

Southern California Gas Company

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Large Commercial Program Manual



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Measure Eligibility Requirements

The Large Commercial Program offers a full range of measures, including (but not limited to) boilers and water heaters, HVAC replacements, modifications and controls, HVAC retro-commissioning and operational measures, higher efficiency appliances and Energy Management Technologies (EMTs). The program will continue to work toward expanding the measure list and ensuring a comprehensive offering.

The program utilizes deemed, custom and NMEC savings platforms to influence, calculate, and incentivize customer energy savings. Deemed measures must have an approved workpaper or be listed in the Database for Energy Efficient Resources (DEER) and/or ETRM. Custom measures must be cost-effective and meet the criteria specified in the Statewide Custom Project Guidance Document. NMEC will follow the CPUC guidance as codified in its Rulebook for Programs and Projects Based on Normalized Metered Energy Consumption (NMEC Rulebook 2.0), issued on January 7, 2020.

Customer Eligibility Requirements

The Large Commercial Program will serve all eligible, commercial customer segments. Customers meet the eligibility requirements for the Large Commercial Program if they:

- Have an active SoCalGas account
- Use greater than 50,000 therms annually
- Pay the Public Purpose Program surcharge on the account where the energy efficiency (EE) equipment is to be installed
- Have no outstanding dues on their SoCalGas bill
- Are defined as commercial by their North American Industry Classification System (NAICS) code
- Are not applying to more than one California energy efficiency incentive or rebate program for the same measure
- Have not received the same measure within the last 5 years

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 SoCalGas.
- Submit a signed Participating Contractor Agreement.
- Comply with SoCalGas's Drug and Alcohol policy: All employees of subcontractors and third-party companies participating in the implementation of the LARGE COMMERCIAL PROGRAM who perform work on the property of a customer for the program must be drug- and alcohol-free while performing such work.
- Comply with SoCalGas's Background Check policy: Contractors shall verify the identity and work authority of all employees who perform work on the property of a SoCalGas 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 Large Commercial Program 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 Large Commercial Program 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:** SPOC equipped with tools to provide customers with a simplified, minimal touch Program. Willdan will work closely with customers to understand their needs, decision-making process, and lease requirements. This individualized approach provides consistency throughout the journey.
- **Providing an Energy Audit Report to Customers:** Audit walkthroughs of a facility identify cost-effective efficiency measures. The energy audit report details efficiency and demand response recommendations for the property's short- and medium-term benefit, along with estimated savings, available incentives, and financing options.
- **Providing an Online Platform with a 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 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 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 an outside contractor.
- **Interface with Statewide Programs:** The program continuously monitors measures offered – and proposed to be offered – by Statewide programs to be cognizant of potential overlap; offerings are adjusted as necessary. Program staff is trained on Statewide programs and refer customers to programs that could benefit them.
- **Financing:** For many customers, upfront costs are a primary barrier to moving forward with implementing energy efficiency measures. This program intends to encourage the use of financing for those customers who express concerns about first costs. However, customers do not need to use financing in order to



participate. Willdan will not be providing any of this financing directly, rather the program will make sure that customers are aware of all options, including those found in the following table:

#	Financing Vehicle and Example Provider(s)	Features	Benefits
1	EE as a Service SparkFund, Metrus ESA, Redaptive	Zero upfront cost, P4P, non-debt, off-balance sheet financing Customer makes payments on operational projects from realized savings or predetermined service fee	Aligns service provider and customer interests Provider monitors performance
2	Lease Bank of America, Capital One, DLL, DA Davidson, etc.	Customers use equipment and make payments to third party Commonly used and cost-effective	Familiar to finance staff; used for other types of equipment; Rates lower than commercial leases, reflecting tax-exemption
3	Loan Banks, California I-Bank, California Energy Commission (CEC)	EE equipment loans allow customers to own assets while spreading payments over EUL	Low-interest-rate offerings from I-Bank and CEC Municipal finance divisions of banks offer tax-exempt rates
4	Internal Revolving Fund Customer	Seeded by initial capital contribution from customer Effectively captures and uses energy savings from clean energy improvements to fund additional facilities investments	Customer easily accesses capital Project savings fund future projects Customer sets qualification criteria
5	Rate Payer Funded SoCalGas On-Bill Financing (OBF)	Customers gain access to rate-payer backed financing	Customers repay financing costs on their SoCalGas bill
6	State/Rate Payer Funded GoGreen	The CA State Treasurer's Office makes reduced interest rate financing available to qualifying commercial customers	Pre-vetted financing companies provide streamlined access to financing through web portals

Audits

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

Audits are comprehensive and include EE measures and potential identification of ZNE opportunities. The Willdan program team and its partners and subcontractors, along with SoCalGas Engineering Services (SoCalGas ES),



perform the audits. During mandatory trainings, all partners and subcontractors learn how to identify opportunities for the program during an audit and ensure there is documented influence.

Initial onsite audits include:

- Collecting building information including operating hours
- Obtaining and reviewing utility bills
- Interviewing staff to understand operations
- Reviewing existing EMT or Building Automation Systems (BAS) to understand operations
- Documenting equipment types including make, model, age and maintenance practices

The Willdan engineering team may also obtain data through BAS trending and the use of loggers. For many custom measures, this will be required. The goal of the audit is to build a precise picture of the current operation and the energy baseline such that the engineering team may make recommendations for improvement while accurately understanding the potential energy efficiency savings.

Post installation inspections serve to verify that equipment was installed correctly and is yielding the expecting energy savings. This may include additional trending (see Measurement and Verification Section of the Implementation Plan) as well as verifying name plate data and observing operation. In the event the post-installation verification identifies any discrepancies or changes in scope, the issue shall immediately be raised with SoCalGas.

Program Quality Assurance Provisions

Program success and customer satisfaction are rooted in adherence to our quality assurance procedures. 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. This includes reviewing checklists, applications and installation reports. The partner firms will assess program-level performance and provide feedback.

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

Quality Assurance

The program has an assigned QA/QC partner that leads program QA/QC procedure development and oversight. The program evaluation partner assesses program-level performance, including QA/QC metrics, and performs full program cycle review of select large projects. In addition to the QA/QC partner, an internal review process will be conducted of all projects.

Stages of each project will be reviewed through one or a combination of the following measures:

- Peer Reviews: High level reviews by Project Engineers
- Secondary Review: Detailed review of the project submittal documents including but not limited to, project influence, Measure Application Type/baseline, calculation, and M&V plan.
- High Rigor Review: Includes QA/QC partner for projects on a case-by-base basis as determined by the Senior Engineering Manager and/or the Program Manager



The four-step custom project QA/QC review steps are: Early Screening, Pre-Installation Review, Post-Installation Report Review, and Feedback/Refinement. The Program's QA/QC tools screen projects, verify accuracy and completeness of documentation, and record errors. Before advancing to next steps, Implementer's senior engineer review and sign-off is required in the online platform and SoCalGas ES must perform technical reviews to provide approval during Pre-Application, Pre-Agreement, and Post-Installation project phases. In addition, QA/QC of custom projects may be reviewed by the CPUC once the projects are uploaded to the Custom Measure and Project Archive (CMPA).

STEP 1. EARLY SCREENING (Pre-Application): Checklist justifies measure eligibility, application type, applicable baselines, and program influence. This step screens for NMEC viability and cost effectiveness. Screening for NMEC includes verification that savings are 10% or more of baseline, statistical fitness, and measures are not predominantly Normal Replacement (NR). The project- and measure-level TRC are evaluated and projects may be rejected or modified to meet cost-effectiveness targets.

STEP 2. PRE-INSTALLATION (Pre-Agreement): An internal QA/QC review is performed using the Pre-Installation Review Checklist, an enhancement of the CPUC's review checklist. This step satisfies statewide guidelines by mandating checks of: approved calculation methods and tools supported with baseline data; documentation of calculation steps, inputs and assumptions, traceable from inputs to results; correct Database for Energy Efficiency Resources (DEER), net-to-gross (NTG), end-of-useful life (EUL) values, DEER peak demand hours, etc.; a suitable M&V Plan; supported full, incremental or accelerated cost estimates; evaluation of on-site generation grid impacts; and program influence. For NMEC, screening checks for quality and completeness of utility and the appropriate independent variable data, as well as for potential non-routine events (NREs). Deemed reviews include verification of compliance with the workpaper and review of product specifications for eligibility and performance. The nature and quantity of any errors are documented in the checklist and tracked in the online platform.

STEP 3. POST-INSTALLATION: This Post-Installation Report (IR) review QA/QC step employs an IR Review checklist. While the overall process may be similar by savings platform, the individual components confirmed for compliance will differ.

Deemed QA/QC primarily consists of facility eligibility, measure eligibility, and savings validation. Facility eligibility includes confirmation that the facility is eligible SoCalGas energy efficiency programs by verifying the payment of the Public Goods Charge (PGC) and a double dipping measure validation.

For custom, this mandates checks of the justification of changes in scope, measure application type, applicable baselines, etc.; adherence to an approved M&V Plan, with justification for any changes; accurate calculations that follow the same approved methodology as an *Ex Ante* calculation; calculations supported with post-implementation data and normalized; identified NREs are justified and NRE adjustment calculations comply with statewide custom guidance; invoices support implementation costs; documentation of customer commitment to O&M plan for BRO measures, and other IR elements. In line with the Statewide Custom Project Guidance Document (v1.4), if changes were made to the project, the anticipated energy savings and demand reduction should be recalculated as necessary" (p. 27).

Specific to NMEC, this review includes verification of NMEC statistical fitness with post-installation data. For Deemed, reviews ensure invoices and specifications support claimed quantities, deemed values and eligibility requirements. For Custom and NMEC, post-inspections are performed by project engineers on 100% of projects. For Deemed, post inspections are performed on a sample of sites. Post inspections will be performed on a graduated scale that requires 100% for new and less experienced Trade Pros/contractors for a provisional period of time, down to a minimum of 10% on the volume and quality of a Trade Pro's/contractor's past performance, as rated in the report card available on our online platform. The nature and quantity of any errors are documented in the checklist and tracked in the online platform.

STEP 4. FEEDBACK/REFINEMENT: This QA/QC step involves ongoing refinement of QA/QC review procedures, tools, and training. QA/QC metrics are tracked in the online platform. QA/QC metrics include the type and quantity of errors documented in review checklists and comparison (variance) of estimated, approved *Ex Ante*, claimed, and



approved Ex Post savings. Partner and program staff senior engineers proactively update QA/QC training and QA/QC tools (checklists) in response to:

- QA/QC metrics
- Market and legislative changes (e.g., industry standard practice (ISP) or code changes)
- CPUC decisions and *Ex Ante* review dispositions
- Statewide Custom Calculation Guidelines Document updates
- Trade pro feedback

Other Program Metrics

The online platform tracks the following data points and KPIs:

- Performance: Goal Accomplishment (net therm savings)
- Cost Effectiveness Alignment: TRC
- Performance: Cost per Unit Saved
- Performance: Disadvantaged Communities
- Customer Satisfaction
- Service Delivery
- ZNE Projects
- Leased Projects
- Supply Chain Responsibility: DBE Spend

