

- Business type
- Peak demand and load factor
- Propensity to act or participate in programs

We can then match each customer with the right solutions for their business, maximizing participation and project completion.

Deep, Persistent Savings

Our targeting approach and use of monitoring and feedback on project results will drive deeper, persistent savings from the industrial sector. Research on program effectiveness consistently demonstrates how analytical targeting can significantly improve program performance.

Technology

The program will leverage a technology-driven approach to increase adoption and participation in energy efficiency across the supply chain. The Program will work directly with selected manufacturers and their advanced technologies, producing valuable information that will support distributors and contractors and reduce decision-making and EE programs’ sales timelines. This technology-driven approach includes engaging with upstream market actors to bring applicable technologies to the SoCalGas service territory, train installers and offer those products to IEP eligible customers. Additionally, once identified, the Program will establish and deploy targeted outreach to customers where this technology is applicable to drive measure specific uptake.

Financing

Integrated financing will further drive program success. OBF will remain the most attractive finance offering for many customers and will be promoted heavily through the Program. However, we know that for other customers and for program allies, the true upfront capital offered through our relationships with energy efficiency lenders will enable larger projects with deeper savings. OBF loan funds are not available until after project installation, verification and approvals. In some cases, this occurs up to a year after the customer requires initial project funding. Private access to capital can fill that gap to provide a cash flow neutral or positive position for the customer throughout the project lifecycle, unlocking currently untapped savings from the industrial segment.

Monitoring and Feedback

The Program will ensure projects perform according to initial estimates and deliver deep savings through monitoring and feedback mechanisms. The ability to measure and share results is frequently cited as a factor in customer satisfaction surveys. The Program builds on our success, incorporating post-implementation feedback to motivate continuous improvement whenever possible.

5. METRICS:

These Key Performance Indicators (KPIs) will be the primary means of assessing the Program’s performance on an ongoing basis.

%	SoCalGas Metric	KPI	KPI Definition	Scoring	Continuous Monitoring Mechanism
20%	Energy Savings	First Year Energy Savings Delivered (therms)	Percentage of net annual energy savings achieved vs forecasted	0: less than 70% 1: 70 – 85% 2: 85 – 100% 3: 100 – 115% 4: >115%	Annually
20%	Energy Savings	Lifecycle Energy Savings Delivered (therms)	Percentage of net lifecycle energy savings achieved vs forecasted	0: less than 70% 1: 70 – 85% 2: 85 – 100% 3: 100 – 115% 4: > 115%	Annually
10%	Program Performance	Budget Expenditure Alignment	To date % of energy savings goal / to date % of budget split on an even pro-rata basis	0: less than 60% 1: 60 to 69% 2: 70 to 79% 3: 80 to 89% 4: 90 to 100%	Quarterly

10%	Program Performance	Cost Effectiveness Alignment	Actual TRC Ratio/Pre-Program Approved TRC Ratio	0: less than 60% 1: 60% – 79% 2: 80% – 99% 3: 100% 4: >100%	Annually
5%	Supply Chain Responsibility	Diverse Business Enterprise Spend**	To date % DBE spend/DBE commitment %	0: less than 70% 1: 70% – 89% 2: 90% – 99% 3: 100% – 130% 4: >130%	Quarterly
10%	Customer Satisfaction	Customer Satisfaction Score	Average score of customer satisfaction survey administered by Contractor (assuming 5 point scale where 5 is highly satisfied)	0: less than 3.0 1: 3.0 – 3.9 2: 4.0 – 4.5 3: 4.6 – 4.8 4: >4.8	Quarterly
10%	Program Performance	DAC Penetration	To date, % of achieved energy savings in DAC markets	0: Less than 3% 1: 3 – 4% 2: 5 – 6% 3: 7 – 8% 4: >8%	Quarterly
10%	Program Performance	Incentive Mix	Percentage of Custom net annual energy savings achieved vs forecasted	0: <50% 1: 50-75% 2: 75-100% 3: 101-115% 4: >115%	Annually

6. FOR PROGRAMS CLAIMING TO-CODE (TO STANDARD PRACTICE) SAVINGS:

The to-code savings potential mainly resides in the addition of controls within the industrial energy efficiency measures in the Program as many industrial customers install new equipment without code compliant controls due to financial restrictions and being unaware of potential energy efficiency benefits.

Since the customers are industrial facilities and their energy usage is mostly process dependent, the to-code potential is available in all modulating industrial process load applications. However, the measures will be cost-effective depending upon equipment loading, existing efficiency and hours of operation. There may be a smaller percentage of weather dependent measures, which will be more cost-effective in hotter climate zones.

The typical barrier that prevent code-compliant equipment replacements are:

- Lower initial capital costs
- Unaware of utility program incentives
- Unaware of code requirements
- Lack of awareness on energy efficiency, its alternatives and associated lifetime energy savings
- Unaware of OBF and alternative state financing plans
- Non-energy benefits of measures

The program interventions that would effectively accelerate equipment turnover are:

- Program incentives
- Education of life-time energy efficiency savings' benefits
- Program's site assessment and identification of potential energy efficiency opportunities
- Program guidance on available energy efficiency alternatives and selection of most-efficient energy option
- Education of non-energy benefits of measures including reduced maintenance and longer equipment life
- Environmental benefits/corporate sustainability goals

7. PILOTS:

Not Applicable

8. WORKFORCE EDUCATION AND TRAINING:

The Program will support workforce, education, and training (WE&T) to market actors and reinforce the value with customers where possible.

Implementer will take the following steps:

- Cultivate relationships with and provide resources to vendors serving the industrial sector with a track record of high-quality installation and energy efficiency proficiency who meet and advance workforce standard.
- Engage and provide information to customer's local and regional vendors who work in the industrial sector to ensure they understand Program requirements and build the necessary skills to support energy efficiency projects.
- Reinforce the value of a skilled and trained energy efficiency workforce with customers to further support customer's vendors development.

9. WORKFORCE STANDARDS:

The Program will ensure compliance with the applicable CPUC mandated workforce standards. For all Program HVAC projects and for each measure installed, modified, or maintained in a non-residential setting where the project is seeking an energy efficiency incentive of \$3,000 or more, the Program will require that each worker or technician involved in the project meets at least one of the following criteria:

1. Completed an accredited HVAC apprenticeship.
2. Is enrolled in an accredited HVAC apprenticeship.
3. Completed at least five years of work experience at the journey level according to the Department of Industrial Relations definition, Title 8, Section 205, of the California Code of Regulations, passed a practical and written HVAC system installation competency test, and received credentialed training specific to the installation of the technology being installed.
4. Has a C-20 HVAC contractor license issued by the California Contractor's State Licensing Board.

For all Program lighting projects and for each measure installed in a non-residential setting where the advance lighting control project is seeking an energy efficiency incentive of \$2,000 or more, the Program will require that all workers or technicians involved in the project are certified by the California Advanced Lighting Controls Training Program.

10. DISADVANTAGED WORKER PLAN:

The Program is designed to serve the industrial segment. The Program anticipates serving businesses in disadvantaged communities (DACs) identified by CalEnviroScreen 4.0, especially since many industrial sites are often located in DACs. The Program anticipates developing many energy savings projects, which will be engineered, designed, and installed by local contractors employing disadvantaged workers. Through our trade ally and vendor outreach and training, we will promote career opportunities for disadvantaged workers and prioritize support for those who build tactics into their business model to support these workers.

11. ADDITIONAL INFORMATION:

No additional information.

Supporting Documents

Attach the following documents (in PDF format):

1. PROGRAM MANUALS AND PROGRAM RULES

See attachment

2. PROGRAM THEORY AND PROGRAM LOGIC MODEL

The Program will scale and advance industrial customers' energy efficiency through targeted outreach and project identification, robust technical support, and integrated financing and incentives. This strategically designed program will drive increased project uptake and yield deeper, persistent savings cost-effectively. We will achieve these goals through three interlinked categories of program services described below: 1) Targeting, 2) Technical Support, and 3) Finance and Incentives.

Targeting

The program will begin with highly targeted participant engagement, informed by our analysis of all available customer data. Equipped with this insight, we will conduct outreach to the highest-potential customers and confidently present them with recommendations for the most cost-effective projects and best-fit savings measurement platform. We will prioritize and encourage deeper and more persistent savings while aligning incentives and performance payments with life-cycle savings. Analytics-driven opportunity identification increases outreach efficiency and subsequent project uptake. Program marketing will target likely on-site project champions and influence them to create a project opportunity and request support through our program platform.

Technical Support

After screening for eligibility, the program will provide the technical support needed to develop and implement a successful project. Our highly skilled Engineering Team will work with participating customers to identify measures, forecast savings and other benefits for each project, and communicate any operational or behavioral changes required for optimal performance. Because most projects will require contractor involvement, we will also engage vetted program allies who comply with relevant workforce standards. To further support program ally development, we will reinforce the value of a skilled and trained energy efficiency workforce in our customer interactions.

Finance and Incentives

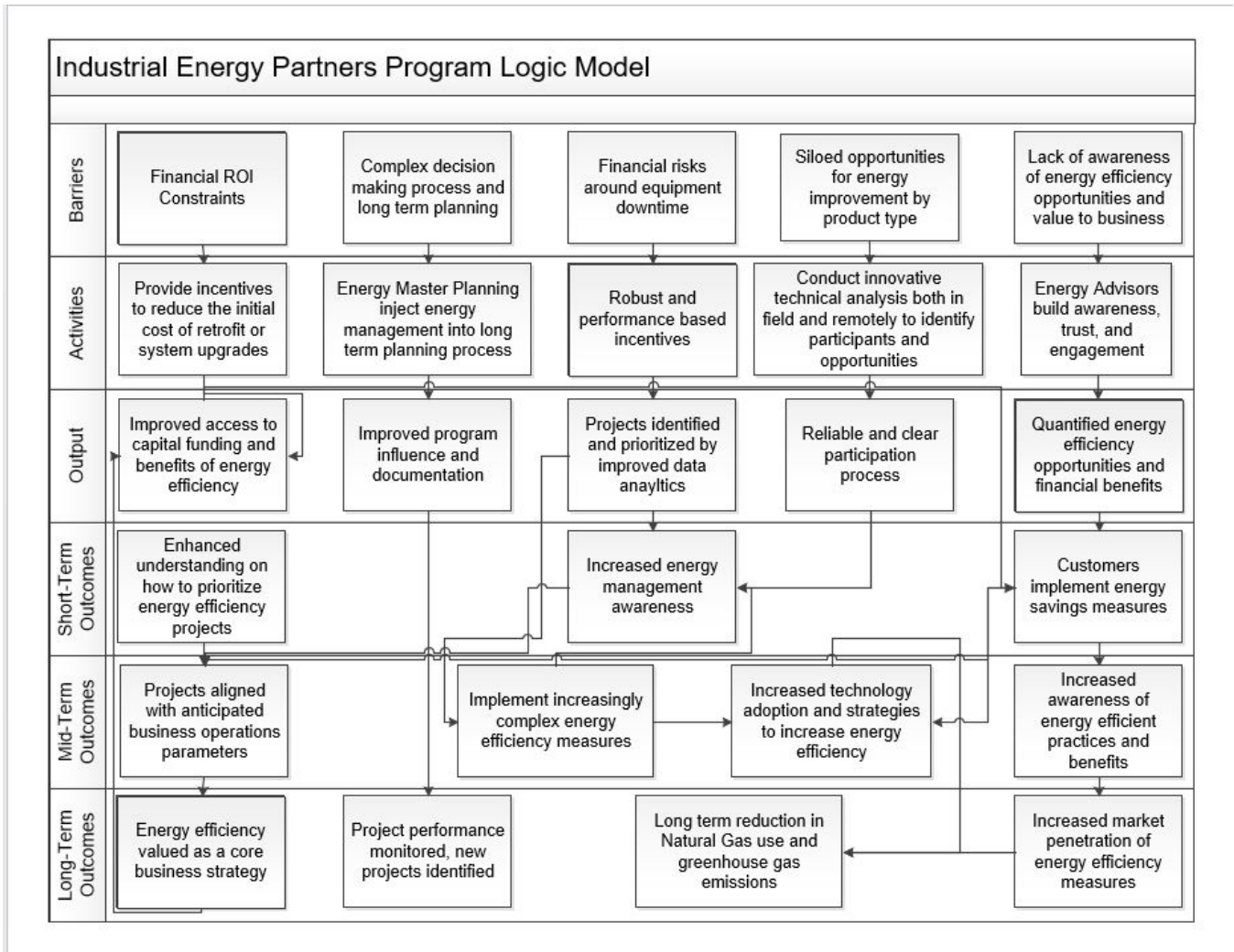
The Program will offset project costs for participants with competitive incentives that span all SCG delivery platforms as well as financing options. We will guide customers to the incentive offer that best aligns with their selected project, with incentives paid upon project completion for deemed and custom measures. Ultimately, this CLEAResult program pillar ensures that participants can easily find financing matched with incentives for their specific project and organizational challenges. We will continually build awareness of non-financial program benefits, such as available technical assistance and monitored energy savings, and financing to shift customers towards value-driven, not incentive-driven, energy efficiency project uptake which will decrease costs over time.

CLEAResult will ensure continuous improvement throughout our implementation of the Program. We will regularly analyze which measure combinations produce the greatest and most reliable savings. This insight will allow us to refine our measure mix and optimize the project recommendations with which we target prospective participants.

Direct observable program outputs will include:

- A prioritized list of high-potential industrial sites in SCG territory for targeted outreach
- Our engagement will result in identified project champions at each participating site who will submit applications for selected projects
- Improved businesses cases for projects, refined throughout implementation, will drive commitment and realized savings

- Program’s relationship-building work will equip project champions with a strong understanding of project benefits and impacts, leading to increased project conversion and future project uptake
- Projects completed through the Program will be defined, vetted with technical rigor, and backed by quantified savings, costs, and returns-on-investment



3. PROCESS FLOW CHART

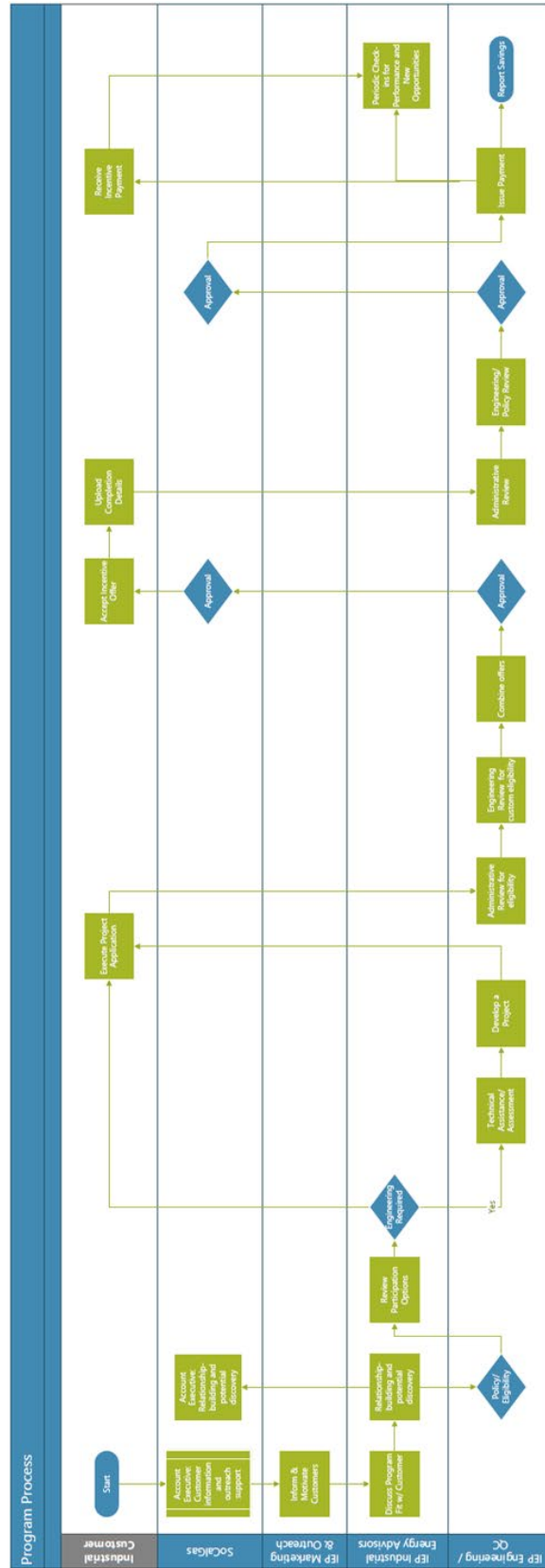


Table 2. SCG Engineering Services Review Process

Milestone	Custom Process
Pre-Application/Technical Review/ CMPA Review/Reservation	<p>Pre-Application - Each site will be prescreened by the implementer’s engineers to identify potential measures. Implementer will submit a Pre-App Review request to SoCalGas Custom Engineering Services (ES) so that Program and SoCalGas engineers can collaborate in the project development phase. This will ensure that the Program is always adhering to current CPUC policies regarding and Custom projects. A project site visit will be conducted by implementer and ES unless ES waives it due to sufficient data and supporting documentation.</p> <p>Technical Review - If the facility passes pre-screening, a Project Feasibility Study (PFS) will be generated according to the requirements specified in the Statewide Custom Project Guidance Document. Implementer will submit the PFS to ES to obtain a Pre-Agreement Review (PA Review).</p> <p>CMPA Review - If project meets the Technical Review requirements, it will be submitted to the Custom Measure and Project Archive (CMPA) project list. The CPUC could select the project for in-depth review and would require the implementer, ES, and program advisor to respond to project-related data requests. The CPUC will decide if the project is approved or rejected at this stage.</p> <p>Reservation – If project is approved, implementer will obtain the customer’s signature on a Conditional Incentive Reservation (CIR). This will reserve program funds for the project.</p>
Project Installation	The installation will be carried out by a licensed HVAC contractor, plumber, or appropriate contractor if applicable.
Post-Installation Review/Inspection/ Incentive Approval	<p>M&V will be carried out based on the IPMVP option chosen in the approved project feasibility study. Engineering calculations will be finalized for the measures. Installation will be verified through site inspections or pictures provided by the customer for all custom projects. Invoices for the project will also be checked.</p> <p>The project’s Post Installation Report (PIR) will be sent to ES for an Installation Review (IR). ES will conduct a site visit unless it waives it due to sufficient data and supporting documentation. If all requirements are met, ES will review savings achieved by the project and, if needed, will adjust the project savings claim. ES will generate an IR based on their approved savings analysis.</p> <p>If specified on the initial CMPA review disposition, the project will be re-uploaded to the CMPA for a CPUC post-M&V review.</p>
Incentive Payment	Customers will receive one incentive payment once installation and M&V is complete. It will be based on 1-year of energy savings.

4. INCENTIVE TABLES, WORKPAPERS, SOFTWARE TOOLS

The custom and deemed incentive rates are detailed in the following measure list.

#	Measure Name	Incentive Rate per Unit (*)	Delivery Type Custom/Deemed / NMEC
1	Blowdown Recovery / Water Treatment	\$1.28 / gross therm	Custom
2	Combustion Controls	\$1.28 / gross therm	Custom
3	Condensate Recovery	\$1.28 / gross therm	Custom
4	Controls, Hot Water / HVAC	\$1.28 / gross therm	Custom
5	Controls, Steam	\$1.28 / gross therm	Custom

6	Economizer, Boiler	\$1.28 / gross therm	Custom
7	Heat Losses Reduction	\$1.28 / gross therm	Custom
8	Heat Recovery, Hot Water / HVAC	\$1.28 / gross therm	Custom
9	Heat Recovery, Process Heating	\$1.28 / gross therm	Custom
10	High Efficiency Burner System	\$1.28 / gross therm	Custom
11	Improvements, Thermal Oxidizer	\$1.28 / gross therm	Custom
12	Insulation, Process Heating	\$1.28 / gross therm	Custom
13	Insulation, Steam	\$1.28 / gross therm	Custom
14	Steam Traps	\$1.28 / gross therm	Custom
15	Upgrade/Replacement, Boiler Equipment	\$1.28 / gross therm	Custom
16	Upgrade/Replacement, Process Heating	\$1.28 / gross therm	Custom
17	Water Treatment, Hot Water / HVAC	\$1.28 / gross therm	Custom
18	Process Boilers, Feedwater Economizer, 81.4% TE	\$1.25	Deemed
19	Process Boilers, Condensing Economizer, 87.2% TE	\$2.00	Deemed
20	Process Boilers, Hot Water, 85% CE	\$1.50	Deemed
21	Process Boilers, Hot Water, 90% CE	\$3.50	Deemed
22	Process Boilers, Steam, 83% CE	\$2.50	Deemed
23	Pipe Insulation 1" Insulation <= 1" pipe Hot Water_Outdoor	\$4.00	Deemed
24	Pipe Insulation 1" Insulation 1" < pipe <= 4" Hot Water_Outdoor	\$4.00	Deemed
25	Pipe Insulation 1" Insulation > 4" pipe Hot Water_Outdoor	\$4.00	Deemed
26	Pipe Insulation 1" Insulation <= 1" pipe <=15 psig steam_Outdoor	\$4.00	Deemed
27	Pipe Insulation 1" Insulation 1" < pipe <= 4" <=15 psig steam_Outdoor	\$4.00	Deemed
28	Pipe Insulation 1" Insulation > 4" pipe <=15 psig steam_Outdoor	\$4.00	Deemed
29	Pipe Insulation 1" Insulation <= 1" pipe >15 psig steam_Outdoor	\$4.00	Deemed
30	Pipe Insulation 1" Insulation 1" < pipe <= 4" >15 psig steam_Outdoor	\$4.00	Deemed
31	Pipe Insulation 1" Insulation > 4" pipe >15 psig steam_Outdoor	\$4.00	Deemed
32	Fitting Insulation <= 1" pipe Hot Water_Outdoor	\$11.75	Deemed
33	Fitting Insulation 1" < pipe <= 4" Hot Water_Outdoor	\$11.75	Deemed
34	Fitting Insulation > 4" pipe Hot Water_Outdoor	\$11.75	Deemed
35	Fitting Insulation <= 1" pipe <=15 psig steam_Outdoor	\$11.75	Deemed
36	Fitting Insulation 1" < pipe <= 4" <=15 psig steam_Outdoor	\$11.75	Deemed
37	Fitting Insulation > 4" pipe <=15 psig steam_Outdoor	\$11.75	Deemed
38	Fitting Insulation <= 1" pipe >15 psig steam_Outdoor	\$11.75	Deemed
39	Fitting Insulation 1" < pipe <= 4" >15 psig steam_Outdoor	\$11.75	Deemed
40	Fitting Insulation > 4" pipe >15 psig steam_Outdoor	\$11.75	Deemed
41	1" insulation, pipe, indoor, hot water, <1" pipe diameter	\$4.00	Deemed
42	1" insulation, pipe, indoor, hot water, >1" and <=4" pipe diameter	\$4.00	Deemed
43	1" insulation, pipe, indoor, hot water, >4" pipe diameter	\$4.00	Deemed
44	1" insulation, pipe, indoor, steam <15 psig, <1" pipe diameter	\$4.00	Deemed

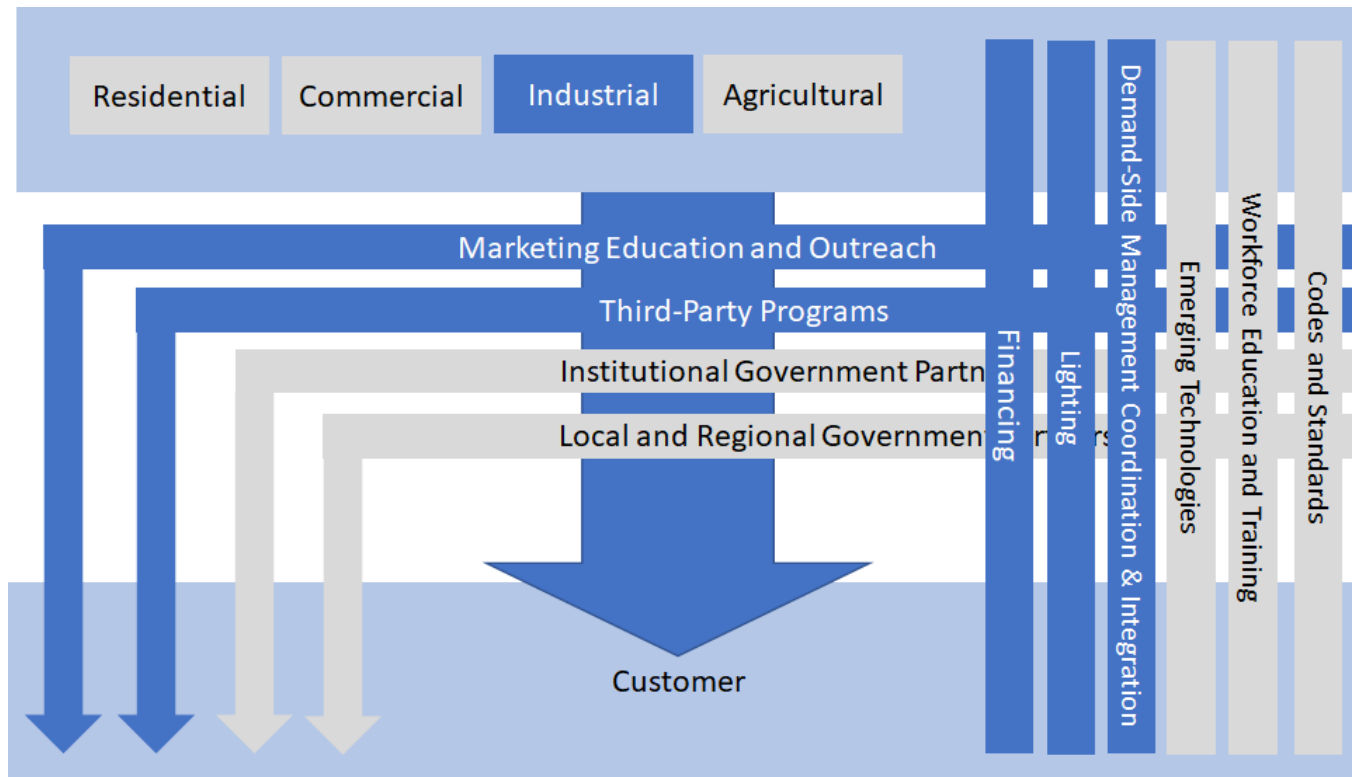
45	1" insulation, pipe, indoor, steam <15 psig, >1" and <=4" pipe diameter	\$4.00	Deemed
46	1" insulation, pipe, indoor, steam <15 psig, >4" pipe diameter	\$4.00	Deemed
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49	1" insulation, pipe, indoor, steam >=15 psig, >4" pipe diameter	\$4.00	Deemed
50	1" insulation, fitting, indoor, hot water, <1" pipe diameter	\$11.75	Deemed
51	1" insulation, fitting, indoor, hot water, >1" and <=4" pipe diameter	\$11.75	Deemed
52	1" insulation, fitting, indoor, hot water, >4" pipe diameter	\$11.75	Deemed
53	1" insulation, fitting, indoor, steam <15 psig, <1" pipe diameter	\$11.75	Deemed
54	1" insulation, fitting, indoor, steam <15 psig, >1" and <=4" pipe diameter	\$11.75	Deemed
55	1" insulation, fitting, indoor, steam <15 psig, >4" pipe diameter	\$11.75	Deemed
56	1" insulation, fitting, indoor, steam >=15 psig, <1" pipe diameter	\$11.75	Deemed
57	1" insulation, fitting, indoor, steam >=15 psig, >1" and <=4" pipe diameter	\$11.75	Deemed
58	1" insulation, fitting, indoor, steam >=15 psig, >4" pipe diameter	\$11.75	Deemed
59	1" tank insulation, medium temp, high usage, indoor	\$6.75	Deemed
60	1" tank insulation, medium temp, high usage, outdoor	\$6.75	Deemed
61	1" tank insulation, high temp, high usage, indoor	\$6.75	Deemed
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64	1" tank insulation, medium temp, low usage, outdoor	\$6.75	Deemed
65	1" tank insulation, high temp, low usage, indoor	\$6.75	Deemed
66	1" tank insulation, high temp, low usage, outdoor	\$6.75	Deemed
67	2" tank insulation, medium temp, high usage, indoor	\$12.00	Deemed
68	2" tank insulation, medium temp, high usage, outdoor	\$12.00	Deemed
69	2" tank insulation, high temp, high usage, indoor	\$12.00	Deemed
70	2" tank insulation, high temp, high usage, outdoor	\$12.00	Deemed

5. QUANTITATIVE PROGRAM TARGETS

The targets provided herein are best estimates, but nonetheless are forecasts contingent on many factors.

Program Year	No. of Participants	No. of DAC	No. of HTR
Year 1	80	18	5
Year 2	50	12	3
Year 3	55	12	4
Year 4	56	12	4
Year 5	59	14	4
Total	299	69	21

6. DIAGRAM OF PROGRAM



7. EVALUATION, MEASUREMENT & VERIFICATION (EM&V)

The Program will track and manage program data using our customized platform. The Program's platform will benefit all aspects of Program delivery and evaluation activity, including:

- Project tracking from initial site assessments to completion and, if applicable, performance monitoring – informing all program stakeholder communication and providing a centralized foundation for program tracking
- Flexible reporting that unlocks meaningful data such as customer contact information, customer acquisition at each stage (work in progress, backlog and cancelled pending), participation by measure, QA/QC performance, and customer satisfaction scores
- Secure, role-based access that improves data integrity, reduces errors and prevents unauthorized access

Program's Engineering QA/Policy team regularly tracks and communicates policy changes across the company using consistent methods. This regular dissemination of CPUC, utility, and CLEAResult-approved protocol empowers our staff to make concise and fiscally appropriate judgements when evaluating opportunities. Prior to investment of significant time or capital, potential projects receive high-level evaluation by members of the Engineering QA/Policy team. This "pass/fail" method allows the Program to concentrate efforts on opportunities that can overcome regulatory hurdles and garner cost-effective savings. These internal performance analyses during deployment supports evaluation criteria and compliance.

Upon a project officially being selected for advancement, data collection and measurement activities ensue with initial outlining of appropriate measure and baseline information. The following activities will be gathered or estimated for baseline, industry/code/customer standard practice, and proposed energy efficient equipment:

- Equipment specifications including estimated useful life (EUL) and remaining useful life (RUL).

- Energy consumption (source type, units of quantity) and hours of operation.
- Review on-site generation where applicable to determine eligible energy savings that reduce energy supplied from the grid.
- Measure costs to determine eligible costs (material cost of equipment, operation & maintenance, removal/demolition, permitting, freight, project development).
- Other data and factors (weather, process temperatures, production) that may impact the energy usage.

Verification and internal review of the information collected shall verify the measure eligibility:

- Does not overlap with other incentive programs
- Exceeds baseline energy performance and regressive baseline is not used
- Proposed equipment provides equivalent level of service
- Incremental measure cost is greater than zero
- Custom project EUL must be greater than simple payback period
- Installations adhere to federal, state, and local laws, building codes, manufacturer's specifications, and permits
- Applicable measure cost basis used for selected measure application type
- Fuel substitution criteria and test is passed where applicable

To ensure that energy savings persist and meets program metrics, the following steps are imbedded in the program:

- Confirmation that existing equipment is decommissioned and removed from site, or exception granted by PA prior to installation for Accelerated Replacement (AR) and Normal Replacement (NR) measures.
- Confirmation of installation of new equipment or controls for AR, NR, Add-On Equipment (AOE), and New Construction (NC) measures.
- Repair and re-deployment of existing equipment conducted as a Behavioral, Retro-commissioning, and Operational (BRO) measure.
- Confirmation of permanent installation of the AR, NR, AOE, NC measures such that the energy savings persist over the measure life.

8. NORMALIZED METERED ENERGY CONSUMPTION (NMEC)

Not applicable.



We change the way
people use energy™

Program Manual - Industrial Energy Partners (IEP) Program

June 30, 2023

Prepared By
CLEARresult

Table of Contents

Program Manual Summary	21
1. Eligible Measures or Measure Eligibility	21
2. Customer Eligibility Requirements	23
3. Contractor Eligibility Requirements.....	24
5. Additional Services	24
6. Audits	25
7. Quality Assurance Provisions	25
8. Other Program Metrics.....	26

Program Manual Summary

The IEP Program will provide energy efficiency services, technical assistance, and incentives to the industrial sector within the SoCalGas service territory. The Program will target textile, wood, paper, mining, aerospace, machinery, asphalt, cement, minerals, metals, and plastic subsegments using a downstream market approach and leveraging the Custom and Deemed savings platforms to deliver cost-effective energy savings.

The primary objectives informing the program design are:

- Increase the cost-effective savings achieved in the industrial sector.
- Provide industry-specific technical support for customers and establish strategic partnering with selected manufacturers and trade allies.
- Support long-term energy efficiency planning and continued customer engagement to maximize savings delivery.

1. Eligible Measures or Measure Eligibility

#	Measure Name	Incentive Rate per Unit (*)	Delivery Type Custom/Deemed / NMEC
1	Blowdown Recovery / Water Treatment	\$1.28 / gross therm	Custom
2	Combustion Controls	\$1.28 / gross therm	Custom
3	Condensate Recovery	\$1.28 / gross therm	Custom
4	Controls, Hot Water / HVAC	\$1.28 / gross therm	Custom
5	Controls, Steam	\$1.28 / gross therm	Custom
6	Economizer, Boiler	\$1.28 / gross therm	Custom
7	Heat Losses Reduction	\$1.28 / gross therm	Custom
8	Heat Recovery, Hot Water / HVAC	\$1.28 / gross therm	Custom
9	Heat Recovery, Process Heating	\$1.28 / gross therm	Custom
10	High Efficiency Burner System	\$1.28 / gross therm	Custom
11	Improvements, Thermal Oxidizer	\$1.28 / gross therm	Custom
12	Insulation, Process Heating	\$1.28 / gross therm	Custom
13	Insulation, Steam	\$1.28 / gross therm	Custom
14	Steam Traps	\$1.28 / gross therm	Custom
15	Upgrade/Replacement, Boiler Equipment	\$1.28 / gross therm	Custom
16	Upgrade/Replacement, Process Heating	\$1.28 / gross therm	Custom
17	Water Treatment, Hot Water / HVAC	\$1.28 / gross therm	Custom
18	Process Boilers, Feedwater Economizer, 81.4% TE	\$1.25	Deemed
19	Process Boilers, Condensing Economizer, 87.2% TE	\$2.00	Deemed
20	Process Boilers, Hot Water, 85% CE	\$1.50	Deemed
21	Process Boilers, Hot Water, 90% CE	\$3.50	Deemed
22	Process Boilers, Steam, 83% CE	\$2.50	Deemed
23	Pipe Insulation 1" Insulation <= 1" pipe Hot Water_Outdoor	\$4.00	Deemed
24	Pipe Insulation 1" Insulation 1" < pipe <= 4" Hot Water_Outdoor	\$4.00	Deemed
25	Pipe Insulation 1" Insulation > 4" pipe Hot Water_Outdoor	\$4.00	Deemed
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2. Customer Eligibility Requirements

Eligible Customers

The Program will comply with the California Public Utility Commission's (CPUC) Statewide Customized Offering Procedures Manual for Business found and updated on the CPUC website.

Projects are subject to all applicable federal, state and local laws, and California Public Utilities Commission (CPUC) rulings. IEP reserves the right to approve or reject project applications for the Program.

Customers must be an established natural gas Customer of SCG with an active meter serviced by SCG and paying the Public Purpose Program Charge. Eligible customers conduct business that include textile, wood, paper, mining, aerospace, machinery, asphalt, cement, minerals, metals, and plastic subsegments.

Eligible Geographic Area

The IEP Program is available in all SCG's Service Territory with no geographic restrictions however program services are offered at the discretion of the program based on its ability to remain cost effective.

Application Must be Complete

A program application must be signed and dated. In addition to customer and site information, a completed application package must include a savings summary that identifies the following for each proposed measure:

- A) Code/ISP baseline
- B) For Early Retirement claims: Documentation to support a preponderance of evidence for the use of existing equipment baselines
- C) Estimated full measure cost and/or incremental measure cost
- D) Preliminary savings calculations
- E) Preliminary incentive payment estimates
- F) A proposed M&V plan

Non-IOU Supply

Evaluation requires assessment of "coincident savings", which are savings associated with an energy efficiency measure that coincides with the period(s) the customer is purchasing energy from SCG, thus reducing the system impact. The time period is monthly for natural gas.

Eligibility is determined based on two factors:

1. Does the customer pay the non-bypassable Public Purpose Program (PPP) surcharge on the gas subject to energy efficiency savings?
2. Are there gas system coincident savings?

To qualify for energy efficiency incentives, the customer's reduction in energy usage due to the energy efficiency measure, must always occur on the system at times when the energy efficiency measure is operational, and its energy resource requirement is being met.

Minimum Customer or Project Size

Incentives are capped at \$1,000,000 per project, however, exceptions can be made with written approval from SCG. There are no incentive minimums or usage threshold requirements to qualify for Program participation.

Double Dipping

The Program team will work with the customer to validate that it has not received incentives or services for the same energy efficiency technologies and measures that it is applying for with the program.

The customer Program Application provides the following statements that each participating Customer will validate:

- Customer understands that Customer cannot receive incentives for the same product, equipment or service from more than one California investor-owned utility or third-party Energy Efficiency program offering incentives for the same product, equipment, or service funded by the CPUC.
- Customer understands this prohibition applies within 5 years of receiving the incentives for the same product, equipment or service.

3. Contractor Eligibility Requirements

The Program will operate in compliance with the workforce qualifications, certifications, standards and requirements set forth by the Workforce Standards as required by Decision 18-10-008. Customers will be notified of the workforce standard during initial engagement in the program. Customers will be required to accept understanding of the workforce standards on the enrollment agreement prior to ordering and installation of equipment. Customer will also verify that workforce standards were met as part of the project completion certificate that will be signed upon project completion. The workforce standards are described below.

- a. HVAC STANDARDS. For any non-residential project pursuant to this Agreement installing, modifying or maintaining a Heating Ventilation and Air Conditioning ("HVAC") system or component with incentives valued at \$3,000 or more, Implementer shall ensure that each worker or technician involved in the project, including all employees and agents of its subcontractors, meets at least one of the following workforce criteria:
 - i. Completed an accredited HVAC apprenticeship;
 - ii. Is enrolled in an accredited HVAC apprenticeship;
 - iii. Completed at least five years of work experience at the journey level as defined by the California Department of Industrial Relations, Title 8, Section 205, of the California Code of Regulations, passed a practical and written HVAC system installation competency test, and received credentialed training specific to the installation of the technology being installed; or
 - iv. Has a C-20 HVAC contractor license issued by the California Contractor's State Licensing Board.

This standard shall not apply where the incentive is paid to any manufacturer, distributor, or retailer of HVAC equipment, unless the manufacturer, distributor, or retailer installs or contracts for the installation of the equipment.

- b. ADVANCED LIGHTING CONTROLS STANDARDS. For any non-residential project involving installation, modification, or maintenance of lighting controls with incentives valued at \$2,000 or more, Implementer shall ensure that all workers or technicians involved in the project, including those of its subcontractors are certified by the California Advanced Lighting Controls Training Program ("CALCTP"). This requirement shall not apply where the incentive is paid to a manufacturer, distributor, or retailer of lighting controls unless the manufacturer, distributor, or retailer installs or contracts for installation of the equipment.

5. Additional Services

A select set of participants may also opt for the Program's more engaged long term energy efficiency plan offering. Customers that have a high potential to implement energy efficiency projects and the program feels would benefit from the high engagement will be offered this enhanced path. Customers on this track will work with their Energy Advisor to develop a comprehensive long-term energy management plan focused on capital projects. This plan will act as a living document

throughout program participation, populated with potential projects ranging from behavioral improvements to additional resource projects such as GHG emission reductions. Shared between the customer and CLEAResult, these long-term plans will facilitate an ongoing opportunity dialogue and drive deeper engagement. Energy Advisors will continuously evaluate objectives and opportunities to guide participants toward services, projects and incentives that best meet their needs.

6. Audits

Representatives from CLEAResult's Engineering & Quality Assurance (QA) / Policy team will work closely with direct customer contacts on our program team to outline appropriate measure and baseline information and formulate cohesive strategies and scheduling for projects requiring M&V plans, data, or monitoring. Clear standards and project scoping workbooks ensure consistent and comprehensive data capture during on-site scoping audits.

Facility assessments and scoping audits, either in-person or virtual as conditions dictate and performed by a CLEAResult team member or partner with the appropriate clearances, will be tailored to the participant's business needs, building characteristics and existing energy efficiency knowledge. Data gathered during these assessments allow CLEAResult to confirm recommended project potential, identify the appropriate incentive or energy management track, and increase program influence. There are no funding or direct incentives offered to customers for audits within The Program.

7. Quality Assurance Provisions

The Program will use a comprehensive quality management process that features immediate feedback and assistance to all participants. The process includes Quality Assurance (QA) that focuses on staff training, consistent processes, and data review, as well as Quality Control (QC) that focuses program resources on those projects and participating vendors that need the most attention.

Quality Assurance

The Program will train program staff and participants on program processes and standardized work specifications by program measure.

- The Program will proactively seek feedback from all stakeholders, SCG, customers, and vendors, to ensure that the program is continuously improving in its approach to market and provision of QA/QC.
- The Program will address any complaints regarding a specific project, or company.
- The Program will track all customer and participating vendor complaints from initiation to resolution and notify SCG where there is a pending dispute or recurring/systemic issues.

Data Review:

Program staff will utilize program-specific checklists to verify completeness, accuracy, and eligibility of each application. The data review is composed of:

- Documentation supporting pre-implementation energy use associated with the measure(s) included in the application.
- Dated, itemized invoices and proof of payment, including:
 - Equipment quantities, model numbers, material costs and shipping address to verify purchase of equipment associated with incentive.
 - Installation, consulting, and other services necessary to deliver identify, scope, plan, install and verify installation of measures.
- Manufacturers' specification sheets for each qualifying equipment type to verify the equipment meets the minimum efficiency standards necessary to deliver the energy savings estimated in the application.
- Energy savings calculations, and (as needed) pre/post-implementation data for equipment and systems affected.

Quality Control

The Program requires on-going quality control activities to ensure that each project has been designed and installed properly and documented accurately. This is necessary in order to ensure that quality work is performed for the customer and that well

documented savings are provided for the Program. The QC process helps ensure savings integrity to maintain high realization rates. This includes:

- Verification of the energy baseline created to define the savings available from the proposed measure(s). This includes confirmation of existing energy use patterns over a defined time period, facility/ process hours of operation and any weather/temperature impacts.
- Pre and post-installation field inspections
- Verification of data submitted through routine checks to ensure data consistency and integrity.
- Feedback of data analysis to program participants, and feedback collected through customer surveys.

Application Review

Administrative Review

Program staff will perform administrative review on 100% of all applications for customer incentives to ensure eligibility and qualification.

Technical “Desk” Review

Program staff will perform a “desk” review on 100% of all applications for customer incentives to ensure technical eligibility and qualification. Additionally, these reviews will validate energy savings estimates.

CLEARresult representatives utilize standardized tools to facilitate clear customer or industry standard practice documentation. To proactively maintain a high level of quality, savings accuracy data and methodologies are tracked, and in-field verification of installation and post-M&V results are confirmed as part of the QA process.

Prior to a narrative or project package submittal to the utility, CLEARresult’s Engineering QA / Policy team reviews measure categories, baseline methodologies, influence documentation, M&V plan, calculation approach, and savings estimates/results to ensure proper documentation and calculation techniques have been employed. The language in the custom project narratives is appraised for clarity. During the post-installation phase, evaluations are performed to verify measures were installed as scoped, and to confirm continued adherence to applicable policy and regulatory rules. Internal checklists guarantee the use of uniform nomenclature and consistent packaging of pertinent project documentation.

8. Other Program Metrics

The program will be assessed by several measurable key performance indicators. These include the following:

- Energy Savings Delivered
- Lifecycle Energy Savings Delivered
- Budget Expenditure
- Cost Effectiveness
- Diverse Business Enterprise Spend
- Customer Satisfaction
- DAC Penetration
- Incentive Mix