

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

Order Instituting Rulemaking for Oversight of
Energy Efficiency Portfolios, Policies,
Programs, and Evaluation.

Rulemaking 25-04-010
(Filed April 24, 2025)

**ENERGY EFFICIENCY INDEPENDENT EVALUATORS' SEMI-ANNUAL REPORT
OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) THIRD PARTY ENERGY
EFFICIENCY SOLICITATION PROGRAM AND PROGRESS**

PUBLIC VERSION

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ATTACHMENT A

Energy Efficiency Independent Evaluators' Semiannual Report

Southern California Gas Company

Third-Party Energy Efficiency Program Solicitations

Reporting Period: October 2024 through March 2025

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June 2025

Disclaimer: This Report includes sensitive and confidential information.

ENERGY EFFICIENCY INDEPENDENT EVALUATORS' SEMIANNUAL REPORT

TABLE OF CONTENTS

A. Purpose	3
B. Background.....	3
C. Overview of Solicitations	6
D. IE Assessment of Solicitations	10
E. IOU Emerging Effective Practices	10
F. PRG Feedback.....	11
G. Stakeholder Feedback from CPUC Workshops.....	11
Attachment II: Individual EE Independent Evaluators' Semiannual Reports	15
Local Innovative Design for Energy Efficiency Application Solicitation – Round 1	18
Local Innovative Design for Energy Efficiency Application Solicitation – Round 2	24
Local Innovative Design for Energy Efficiency Application Solicitation – Round 3	44
Local Market Access Program Solicitation.....	52

I. Overview

A. Purpose

The Independent Evaluators' (IE) Semiannual Report (Semiannual Report or Report) provides an assessment of the Southern California Gas Company (SoCalGas or Company) third-party energy efficiency (EE) program solicitation process and progress by SoCalGas' assigned IEs.

Each investor-owned utility (IOU) is required to select and utilize a pool of IEs with EE expertise to serve as consultants to the Procurement Review Group (PRG).¹ For the entire solicitation process, the IE serves as a consultant to the PRGs, participates in PRG meetings, and provides assessments of the overall third-party solicitation process and progress.² The IEs are privy to viewing all submissions, are invited to participate in the IOU's solicitation-related discussions, and are bound by confidentiality obligations.

In Decision 18-01-004, the California Public Utilities Commission (CPUC or Commission) directs that a semiannual report on the overall process and conduct of the third-party solicitations be filed in the relevant EE rulemaking proceeding.³ This Report is provided in response to this requirement and represents an assessment of the program solicitation activities conducted from October 1, 2024, through March 31, 2025, unless otherwise noted. This Report provides feedback to the CPUC on the progress of SoCalGas' EE program solicitations.

This Report identifies areas for improvement and highlights effective practices recognized by the IEs based on SoCalGas' current program solicitations. The Report does not replace the required Final IE Solicitation Reports, which each respective assigned IE will provide to SoCalGas and its PRG after each solicitation. These reports will be filed periodically throughout SoCalGas' third-party program solicitation process.

B. Background

In August 2016, the CPUC adopted Decision 16-08-019, which defined a "third-party program" as a program proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator.⁴

In January 2018, the CPUC adopted Decision 18-01-004 directing the four California IOUs, San Diego Gas & Electric (SDG&E), Pacific Gas and Electric (PG&E), Southern California Edison (SCE), and SoCalGas, to assemble an EE PRG.⁵ The IOU's PRG, a CPUC-endorsed entity, is composed of non-

¹ Decision 18-01-004, OP 2.

² Id, p. 38.

³ OP 5.c.

⁴ Decision 16-08-019, OP 10.

⁵ Decision 18-01-004, OP 3.

financially interested parties such as advocacy groups, utility-related labor unions, and other non-commercial, energy-related special interest groups. The PRG oversees the IOU's EE solicitation process (both local and statewide), reviewing procedural fairness and transparency. This oversight includes examining overall procurement prudence and providing feedback during all solicitation stages. Each IOU periodically⁶ briefs its PRG throughout the process on topics including Request for Abstract (RFA) and Request for Proposal (RFP) language development, abstract and proposal evaluation, contract negotiations, and program Implementation Plan development.

Minimum Threshold Requirement for Third-Party Programs

In Decision 18-01-004, the CPUC directed the IOUs to ensure their EE portfolios contain minimum percentages of third-party-designed and implemented programs by predetermined dates.⁷ In November 2019, the CPUC granted IOUs various extension requests to meet the CPUC's initial 25% threshold requirement⁸ due to delays with the initial phases of the third-party solicitation efforts. Beginning December 31, 2022, the IOUs must maintain at least 60% of third-party programs within their EE portfolios. The IOUs are required to list their current third-party contracts, including an aggregate dollar value, in their Annual Energy Efficiency Reports on the CPUC's CEDARS reporting system.⁹

Guidance Letter from the Energy Division

On March 11, 2020, the Energy Division provided additional guidance to the IOUs in response to specific challenges experienced in the market, as raised through the semiannual CPUC-hosted public workshops to identify process improvements directed at the following issues:

Solicitation Schedules

- Allocate up to 12 weeks from RFA release to notify bidders of the invitation to respond to RFP.
- Allocate up to 15 weeks from RFP release to notification of bidders' invitation to Contract negotiation.
- Execute Contract 12 weeks after an invitation to Contract negotiation unless the IOU conducts multiple negotiations within the same solicitation, the program is complex, or the Contract addresses challenging elements.
- Update the solicitation schedules in the next quarterly update.

RFA Guidance

- Adhere to the intent of the RFA stage explained in Decision 18-01-004.

⁶ At monthly PRG meetings and off-cycle meetings as needed.

⁷ Decision 18-01-004, OP 1.

⁸ CPUC Letter to IOUs regarding the "Request for Extension of Time to Comply with Ordering Paragraph 4 of Decision 18-05-041", November 25, 2019.

⁹ Decision 18-01-004, OP 8.

- Refrain from requesting excessive detail in the RFA stage.

IOU Communication to Bidders

- Notify bidders of the status of the solicitation throughout the entire process.
- Provide better feedback to bidders by delivering on their commitments in response to stakeholder requests.
- Provide non-advancing bidders with notification if their abstracts/proposals did not advance due to an incomplete or non-conforming submission, a violation, or an unmitigated conflict of interest.
- After the deadlines are met for June 30 and September 30, 2020, the Energy Division encourages the IOUs to make feedback available to bidders notified before the date of this letter that they did not advance to the next stage of solicitations.

Energy Efficiency Portfolio Segments & Total System Benefits

In Decision 21-05-031, the CPUC approved significant changes to EE policy, most notably adopting a new metric for EE programs called Total System Benefit (TSB) and segmenting the EE portfolios into programs whose primary purposes are Resource Acquisition, Market Support, or Equity.¹⁰ Program Administrators are required to apply the TSB metric to program years 2024 and beyond.¹¹ Generally, IOUs will conduct a solicitation for programs within one of these portfolio segments. A summary of the key objectives for each portfolio segment is presented below.

- **Resource Acquisition** – Programs with a primary purpose of, and a short-term ability to, deliver cost-effective avoided cost benefits to the electricity system. Short-term is defined as during the approved budget period for the portfolio. This segment should make up the bulk of savings to achieve TSB goals.
- **Market Support** – Programs with a primary objective of supporting the long-term success of the EE market by educating customers, training contractors, building partnerships, or moving beneficial technologies towards greater cost-effectiveness.
- **Equity** – Programs with a primary purpose of serving hard-to-reach (HTR) or underserved customers and disadvantaged communities (DAC) in the advancement of the Commission’s Environmental and Social Justice Action Plan; the objectives of such programs may include increasing customer safety, comfort, resiliency, and/or reducing customers’ energy bills.

Single- or Two-Stage Solicitation Approaches

Effective February 3, 2023, the CPUC allows IOUs to launch either a single- or two-stage solicitation approach for soliciting third-party program design and implementation services as part of the EE

¹⁰ Decision 21-05-031, OP 2.

¹¹ Id, OP 1.

portfolio. The IOU is required to provide its PRG with the rationale for conducting either a single- or two-stage solicitation.¹²

C. Overview of Solicitations

This Report represents a collection of individual IE assessments for SoCalGas’ active program solicitations. It also provides an overview of solicitation activities and a high-level summary of issues and potential recommendations gleaned from the individual IE assessments for ease of review. The Report does not address program solicitations for which SoCalGas has yet to release an RFA or RFP.

Table C.1 provides a complete listing of SoCalGas’ third-party solicitations, including the assigned IE and contract status.

Table C.1: Solicitations Overview		
Solicitations	Assigned IEs	Solicitation Status
Local Residential Single Family	The Mendota Group	Completed
Local Residential Multifamily	The Mendota Group	Completed
Local Small and Medium Commercial	Don Arambula Consulting	Completed
Local Small and Medium Public	Apex Analytics	Completed
Statewide Point-of-Sale Food Service	MCR Corporate Services	Completed
Statewide Midstream Water Heating	MCR Corporate Services	Completed
Statewide Gas Emerging Technologies	Don Arambula Consulting	Completed
Local Residential Manufactured Homes	Apex Analytics	Completed
Local Large Commercial	Don Arambula Consulting	Completed
Local Agricultural	MCR Corporate Services	Completed
Local Behavioral (Residential, Business)	Apex Analytics	Completed
Local Industrial	Don Arambula Consulting	Completed
Local Outreach	Apex Analytics	Completed
Local Large Public	Apex Analytics	Completed
Local Retail Channel Support	MCR Corporate Services	Completed
Local Nonresidential Energy Advisor	MCR Corporate Services	Completed
Local Multifamily Whole Building	Apex Analytics	Completed
Local Marketplace	Don Arambula Consulting	Completed
Local HERS Rater Training	MCR Corporate Services	Completed
Local IDEEA 365 – Round 1	Don Arambula Consulting	Completed
Local Commercial SEM	Apex Analytics	Completed
Local IDEEA 365 – Round 2	Don Arambula Consulting	Completed
Local Market Access Program	MCR Corporate Services	Contracting
Local IDEEA 365 – Round 3	Don Arambula Consulting	RFP

¹² Decision 23-02-002, OP 7.

Table C.1: Solicitations Overview		
Solicitations	Assigned IEs	Solicitation Status
Legend: Pre-RFA: Activities conducted before RFA release. RFA: Includes bid preparation and evaluation period. Pre-RFP: Activities conducted before RFP release. RFP: Includes bid preparation and evaluation period. Contracting: Contract negotiations are being held. Contract Executed: Both parties signed the contract. Completed: All solicitation activities have been concluded. Suspended: Solicitation held until a later date. Canceled: Solicitation was withdrawn; scope may be included in a future solicitation.		

Since starting its third-party solicitation process in late 2018, SoCalGas has executed the contracts listed in Table C.2. These executed contracts represent third-party programs that may be eligible towards SoCalGas’ minimum third-party program threshold requirements as directed by the CPUC in Ordering Paragraph 4 of Decision 18-05-041.

Table C.2: Summary of Executed Contracts					
Solicitation	Implementer	Program Name	Contract Execution Date	Total Contract Value	Diverse Business Enterprise (DBE) % ¹³
Local Small and Medium Commercial	Franklin Energy Services	Small and Medium Commercial Energy Efficiency Program	September 24, 2020	\$4,499,999	9.6%
Local Small and Medium Commercial	ICF Resources	C-BEST Program	August 31, 2020	\$5,996,023	10.4%
Local Residential Single Family	Synergy Companies	Residential Advanced Clean Energy Program	September 21, 2020	\$9,000,000	42%
Local Residential Single Family	Global Energy Services, Inc.	Community Language Efficiency Outreach Program	September 21, 2020	\$2,994,250	100%
Local Residential Multifamily	ICF Resources	Multifamily Energy Alliance Program	September 21, 2020	\$5,999,990	12.4%
Local Residential Multifamily	Energx Controls, Inc.	Multi-Family Space and Water Heating Controls Program	December 23, 2020	\$1,338,039	20.7%

¹³ The DBE spend is an estimate from the Contracts to show the percentage of the budget that is forecasted to be contracted and/or subcontracted with DBE firms. Actual DBE spend will be reported by the IOU per General Order 156. 100% DBE indicates the Implementer is a qualified DBE. These programs may contain significant levels of customer incentives that are not eligible for DBE classification.

Table C.2: Summary of Executed Contracts					
Solicitation	Implementer	Program Name	Contract Execution Date	Total Contract Value	Diverse Business Enterprise (DBE) % ¹³
Local Small and Medium Public	Synergy Companies	Small-Medium Public Program	August 31, 2020	\$6,000,000	42%
Statewide Point-of-Sale Food Service	Energy Solutions	California Foodservice Instant Rebates Program	November 23, 2020	\$46,826,772	6.8%
Statewide Midstream Water Heating	DNV Energy Services USA, Inc.	Statewide Midstream Water Heating Program	November 20, 2020	\$45,840,873	20.3%
Local Agricultural	ICF Resources	Agriculture Energy Efficiency Program	December 14, 2020	\$8,996,359	0.7%
Large Commercial	Willdan	Large Commercial Program	December 17, 2020	\$12,350,000	40%
Local Manufactured Homes	Synergy Companies	Comprehensive Manufactured Homes Program	December 21, 2020	\$4,800,000	42%
Large Commercial	Enovity, Inc.	Service RCx+ Large Commercial Program	December 23, 2020	\$2,650,000	0%
Local Manufactured Homes	Staples & Associates	Residential Manufactured Homes Program	December 23, 2020	\$2,700,000	13.3%
Statewide Gas Emerging Technologies	ICF Resources	Statewide Gas Emerging Technologies Program	June 24, 2021	\$8,880,804	21%
Local Behavioral	Oracle	Customer Usage and Therm Engagement Program	October 29, 2021	\$9,279,600	31%
Local Behavioral	Bidgely	Performance-Based Next Gen HERs for All	November 1, 2021	\$2,078,883	0%
Local Behavioral	Bidgely	Performance-Based Next Gen HERs for Small Business	December 23, 2023	\$1,672,125	0%
Local Outreach	Global Energy Services	Disadvantaged Communities Outreach Program	May 3, 2022	\$2,700,000	100%
Local Large Public	Energy Infrastructure Partners	Large Public Sector Program	October 12, 2022	\$4,882,770	100%
Local Industrial	Wildan	Refinery Gas Energy Efficiency	December 19, 2022	\$24,629,078	0%

Table C.2: Summary of Executed Contracts					
Solicitation	Implementer	Program Name	Contract Execution Date	Total Contract Value	Diverse Business Enterprise (DBE) % ¹³
Local Retail Channel Support	ICF Resources	Retail Channel Support Program	December 22, 2022	\$2,997,250	10%
Local Nonres. Energy Advisory	Richard Heath & Associates	Business Energy Efficiency Survey	December 27, 2022	\$2,315,750	100%
Local Multifamily Whole Building	Richard Heath & Associates	Comprehensive Multifamily Incentive Program	December 28, 2022	\$18,000,000	100%
Local Industrial	Cascade Energy	I2i SEM	December 28, 2022	\$6,800,000	13.36%
Local Industrial	Cascade Energy	I-STAR	December 28, 2022	\$5,500,000	13.42%
Local Industrial	CLEAResult	Industrial Energy Partners	December 28, 2022	\$24,600,000	37.30%
Local Marketplace	Enervee	Local SoCalGas Marketplace powered by Enervee	December 29, 2022	\$4,851,400	0%
Local HERS Rating Training	CHEERS	HERS Training by CHEERS	December 30, 2022	\$1,350,000	0%
Local IDEEA1	Frontier Energy	BEER Program	December 31, 2023	\$669,850	8%
Local IDEEA1	Okapi Architecture	A+K-12 Program	December 31, 2023	\$699,422	100%
Local Commercial SEM	CLEAResult	Commercial SEM Program	January 11, 2024	\$8,397,740	10%
Local IDEEA1	CEGY	Pool Energy Efficiency Program	February 15, 2024	\$699,920	36%
Local IDEEA1	Williams Furnace Company	TEG Wall Furnace Market Transformation	October 17, 2024	\$700,000	0%
Local IDEEA2	CHEERS	HERS Training Program	November 13, 2024	\$1,975,000	0%
Local IDEEA2	Cascade	Decarbonization Studies and Solutions	November 20, 2024	\$698,744	0%
Local IDEEA2	Eco-Entertainment	EE and Rehabilitation Pgm.	February 7, 2025	\$950,000	57%
Total				\$295,320,641	26.20%

D. IE Assessment of Solicitations

Table D.1 reflects a detailed summary of IE recommendations and outcomes during the reporting period, gleaned from the individual IE reports on specific solicitations, as presented in Attachment II. It is important to note that the recommendations listed in Table D.1 may not reflect the opinions of all IEs. For a complete list of all IE recommendations made during this reporting period, please refer to the individual IE reports in Attachment II.

Table D.1: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
Flexible Payment Terms to Accommodate Smaller-sized Implementers	SoCalGas has an early invoice payment process whereby qualified DBEs may obtain a 15-day payment term. This process enables DBEs to address unique cash flow issues that may challenge them during program implementation. However, SoCalGas did not offer such an initial payment term to DBE bidders at the onset of contract negotiations.	In its RFP instructions, SoCalGas should explain to potential bidders that DBE-certified implementers may be eligible for early invoice payment terms in future RFPs as another way to attract qualified DBE implementers. SoCalGas should also provide these invoice payment terms at the beginning of contract negotiations.	Agree

E. IOU Emerging Effective Practices

Effective practices reported in Table E.1 reflect individual IE assessments of their assigned solicitations and are not consensus recommendations of all IEs. Some apply only to certain types of solicitations (e.g., cost-effectiveness requirements are typically applicable to only resource acquisition solicitations) or were effective because of the circumstances of a particular solicitation. The IEs recommend that the IOU consider the applicability of these to its future solicitations. Where the practice reported has been broadly applicable and adopted by all IOUs, the PRG has added it to its PRG Solicitation Guidelines.

Table E.1: Effective Solicitation Practices		
Emerging Effective Practice	IE Analysis	Initial Date
Timely Debriefing Sessions	SoCalGas scheduled bidder debriefing sessions immediately following its proposal selections to help bidders understand their proposal’s strengths and weaknesses and to provide feedback to SoCalGas from bidders on how to improve future solicitations.	June 2024
Contract Negotiations	SoCalGas instituted the good practice of distributing notes of each negotiation session soon afterward, which allowed both parties to remain in sync.	June 2023
Solicitation Kickoff Meeting	SoCalGas hosts a solicitation kickoff meeting with the assigned IE, program staff, and solicitation staff to discuss the solicitation and understand the current program structure and SoCalGas’ solicitation goals. The meeting helps align the SoCalGas team early in the solicitation and makes the RFA package review more efficient.	June 2021
Bidders’ Conference	SoCalGas uses a new conference system with improved features such as attendee tracking, recording, and integrated Q&A. This information is helpful and provides a good foundation for new market entrants.	June 2021
Contract Negotiations	SoCalGas utilizes an Excel-based comment tracker to record proposed changes and responses to the initial draft of the Contract. The tracker lets both parties quickly identify proposed changes and record the outcome and rationale.	December 2020
Multiple Rounds of Q&A	SoCalGas provides more than a single round of Q&A, allowing bidders to provide follow-up questions and affords bidders more opportunities to ask questions.	December 2020
Collaborative Negotiations	Collaborative negotiations focus on improving the program offering, a primary consideration in contract negotiations.	December 2020

F. PRG Feedback

The IOU generally accepted the PRG recommendations during this reporting period. Individual reports reflect specific PRG feedback and the IOU’s responses. For a greater discussion of the PRG and IE recommendations, refer to the individual IE solicitation reports in Attachment II.

G. Stakeholder Feedback from CPUC Workshops

Annual Workshop

The CPUC, in Decision 18-01-004, requires that its Energy Division host Semiannual workshops to “allow for information discussion and problem-solving among stakeholders about the progress of the

third-party solicitations and for consideration of the Semiannual IE reports.”¹⁴ Decision 23-02-002 modified the requirement to at least once per year. The last stakeholder meeting was held on March 6, 2025, in Oakland, California, at PG&E’s offices. It was an in-person/virtual meeting with 38 in-person and 107 virtual attendees.

The workshop provided an opportunity for stakeholders to ask questions, provide comments, and receive updates on past and future solicitations, as well as the IOUs and CPUC plans moving forward. Participants included PRG members, IEs, CPUC Energy Division staff, IOUs, program implementers, prospective bidders in solicitations, and other stakeholders. The meeting presentations, agenda, and notes are available on the California for Energy Efficiency Coordinating Committee’s (CAEECC) website.¹⁵

The topics presented included the following:

- **Energy Efficiency Recent Policy Updates:** Energy Division staff provided an update on CPUC decisions and relevant EE policies and resources for Implementers. These included updates to the Avoided Cost Calculator, Potential and Goals Study, Database for Energy Efficiency Resources (DEER), Custom Review Process improvements, and opportunities for public input.
- **IE Presentation on the Semiannual Reports:** A representative from the IE pool presented effective practices noted from the most recent Semiannual Reports (October 2023-September 2024).
- **IOU Portfolio Updates and Upcoming Solicitations:** Each of the four IOUs provided updates on executed contracts and how they fit into their portfolios, as well as reflections, including challenges and wins, during the five-plus years of the third-party solicitation process. In addition, several IOUs supported more targeted and smaller programs to engage small and new bidders (similar to SoCalGas’s IDEEA 365), foster innovation, and, through increased competition, realize lower customer prices.
- **Implementer Panel:** A panel of three third-party program implementers, plus a third-party facilitator, used a survey of California Energy and Demand Management Council (CEDMC) members and their own experiences to discuss challenges and successes with the current solicitation process.

Successes described included the following:

- IOU marketing of solicitations
- Timing and strategies related to contract negotiations
- Openness of IOUs to milestone and deliverable payments
- Customer data access

¹⁴ Decision 18-01-004, OP 26.

¹⁵ <https://www.caeccc.org/cpuc-third-party-public-meetings>

- Willingness of IOUs to involve account managers in program implementation

Challenges shared by the panelists included the following:

- Length of contract negotiations to program launch
- Heavy implementer risk
- Consistency of the solicitation and negotiation process across IOUs
- Confusion on priority for balancing cost-effectiveness and total system benefit (TSB) in program design
- Consistency in policy application/interpretation
- Avenue to launch new ideas similar to IDEEA 365
- Expediting contract amendments

In addition, the panel identified broader topics that should be addressed at some point during the evaluation of the third-party solicitation process:

- Custom project review timelines
- Statewide program coordination and data sharing
- Net-to-gross and avoided cost calculator (ACC) updates
- Other cost-effectiveness metrics
- Lessons learned from other states

Independent Evaluator Panel: The Energy Division facilitated a panel to garner IE perspectives specifically on the market access program (MAP) model and the opportunities for companies to participate as aggregators in these programs, even if they are not the prime program implementers.

Open Discussion: Questions and recommendations from stakeholders and other attendees focused mainly on encouraging DBE/SBE involvement, including concerns about financial and insurance risks for smaller companies and a proposal to revisit the CET tool.

Post Workshop Survey

Twenty-three individuals participated in the post-event survey and were very supportive of the event and the information shared and learned. There was general support for each session and the time allocated for the event, focusing on providing more opportunities for stakeholder participation and discussion and possibly adding more time before and after the event. The next Stakeholder meeting is not currently scheduled.

Attachment II: Individual EE Independent Evaluators' Semiannual Reports

Energy Efficiency Independent Evaluators' Semiannual
Report on the

**LOCAL INNOVATIVE DESIGN FOR ENERGY EFFICIENCY
APPLICATIONS SOLICITATION – ROUND 1**

Reporting Period: October 2024 through March 2025

Prepared by:
Don Arambula Consulting



Disclaimer: This Report includes sensitive and confidential information.

Local Innovative Design for Energy Efficiency Application Solicitation – Round 1

1. Solicitation Overview

The Semiannual Report on the Local Innovative Design for Energy Efficiency Application–Round 1 (IDEEA1) program solicitation covers the Implementation Plan and public workshop related to the Williams Furnace Company’s Thermoelectric Generator Wall Furnace Direct Install Program.

1.1. Overview

The Innovative Design for Energy Efficiency Applications 365 (IDEEA 365 or IDEEA) solicitation approach provided the bidder community with an ongoing opportunity to test new program concepts and technologies to advance customer adoption of EE. The ongoing nature of the IDEEA 365 approach has created a collaboration between the industry and SoCalGas. Implementers who ultimately deliver successful IDEEA 365 programs may be allowed to expand their scope and funding in the future.

a. Scope

Interested bidders were encouraged to propose innovative programs that would use various program strategies and tactics, which could include but are not limited to:

- Providing comprehensive deep EE retrofits and whole building improvements to achieve long-term energy savings (i.e., direct install with co-pay, custom measures, NMEC);
- Offering energy assessments and other forms of technical assistance to drive EE actions;
- Providing financial incentives to customers and/or targeted market actors;
- Leveraging available financing options to fund project co-pays (e.g., 0% On-Bill Financing with favorable terms for Public institutions, Public Funding Assistance, private sector financing, etc.);
- Coordinating with available Regional Energy Networks (RENs), which provide added support to customers;
- Stacking incentives from other entities, such as municipal utilities and water agencies, where available in their design, including those customers that SoCalGas and other utilities dually serve;
- Partnering with local small business organizations and community-based organizations;
- Offering ways to use local contractors (e.g., trade allies);
- Modifying the customer’s organizational decision-making; and/or

- Focusing on SoCalGas customers in rural, HTR, and/or DACs.

b. Objectives

This RFP sought innovative approaches to reduce perceived program operational and market barriers, ultimately resulting in SoCalGas customers' saving energy. Selected programs would test new ways to increase customer adoption of EE, which will assist SoCalGas in achieving portfolio and sector-level metrics.¹⁶

The IDEEA 365 solicitation encouraged the exploration of all relevant delivery channels and/or market-ready new technologies to produce an EE program directed at SoCalGas customers. Proposals could target specific customers based on criteria such as, but not limited to, specific climate zones, income levels, customer HTR status, and customers located in disadvantaged communities.¹⁷

1.2. Timing

SoCalGas released the RFP on April 20, 2023. The RFP stage duration extended beyond SoCalGas' PRG, and the CPUC's Energy Division (ED) recommended 15 weeks. This extended RFP period accommodates a new bidder interview process critical to SoCalGas IDEEA evaluation. SoCalGas completed contract negotiations within seven weeks for many of the contracts, quicker than the ED's suggested 12-week period for three executed contracts. Table 1.1 below includes key milestones for this program solicitation.

Table 1.1: Key Milestones		
Milestones	Completion (Proposed) Date	Duration
RFP Stage		
1. RFP Released	April 20, 2023	20 weeks
2. Optional Bidder Conference	April 26, 2023	
3. Bidder Questions Due	May 3, 2023	
4. Responses to Bidder Questions	May 10, 2023	
5. Bidder's Proposal Due	May 31, 2023	
6. Bidder Interviews Notification	July 7, 2023	
7. Bidder Interviews/ Presentations	July 13 – August 18, 2023	
8. Selected Bidders Notified	September 8, 2023	
9. Bidder Debriefing Sessions	August 11 – October 10, 2023	

¹⁶ See SoCalGas Portfolio And Sector-Level Metrics Compliance Filing, pp. 57-61, available at <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M233/K545/233545545.PDF>.

¹⁷ See Decision 18-05-041, COL 26 and 27, available at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M215/K706/215706139.PDF>.

Table 1.1: Key Milestones		
Milestones	Completion (Proposed) Date	Duration
Selections & Contracting Stage		
1. Contract Negotiations Begin	October 6 – October 31, 2023 *	53 weeks
2. Contract Execution Dates		
BEER Program	December 31, 2023 *	
A+K-12 Program	December 31, 2023 *	
Pool Energy Efficiency Program	February 15, 2024 *	
TEG Wall Furnace Direct Install Pgm.	October 17, 2024 *	
Contract Approval and Program Rollout		
1. Implementation Plan Due		
BEER Program	February 29, 2024 *	
A+K-12 Program	February 29, 2024 *	
Pool Energy Efficiency Program	April 8, 2024 *	
TEG Wall Furnace Direct Install Pgm.	December 16, 2024 *	
2. Program Launch	Q1 2025 *	
* - Delayed from the original schedule. ** - Estimated.		

1.3. Key Observations

This solicitation activity was presented in the October-March 2024 Semiannual Report, dated June 2024, and the April-September 2024 Semiannual Report, dated December 2024.

2. RFP, Bidder Response and Selections

This solicitation activity was presented in the October-March 2024 Semiannual Report, dated June 2024.

3. Contracting Process

This solicitation activity was presented in the April-September 2024 Semiannual Report, dated December 2024.

4. Assessment of Final Contract

This solicitation activity was presented in the April-September 2024 Semiannual Report, dated December 2024.

5. Overall Assessment of Solicitation

This solicitation activity was presented in the April-September 2024 Semiannual Report, dated December 2024.

6. Implementation Plan Assessment

As requested by the PRG, the IE’s review of the Implementation Plan (IP) was limited to confirming the draft IP's alignment with the CPUC-approved Contract. The IE review did not address whether the draft IP complied with the CPUC’s IP requirements.

6.1 Results of the Draft IP Review

The IE reviewed the draft IP to ensure consistency with the executed contract. Table 6.1 summarizes the results of the draft IP review compared to the standard PRG Checklist.

Table 6.1: Draft Implementation Plan Comparison with Executed Contract		
Topic	Consistent	IE Notes
Program Overview	Yes	
Program Summary (incl. budget, impacts, cost-effectiveness, sector, etc.)	Yes	
Program Delivery (incl. program offerings, target market)	Yes	
Program Design (incl. strategies, tools, methods, innovation, integrated demand side management, program logic model, etc.)	Yes	
Compliance (workforce standards, disadvantaged workers, etc.)	Partial	
Metrics	Yes	
Program Rules (incl. customer eligibility, contractor eligibility, eligible measures, QA/QC Plan, etc.)	Yes	
Program Logic Model	No	
Incentive Levels & Workpapers	Yes	
Workshop held on December 11, 2024	Yes	

6.2 Public Workshop Overview Summary

SoCalGas held a public workshop on the draft IP on December 11, 2024. The webinar had about nine attendees, including members of SoCalGas’ PRG.

The Implementer, Williams Furnace Company (Williams), presented the TEG Wall Furnace Direct Install Program that included an overview of the inefficient wall furnace market in SoCalGas’ service territory. Williams explained that there is significant potential for upgrading energy efficiency and reducing GHG emissions by replacing legacy units (37% AFUE) with directly installing the new, much

more efficient units (82% AFUE). The Implementer explained that it manufactured most of the wall furnaces in southern California during the mid-to-late 20th century and was uniquely positioned to provide a much more efficient option to SoCalGas customers. Williams explained that this efficiency level of new heating technology is the highest technically feasible without the unit creating condensation.

Williams provided an overview of the technology's innovative and customer-friendly features. This affordable system can easily replace existing inefficient setups without requiring costly retrofits. It utilizes self-powered heating technology, where the electronic hot surface ignitor activates the furnace when the digital thermostat calls for heat. Thermoelectric power then converts the heat into electrical energy for ongoing operation. A fan efficiently distributes the heat throughout the home, and the absence of a standing pilot eliminates in-home methane emissions, enhancing comfort and convenience while reducing energy costs and carbon emissions.

Williams provided an overview of the program and its role in program delivery. It is uniquely positioned as a manufacturer to work with an established network of distributors and qualified contractors to deliver the program. The Implementer will target underserved customers in the residential single-family and multifamily segments. Specifically, the program will market directly to homeowners, housing authorities, and property management companies through direct marketing strategies, including social media, industry trade shows, and customer testimonials.

Williams also explained that the program will offer training to installers at its manufacturing facilities to ensure the proper installation of the new technology and to enhance the customer experience.

The workshop attendees had several questions and requests, including venting requirements, other efficient model options, identifying the specific underserved customers, and the bidder's experience receiving ISN certification. As a manufacturer, SoCalGas required Williams to seek and receive ISN certification. Williams explained that many ISN requirements did not apply to their business as they do not plan to install the equipment. As for reaching the underserved market, Williams will rely on a combination of its past customer sales records and SoCalGas' customer data to efficiently identify eligible customers. Williams also explained that the new technology recently released to the consumer market is the most efficient model technically feasible; no other higher-efficiency models are available.

Attendees also sought information on the detailed budget and the draft Implementation Plan. The IE reminded the IOU to ensure the draft Implementation Plan is available before the public workshop so stakeholders can provide informed input on the proposed program. In response, SoCalGas will ensure that the draft IP will be available before the public workshop in the future. SoCalGas provided stakeholders with an opportunity to provide additional questions after the workshop, but SoCalGas did not receive any further questions.

Energy Efficiency Independent Evaluators' Semiannual
Report on the

**LOCAL INNOVATIVE DESIGN FOR ENERGY EFFICIENCY
APPLICATIONS SOLICITATION – ROUND 2**

Reporting Period: October 2024 through March 2025

Prepared by:
Don Arambula Consulting



Disclaimer: This Report includes sensitive and confidential information.

Local Innovative Design for Energy Efficiency Application Solicitation – Round 2

1. Solicitation Overview

SoCalGas released the Local Innovative Design for Energy Efficiency Application (IDEEA)—Round 2 (IDEEA2) to support the ongoing nature of the IDEEA solution approach. IDEEA2 was immediately released after SoCalGas made proposal selections in SoCalGas’ IDEEA—Round 1 solicitation. It is important to note that the IDEEA2 report is limited to the IDEEA2 solicitation.

The Semiannual Report on the IDEEA2 program solicitation addresses the contracting phase with Eco Entertainment Inc. (Eco Entertainment) and their new Energy Efficiency and Rehabilitation Program (EER Program).

1.1. Overview

The IDEEA solicitation approach provided the bidder community with an ongoing opportunity to test new program concepts and technologies to advance customer adoption of EE. The approach’s ongoing nature creates a collaboration between the industry and SoCalGas. Implementers who ultimately deliver successful IDEEA programs may be allowed to expand their scope and funding.

a. Scope

Interested bidders were encouraged to propose innovative programs that would use various program strategies and tactics, which could have included, but were not limited to:

- Providing comprehensive deep EE retrofits and whole building improvements to achieve long-term energy savings (i.e., direct install with co-pay, custom measures, NMEC);
- Offering energy assessments and other forms of technical assistance to drive EE actions;
- Providing financial incentives to customers and/or targeted market actors;
- Leveraging available financing options to fund project co-pays (e.g., 0% On-Bill Financing with favorable terms for Public institutions, Public Funding Assistance, private sector financing, etc.);
- Coordinating with available Regional Energy Networks (RENs), which provide added support to customers;
- Stacking incentives from other entities, such as municipal utilities and water agencies, where available in their design, including those customers that SoCalGas and other utilities dually serve;
- Partnering with local small business organizations and community-based organizations;
- Offering ways to use local contractors (e.g., trade allies);
- Modifying the customer’s organizational decision-making; and/or

- Focusing on SoCalGas customers in rural, hard-to-reach, and/or disadvantaged communities.

b. Objectives

This RFP sought innovative approaches to reduce perceived program operational and market barriers, ultimately resulting in SoCalGas customers’ saving energy. Selected programs will test new ways to increase customer adoption of EE, which will assist SoCalGas in achieving portfolio and sector-level metrics.¹⁸

As with its preceding IDEEA1 solicitation, SoCalGas’ IDEEA2 solicitation encouraged the exploration of all relevant delivery channels and/or market-ready new technologies to produce an EE program directed at SoCalGas customers. Proposals were given the flexibility to target specific customers based on criteria such as, but not limited to, specific climate zones, income levels, customer HTR status, and customers located in disadvantaged communities.¹⁹

1.2. Timing

SoCalGas released the RFP on October 20, 2023. The RFP stage duration extends beyond SoCalGas’ PRG, and the CPUC’s Energy Division recommended 15 weeks. This extended RFP period accommodates a new bidder interview process critical to SoCalGas IDEEA evaluation and the year-end holiday season. Table 1.1 below includes key milestones for this program solicitation.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
RFP Stage		
1. RFP Released	October 20, 2023	20 weeks
2. Optional Bidder Conference	October 26, 2023	
3. Bidder Questions Due	November 3, 2023 *	
4. Responses to Bidder Questions	November 17, 2023 *	
5. Bidder’s Proposal Due	January 5, 2024	
6. Selected Bidders Notified	March 8, 2024 *	
7. Bidder Debriefing Sessions	March 25 – 29, 2024 *	
Selections & Contracting Stage		
1. Contract Negotiations Begin	July 9, 2024 – August 8, 2024 *	32 weeks *

¹⁸ See SoCalGas Portfolio And Sector-Level Metrics Compliance Filing, pp. 57-61, available at <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M233/K545/233545545.PDF>.

¹⁹ See Decision 18-05-041, COL 26 and 27, available at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M215/K706/215706139.PDF>.

Table 1.1: Key Milestones		
Milestones	Completion Date	Duration
2. Contract Execution Date (Eco-E only)	February 7, 2025 *	
Contract Approval and Program Rollout		
1. Implementation Plan Due	April 7, 2025*	60 Days
2. Program Launch	Q2 2025 **	
* - Delayed from the original schedule. ** - Estimated.		

1.3. Key Observations

Table 1.2 presents key observations made by the IE during the reporting period. The IE shared these key recommendations and others with the IOU and PRG, and the IOU was allowed to review, consider, accept, or reject them.

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
Flexible Payment Terms to Accommodate Smaller-sized Implementers	SoCalGas has an early invoice payment process whereby qualified DBEs may obtain a 15-day payment term. This process enables DBEs to address unique cash flow issues that may challenge them during program implementation. However, SoCalGas did not offer such an initial payment term to DBE bidders at the onset of contract negotiations.	In its RFP instructions, SoCalGas should explain to potential bidders that DBE-certified implementers may be eligible for early invoice payment terms in future RFPs as another way to attract qualified DBE implementers. SoCalGas should also provide these invoice payment terms at the beginning of contract negotiations.	Agree
Timely Negotiations	SoCalGas held weekly meetings supported by detailed agendas and a contract tracker, which records ongoing contracting issues and their resolutions. The timely negotiations were due, in large part, to SoCalGas’ commitment to shorten negotiations and schedule	SoCalGas should continue practicing a disciplined approach to contract negotiations and communicate to bidders in RFP instructions that SoCalGas expects the same commitment from the bidder in contract negotiations.	Agree

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Recommendation	Response
	weekly meetings supported by detailed agendas with itemized deliverables assigned to both parties.		
Timely Contract Execution	After the contracting parties concluded negotiations, the SoCalGas internal contract’s final preparation, review, and approval processes took several weeks to complete. The value for most IDEEA contracts is less than \$1 million over a two-year period.	SoCalGas should review, refine, and reduce the time required to conduct internal contract preparation and approval processes, especially given the low contract values.	New recommendation
Initiate All Necessary Implementer Certification and Registration Requirements Timely	SoCalGas requires all new vendors to register in its Ariba system. Implementers and subcontractors installing EE measures must also register and receive ISN certification. SoCalGas requires these certifications to be completed before contract execution. These registration and approval processes may take several weeks to complete. During program ramp-up, the implementer must pass a cybersecurity review to receive customer data. Such reviews can take several weeks to complete, which may delay the program launch, which is required within 90 days of contract execution.	SoCalGas should identify any potential registration requirements and request the bidder to begin the process at the onset of negotiations. SoCalGas should begin cybersecurity reviews early to avoid program delivery delays. During contract negotiations, SoCalGas should discuss adapting program delivery with the bidder to reduce customer data requirements.	New recommendation

2. RFP, Bidder Response and Selections

This solicitation activity was presented in the October 2023 - March 2024 Semiannual Report, dated June 2024.

3. Contracting Process

SoCalGas successfully negotiated a contract with Eco Entertainment on their proposal to offer a no-cost, co-funded direct-install initiative that innovatively combines revenues from privately sponsored live events with ratepayer-funded energy efficiency rebates. This program aims to reduce reliance on ratepayer funding while expanding energy efficiency opportunities for SoCalGas customers.

3.1 Contract Negotiations

From June through October 2024, SoCalGas held periodic meetings supported by detailed agendas and a contract tracker to record ongoing contracting issues and their resolutions to help parties track their progress throughout the negotiation period. The parties also shared several contract turns in addition to these meetings.

Negotiations, including contract execution, spanned 17 weeks. The negotiations were aided by SoCalGas’ preference for weekly meetings supported by detailed agendas with itemized deliverables assigned to both parties. Negotiations were extended, in part, due to the unique nature of the program concept, which proposed holding live events at various venues throughout southern California to generate revenue and help offset the cost of the proposed EE direct install program. SoCalGas had several concerns about the type of live event and the appropriate promotion and branding. Simultaneously, the bidder recruited a live event coordinator willing to participate in and hold such events. These issues, as well as those listed in Table 3.1 below, caused protracted negotiations.

a. Collaboration on Final Program Design and Scope

In Decision 16-08-019, the CPUC allows the IOU and the selected Bidder, after program selection, to collaborate on the ultimate program design implemented by the third party.²⁰ Collaboration enables the IOU to share its understanding of its customers and prior program implementation experience with the selected bidder to optimize the program offers. Contract negotiations are also the time for the bidder to share greater levels of program details and to address any IOU concerns regarding the program design and delivery.

SoCalGas and Eco Entertainment addressed several contract issues during negotiations. Below is a summary of these key negotiated items:

Table 3.1: Key Contract Negotiation Topics	
Topic	Discussion and Agreement
Co-Branding Events	The bidder had identified a specific event promoter. At the start of contract negotiations, the U.S. Department of Justice filed a civil antitrust

²⁰ Conclusion of Law 57 states, “The definition of third-party programs should be clarified to specify that the program delivered by a third-party must also be designed and presented to the utility program administrator by the third party; utilities may consult and collaborate, using their expertise, on the ultimate program design implemented by the third party.”

Table 3.1: Key Contract Negotiation Topics	
Topic	Discussion and Agreement
	<p>lawsuit against the potential promoter, alleging that the promoter engaged in monopolization and other unlawful conduct that thwarts competition.</p> <p>Based on this emerging issue, SoCalGas was unwilling to pursue co-promoting events regardless of the promoter, an integral part of the proposed program. The bidder clarified that it had been in discussions with another event promoter and would no longer pursue discussions with the initial promoter. The bidder also indicated that co-branding with SoCalGas was not a critical element to the success of the live events planned. Parties agreed to limit co-branding to program-related activities and engage a local promoter to hold the live events.</p>
Promoter Role	<p>SoCalGas requested that the bidder clarify the roles of each party involved, including themselves, the proposed event promoter, and the direct install subcontractor. The bidder explained that the promoter would be responsible for marketing the event and providing secure platforms for ticket purchases. Meanwhile, the bidder intends to recruit customers for the direct installation offering, while their subcontractor will handle all the installation work.</p> <p>Additionally, the bidder confirmed that they have secured the event promoter, who has access to 50-60 artists willing to participate in the events. The bidder noted that the promoter is highly interested in the program, as it could potentially expand its market share for future live events.</p> <p>A key milestone for the program will be generating sufficient revenue to fund the energy efficiency (EE) program activities. All parties agreed that the Implementer would collaborate with the promoter to hold live events and generate revenue before recruiting customers into the program.</p>
Planned Events & Expected Revenue	<p>The bidder provided a preliminary schedule of live events ranging in size from smaller venues (<2k attendees) to mega events (60-90k attendees). The bidder estimated the live event revenue stream of \$2.5 million to be available for the EE direct install program. The Contract provides an event schedule detailing the expected number of events by size and revenue.</p>
Coordinate with Statewide Higher Education and Other Local Offerings	<p>Eco Entertainment will target various customer groups for its direct install program, including public buildings, elementary schools, colleges, youth services, and shelters. Eco Entertainment proposes holding many live events at local colleges/universities. SoCalGas explained that retrofits at universities and colleges would require coordination with the Statewide Higher Education program, which submitted an advice filing requesting to refocus on strategic energy management solutions. SoCalGas also explained that Eco Entertainment must coordinate with other local third-party programs. The bidder agreed.</p> <p>The IE noted to SoCalGas that due to various operational and market barriers facing public and residential multifamily segments, SoCalGas should discuss focusing on fewer customer segments (e.g., public and private</p>

Table 3.1: Key Contract Negotiation Topics	
Topic	Discussion and Agreement
	colleges/universities housing). SoCalGas and the Implementer should collaborate on customer recruitment to ensure timely customer participation, especially in the residential multifamily, local government, and higher education customer segments.
Payment Terms	The proposed program approach will assign most of SoCalGas’ payment to a DBE subcontractor. IE encouraged SoCalGas to offer a 15-day payment term if the implementer applies and qualifies as an SBE and/or the ultimate subcontractor(s) is a DBE or SBE. SoCalGas offered to extend the 15-day if the Implementer is certified as a DBE.
Implementer Certification and Cyber Security Review	<p>SoCalGas requires all new vendors to register in its Ariba system. Additionally, any implementers or subcontractors installing energy efficiency (EE) measures must register and obtain ISN²¹ certification. SoCalGas mandates that these certifications be completed before executing a contract. Please note that these registration and approval processes can take several weeks to complete.</p> <p>SoCalGas requested Eco Entertainment to initiate the ISN registration process early during negotiations, and Eco Entertainment agreed. However, the new vendor registration process was started late in the contract negotiations, delaying contract execution.</p> <p>To avoid such delays in the future, SoCalGas should identify any potential registration requirements and ask bidders to start the process at the beginning of negotiations. Furthermore, SoCalGas should begin any cybersecurity reviews as early as possible. It is also advisable for SoCalGas to discuss limiting customer data sharing with the implementer, especially if alternative customer recruitment methods can be pursued without the need for IOU customer data.</p>

b. Fairness of Negotiations

The contract negotiations were fair and transparent.

c. Changes to Contract Terms & Conditions

To comply with CPUC directives, SoCalGas provided the bidder with standard and modifiable CPUC terms and conditions at the start of contract negotiations.²² The IE reviewed all documents and confirmed that the contract includes the CPUC’s standard terms and conditions. The IOU also proposed a set of additional terms and conditions. These other terms do not conflict with the CPUC standard terms and conditions since SoCalGas included an additional contract term that clarified that

²¹ ISN certification refers to a validation process that ensures businesses adhere to stringent safety and compliance standards. ISN serves as a database for online contractor safety management, streamlining compliance pre-qualification processes. It collects safety, procurement, sustainability, quality, and regulatory information from contractors and suppliers, enabling owner/client organizations to select contractors that meet their safety requirements.

²² Decision 18-10-004, OP 7.

the CPUC standard terms and conditions take precedence over any potentially contradictory terms in the Agreement. The IOU and the bidder agreed to all terms and conditions. The IE also reviewed the contract against the PRG’s Contract Checklist and found no issues with SoCalGas’ contract.

d. Conformance with CPUC Policies and Objectives

Table 3.2 below summarizes how the program elements align with those CPUC policies and other PRG recommendations the contracted Program should support.

Table 3.2: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
IOU should develop a standard contract template with CPUC standard terms to be compliant with applicable CPUC policies, decisions, or specific directives, consider PRG and IE feedback, and not use language/concepts that are inappropriate or typically not used in the EE industry. (PRG Guidance on Contracting, Section 6.1.1)	See Section 3.1.C.
The Contract must include all CPUC standard (non-modifiable) contract terms in the contract (6.1.2)	See Section 3.1.C.
The Contract includes CPUC modifiable contract terms as a starting point. (6.1.3)	See Section 3.1.C.
Other aspects of the contract template do not conflict with CPUC terms and conditions, policies, decisions, or direction. (6.1.4/5)	See Section 3.1.C.
IE pool reviews standard contract template and provides comments (6.1.6)	Confirmed. The IE reviewed the contract template.
IOU must present its contracting negotiation process to the IE/PRG for review (6.2.1)	Confirmed. The IOU informed the IE and PRG of the process and approach to the contract.
IEs should monitor all bidder communications during the negotiation process (6.2.2)	Confirmed. The IE was included in all bidder communications and attended all meetings.
IOUs should explain their contracting process to selected bidders (6.2.3)	Confirmed. The IOU presented the contracting process to the bidder at the initial meeting.
Before execution, the assigned IE and PRG should review the final contracts for each Program recommended for award. (6.3.1)	Confirmed. The IE reviewed the final contracts.
A reasonable number of KPIs.	Confirmed. The contract includes 8 KPIs tied to program performance, program management, DBE spending, Disadvantaged Communities/ Hard-to-Reach / Underserved activities, and customer satisfaction. The KPI performance is monitored monthly throughout the program implementation period.

Table 3.2: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
KPIs make sense in terms of measuring, scale, and timeframe.	Confirmed.
The contract includes appropriate performance issue remedies.	Confirmed. The contract identifies the process to remedy KPI performance issues, including program cancellation, if remedies are ineffective in increasing performance to acceptable levels.
The contract clearly addresses Support Services.	The contract identifies the IOU services (e.g., marketing) it will provide the Implementer. These services include the IOU’s customer account manager support, marketing support, program customer contact support, and customer data support. SoCalGas does not charge the Implementer a fee for these standard services.
Innovative aspects of the Program are retained.	1. Confirmed.
If applicable, IDSM components are included.	Not applicable. The program does not include any IDSM elements.
If applicable, program considerations for HTR and DAC are incorporated.	The Program will report the number of participants monthly, including those located in DACs, HTR, and Underserved customers.
Changes proposed by the IOU and the Implementer were reasonable and fair.	Confirmed.

e. Uniformity of Contract Changes

SoCalGas conducted multiple contract negotiations with various bidders. SoCalGas offered consistent contract terms and conditions to all bidders engaged in these IDEEA contract negotiations during these negotiations.

SoCalGas and Eco Entertainment’s negotiations concluded with a third-party contract that contains the CPUC standard and modifiable terms and conditions in addition to supplemental terms and conditions sponsored by SoCalGas and accepted by Eco Entertainment.

Final Selection

SoCalGas made its final selection based on the evaluation outcome and ranking of other similar proposals. As presented in Section 2.4 of this Report, SoCalGas concluded that Eco Entertainment’s Energy Efficiency and Rehabilitation (EER) Program offers an innovative and unique opportunity for a no-cost, direct install program for eligible SoCalGas public, commercial, and multifamily customers in SoCalGas’ service territory. Eco Entertainment will host live events in partnership with an event promoter to generate revenues to fund a majority of the energy efficiency program offerings.

3.2 Contract Execution

SoCalGas signed a contract with Eco Entertainment on February 7, 2025. The execution of this contract was delayed due to an extended review and approval process for the bidder's required registration, which includes ISN certification. As mentioned in Table 3.1 above, to improve the timeliness of the contract execution phase, SoCalGas should identify any potential registration requirements and ask the bidder to begin the registration process at the start of negotiations.

While not required to execute the contract, SoCalGas should initiate cybersecurity reviews as early as possible during negotiations to prevent potential program delays. To help reduce cybersecurity requirements and related insurance costs, the IOU and the bidder should collaborate during negotiations to explore alternative methods for utilizing customer data in program delivery whenever feasible without compromising program delivery and performance.

The Contract is effective since the contract value and term are below the CPUC's threshold for seeking CPUC contract approval.

3.3 PRG and IE Feedback to Contracting

The IOU sought and considered PRG and IE feedback throughout the contracting process. As previously stated, SoCalGas' standard contract agreement met the PRG contracting recommendations. The IE actively monitored all contract negotiations. The IOU also met with the IE to discuss emerging contracting issues throughout the contracting phase. Section 3.1 of this Report summarizes many of these contracting issues and resolutions.

SoCalGas presented the general status of contract negotiations to the PRG at monthly PRG meetings throughout the contract negotiations. The IE also presented a comprehensive list of emerging issues to the PRG at the monthly meetings. In future solicitations, SoCalGas should strive to share more details about ongoing contracting issues emerging during negotiations during the PRG monthly meetings.

SoCalGas sought input from the PRG and IE on the draft contract. The PRG did not provide any comments.

The IE provided specific recommendations on the draft contract, which included the following: (1) eliminating unnecessary insurance requirements, (2) establishing numeric goals for relevant Key Performance Indicator (KPI) metrics, (3) extending SoCalGas' 15-day payment to terms to qualified Small Business Enterprises (SBEs), and (4) offering support services from the Investor-Owned Utility (IOU) to assist with customer recruitment, particularly in the public sector where access to customers is limited.

SoCalGas agreed to implement the IE recommendations, except for extending the 15-day payment term for qualified SBEs to match that of Diverse Business Enterprises (DBEs). SoCalGas clarified

that its Company’s 15-day payment term policy only applies to qualified DBE prime contractors certified by the California Department of Services.

4. Assessment of Final Contract

The final contract represents an agreement between SoCalGas and Eco Entertainment to deliver the Energy Efficiency and Rehabilitation (EER) Program. This innovative, no-cost direct install program combines privately generated revenues with ratepayer-funded energy efficiency funds. Eco Entertainment will host a series of live events in partnership with an event promoter and use a portion of the revenues generated to combine with the ratepayer energy efficiency funds to deliver a “no-cost” to-customer direct install program for targeted residential and nonresidential customers. The Program will reduce reliance on ratepayer funds while expanding EE opportunities for SoCalGas customers.

The final program should be considered third-party, proposed, designed, and delivered consistently according to CPUC’s definition of a third-party program. The contract complies with all specific CPUC directives related to third-party contracts, including incorporating all standard CPUC terms and conditions without modification. The final KPIs allow the IOU to monitor key program performance elements actively.

4.1 Bid Selection Respond to Portfolio Needs

The IDEEA solicitation intends to identify and fund new program approaches and/or market-available EE technologies. The Energy Efficiency and Rehabilitation Program will offer SoCalGas an innovative opportunity to reduce its reliance on ratepayer funds while increasing the EE opportunities for its customers.

4.2 Bid Selection Provides the Best Overall Value to Ratepayers

A. Introduction

In its evaluation, SoCalGas determined that the Energy Efficiency and Rehabilitation Program proposal could allow SoCalGas to leverage alternate, non-ratepayer funds while providing deeper EE opportunities for participating customers.

The IE monitored every aspect of the solicitation, including the IOU’s evaluation, leading to SoCalGas’ final selections. Based on this monitoring, the IE agrees with SoCalGas’ assessment that the Energy Efficiency and Rehabilitation Program will offer an innovative opportunity to capture new funding sources to advance EE adoption.

B. Program Description

The Energy Efficiency and Rehabilitation Program will offer a no-cost, direct install program for eligible medium—and large-size public, commercial, and multifamily customers in SoCalGas’s service territory. Interested customers will receive an energy assessment and a personalized Assessment Report. Each report will list available no-cost energy-saving measures for customers. The program

will install the customer-selected EE measure(s) at a time convenient to the customer. At no point will the program request payment from the customer.

EER will also target eventgoers who attend live events and are SoCalGas customers, including single-family and multifamily owners/tenants. After the events, eventgoers will receive instructions on choosing an energy efficiency kit or installing a new energy-efficient appliance to replace the existing one. At no point will the program request payment from the eventgoers.

To qualify for the direct install offering, a customer must be in SoCalGas' service territory and consume at least 10,000 therms annually. The program will target the following customer segments:

- Private and Public, not covered under Statewide programs, Colleges, Universities, and Professional Schools
- Community Colleges not covered under the Statewide Higher Education program (SIC 611210)
- Private and Public Elementary and Secondary Schools not covered under local SoCalGas programs
- Child and Youth Services
- Services for the Elderly and Persons with Disabilities Temporary Shelters
- Multifamily properties with 5 or more units

The Program will target and prioritize customers who live in Disadvantaged Communities, are hard-to-reach, or are Underserved, as defined by the CPUC.

The EER Program includes a component called “Social Profit Orientation,” which incorporates social responsibility into its mission. The Implementer will allocate a portion of the revenues generated from live events to support local non-profit organizations, charities, and causes within SoCalGas' service area. The Implementer will actively and strategically address significant social and environmental challenges affecting many communities in the SoCalGas area, including climate change, poverty, food insecurity, and homelessness. It is important to note that funds from SoCalGas ratepayers will not be used for these social initiatives.

C. Budget and Cost Efficiency

The two-year program budget is \$699,900. The final budget is within the CPUC's cost category targets, as shown in Table 4.1 below.

Budget Cost Category	2025	2026	Total	% of Total Budget
Administration	\$0	\$0	\$0	0%
Marketing	0	0	0	0%
Direct Implementation	0	0	0	0%
Direct Implementation – Incentive	269,841	430,059	699,900	100%
Total EE Budget	\$269,841	\$430,059	\$699,900	100%

SoCalGas limits the Implementer’s budgets to the annual cost categories presented in the contract, as shown above. For example, suppose unspent and uncommitted funds remain at the end of a program year. The Implementer cannot carry this remaining budget to the next program year without SoCalGas’ approval. The contract does not define a program financial commitment nor address the carryover of financial commitments from year to year within the contract period.

D. Expected Program Performance

The program aims to recruit customers to participate in a no-cost, comprehensive direct-installation offering while holding live events to generate revenues to offset the cost of program delivery. The contract contains energy savings and event performance deliverables to advance these two program objectives, as shown in Table 4.2 below.

First Year Annualized Deliverable	2025	2026	Total
Gross Therm Savings	55,252	117,117	172,369
Net Therm Savings	33,398	70,929	104,327
Net Gallons Saved	N/A	N/A	N/A
Completed Projects	109	178	287
Kits Distributed	240	520	760
Projected Total System Benefits	\$740,482	\$1,592,095	\$2,332,577
Percent of Customers - DAC	60%	60%	N/A
Percent of Customers - HTR	40%	40%	N/A
Completed Live Events	5	14	19

E. Cost-Effectiveness

The EER Program will be funded through SoCalGas’ Market Support segment of its EE program portfolio, aiming to test the effectiveness of this unique revenue stream. The direct install offering is anticipated to be highly cost-effective since it will primarily be funded by a source that does not involve ratepayer or customer contributions. Table 4.3 presents the program’s expected cost-effectiveness forecast.

Table 4.3: 2025-2026 Cost-Effectiveness Forecast	
	Ratio
Total Resource Cost Test Ratio	3.96
Program Administrator Cost Test Ratio	3.96

F. IDSM

The contract does not require the Implementer to offer any IDSM elements. SoCalGas does not currently offer a demand response program.

G. Disadvantaged Communities and Hard-to-Reach Customers

As previously discussed, the Program will target and prioritize customers who live in Disadvantaged Communities or are defined as HTR or Underserved²³, as determined by the CPUC. Participation levels for each customer grouping will be tracked and reported separately as part of the Program’s KPIs.

As discussed in Section 4.2.B, the EER Program features a unique “Social Profit Orientation,” where a portion of the revenues from live events will be donated to local non-profit organizations, charities, and causes within the SoCalGas service area. The Implementer expects the Program’s commitment to social responsibility to attract both attendees and talent to the events, likely increasing revenue. It is important to note that the Implementer will not utilize ratepayer funds for these social responsibility activities. However, the Implementer will establish donation goals and report on progress towards achieving them.

H. Disadvantaged Worker Policy

The Implementer will adhere to the CPUC’s policies regarding disadvantaged workers. This program involves installing, modifying, repairing, or maintaining energy efficiency equipment. The Disadvantaged Worker (DAW) Plan will be incorporated into the program’s Implementation Plan. The DAW Plan will outline how the program enhances access to career opportunities for disadvantaged workers in the energy efficiency industry. The DAW Plan will also detail the Implementer’s method for tracking this population to meet metric reporting requirements. The Implementer will provide monthly updates on progress related to disadvantaged worker policies to SoCalGas.

²³ Decision 23-06-055 states, “This decision provides that, for the residential and public sectors, an underserved customer is a member of an underserved community, as defined by Pub. Util. Code Section 1601(e). For the commercial, industrial and agricultural sectors, to ensure equity segment programs remain appropriately focused on underserved customers, a customer must be a member of an underserved community and must also be an “underserved business group” as defined by Government Code Section 12100.63(h)(2) for the California Small Business Development Technical Assistance Program, *i.e.*, women-, minority-, and veteran-owned businesses, and businesses in low-wealth, rural, and disaster-impacted communities included in a state or federal emergency declaration or proclamation.”, p. 47.

I. Workforce Standards Policy

The Implementer is required to comply with the workforce qualifications, certifications, standards, and requirements. The program’s final Implementation Plan will detail how it will comply with the CPUC’s Workforce Standards.²⁴

J. M&V Plan

In collaboration with SoCalGas, the Implementer will create a Measurement and Verification (M&V) Plan outlining the methods for tracking, verifying, and reporting program installations and savings. Additionally, the M&V Plan will detail the Implementer’s data collection methodology to support future program evaluations and the development of deemed measure packages. This M&V Plan will be added as an appendix to the program’s Implementation Plan.

K. Implementer Compensation

[Redacted]

[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]

Bonus

There is no bonus provision. SoCalGas does not typically propose such compensation.

Performance Assurance

There is no performance assurance presented in the contract. SoCalGas does not typically impose such requirements.

L. Innovation

²⁴ Decision 18-10-008, COL 13 states “The HVAC and lighting controls workforce requirements in this decision should be required to be applied to new third-party solicitations by the IOUs released after the date of this decision and to any new or renewed programs beginning no later than July 1, 2019.”

The solicitation successfully procured a Market Support program, the Energy Efficiency and Rehabilitation Program. It intends to offer customers an innovative, no-cost energy efficiency solution to help them save energy and reduce their energy costs. To make that possible, the EER Program will host live events as a funding mechanism to generate revenues to supplement the cost of installing EE equipment.

The events will capture revenue primarily from ticket sales, merchandise sales, and food & beverage sales. Each event also has a projected revenue amount based on the venue and capacity. After each event is completed and the funds have been confirmed, the Program will make a portion of the funds available to the Program's participating customers and their projects.

The second innovation in the EER Program is the element of philanthropy. This will be the first program in the industry to make significant monetary donations to improve local communities. Through its events, the Program will raise additional funds to donate to local non-profit organizations, charities, and causes. The funds will help local communities by providing relief to people most affected by climate change, poverty, food insecurity, and homelessness. Ratepayer funds will not be used for this activity.

M. Key Performance Indicators

The Program's KPI achievement is the primary means of assessing the program's performance on an ongoing basis. Three KPIs tied to program performance, service delivery, and customer engagement appear reasonable in number and scope, especially given the multiple program activities. SoCalGas will use the KPIs to determine (1) the program's success and whether or not corrective actions are required, (2) if SoCalGas should add or remove funds from the program, and (3) program renewals toward the end of the contract term. [REDACTED]

5. Overall Assessment of Solicitation

SoCalGas' conduct during the IDEEA program solicitation was fair, equitable, and transparent.

The IDEEA Solicitation Encouraged Innovation and Attracted Smaller Bidders

With its IDEEA solicitation, SoCalGas reestablished a previous solicitation approach successfully implemented by several IOUs before the 2018 EE funding cycle.²⁵ In 2018, the IOUs halted these

²⁵ Established a cross-cutting third-party solicitation program called the IDEEA365 Program that promoted the "rolling" solicitation concept and focused on new innovative programs for the 2013-2019 cycle. The program was designed to allow for the continuous introduction of innovative ideas and technologies into the energy efficiency portfolio by drawing from the skill, experience, and creativity of the energy efficiency community and third-party implementers. The IDEEA365 Program created a mechanism for competitive, year-round solicitations for new third-party resource programs that produce cost-effective energy savings and demand reduction or nonresource programs strongly tied to customer initiation of energy savings opportunities offered by other EE programs.

IDEEA-type solicitations²⁶ as they focused on large programs that optimized cost-effectiveness and maximized energy savings for their portfolios. As a result, the competitive solicitation process offered little opportunity or incentive for the bidder to innovate program design or test market adoption of newer technologies.

With Decision 21-05-041, the CPUC relieved the tensions between cost-effectiveness and innovation by dividing the EE portfolio into three segments and applying a cost-effectiveness threshold only to the Resource Acquisition segment. Recognizing the opportunity to promote greater innovation in its EE program portfolio, SoCalGas re-introduced the IDEEA solicitation under the Market Support segment in its portfolio.

The IDEEA solicitation allows the bidder community to test new strategies and promote new technologies in the marketplace with limited financial risk exposure for either the ratepayer or Implementer because of the smaller budgets and shorter contract terms.

SoCalGas received an overwhelming response from bidders to its renewed IDEEA solicitation. The Company's solicitation received one of the highest response rates in the past five years. Many of the bidders were smaller firms, which SoCalGas and other IOUs have struggled to attract to energy efficiency solicitations for several years. The larger number of smaller bidders was likely due to a simplified RFP Response Form, smaller budgets of \$0.7 million, and the open-ended RFP scope.

SoCalGas should share its solicitation experiences with other IOUs as they seek greater program innovation, participation in its solicitations, especially from DBE-qualified firms, and new approaches to improving their EE program portfolio performance.

6. Implementation Plan Assessment

As requested by the PRG, the IE's review of the Implementation Plans (IPs) was limited to confirming the draft IPs' alignment with the executed contracts. The IE review did not address whether the draft IP complied with the CPUC's IP requirements.

Results of the Draft IP Review

The IE reviewed the draft IPs to ensure consistency with the executed contracts. Table 8.1 summarizes the results of the draft IP review compared to the standard PRG Checklist.

²⁶ San Diego Gas & Electric Company Energy Efficiency Programs Annual Report 2018 Results, p. 87, dated May 1, 2019.

Table 7.1: Draft Implementation Plan Comparison with Executed Contract		
Topic	Consistent with Contract?	IE Notes
Program Overview	Yes	
Program Summary (incl. budget, impacts, cost-effectiveness, sector, etc.)	Yes	
Program Delivery (incl. program offerings, target market)	Yes	
Program Design (incl. strategies, tools, methods, innovation, integrated demand side management, program logic model, etc.)	Yes	
Compliance (workforce standards, disadvantaged workers, etc.)	Yes	
Metrics	Yes	
Program Rules (incl. customer eligibility, contractor eligibility, eligible measures, QA/QC Plan, etc.)	Yes	
Program Logic Model	Yes	
Incentive Levels & Workpapers	Yes	
Workshop held on:	March 28, 2025	

Public Workshop Overview Summary

Energy Efficiency and Rehabilitation Program

SoCalGas held a public workshop on the draft IP on March 28, 2025. The webinar was well-attended, with 20 attendees, including members of SoCalGas’ PRG. The Implementer presented the Local Energy Efficiency and Rehabilitation Program, including an overview of the unique program design and delivery. The program plans to hold its first live event in the third quarter of 2025. On March 28, 2025, SoCalGas held a public workshop to reveal Eco-E’s new Energy Efficiency and Rehabilitation Program.

Workshop attendees had several questions addressing various topics, including:

- Targeted customer groups – colleges, K-12, mission-driven customers (e.g., homeless shelters)
- Accessibility to events for Equity-classified customers – the emphasis is on generating revenue from events to fund future DI services for Equity and mission-driven customers.
- Confirmation of gas-to-gas equipment replacements
- Program type – funded as a Market Support pilot to test approach with a focus on resource acquisition and equity

Energy Efficiency Independent Evaluators' Semiannual
Report on the

**LOCAL INNOVATIVE DESIGN FOR ENERGY EFFICIENCY
APPLICATIONS SOLICITATION – ROUND 3**

Reporting Period: October 2024 through March 2025

Prepared by:
Don Arambula Consulting



Disclaimer: This Report includes sensitive and confidential information.

Local Innovative Design for Energy Efficiency Application Solicitation – Round 3

1. Solicitation Overview

SoCalGas released the Local Innovative Design for Energy Efficiency Application (IDEEA)—Round 3 (IDEEA3) to support the ongoing nature of the IDEEA solution approach. IDEEA3 was immediately released after SoCalGas completed many of the contract negotiations in SoCalGas' IDEEA—Round 2 solicitation. It is important to note that the IDEEA3 report is limited to the IDEEA3 solicitation.

The Semiannual Report on the IDEEA3 program solicitation addresses the RFP stage of the solicitation.

1.1. Overview

The IDEEA solicitation approach provided the bidder community with an ongoing opportunity to test new program concepts and technologies to advance customer adoption of EE. The approach's ongoing nature creates a collaboration between the industry and SoCalGas. Implementers who ultimately deliver successful IDEEA programs may be allowed to expand their scope and funding.

a. Scope

Interested bidders were encouraged to propose innovative programs that would use various program strategies and tactics, which could have included but were not limited to:

- Providing comprehensive deep EE retrofits and whole building improvements to achieve long-term energy savings (i.e., direct install with co-pay, custom measures, NMEC);
- Offering energy assessments and other forms of technical assistance to drive EE actions;
- Providing financial incentives to customers and/or targeted market actors;
- Leveraging available financing options to fund project co-pays (e.g., 0% On-Bill Financing with favorable terms for Public institutions, Public Funding Assistance, private sector financing, etc.);
- Coordinating with available Regional Energy Networks (RENs), which provide added support to customers;
- Stacking incentives from other entities, such as municipal utilities and water agencies, where available in their design, including those customers that SoCalGas and other utilities dually serve;
- Partnering with local small business organizations and community-based organizations;
- Offering ways to use local contractors (e.g., trade allies);
- Modifying the customer's organizational decision-making; and/or
- Focusing on SoCalGas customers in rural, hard-to-reach, and/or disadvantaged communities.

b. Objectives

This RFP sought innovative approaches to reduce perceived program operational and market barriers, ultimately resulting in SoCalGas customers’ saving energy. Selected programs will test new ways to increase customer adoption of EE, which will assist SoCalGas in achieving portfolio and sector-level metrics.²⁷

As with its preceding IDEEA1 and IDEEA2 solicitations, SoCalGas’ IDEEA3 solicitation encouraged the exploration of all relevant delivery channels and/or market-ready new technologies to produce an EE program directed at SoCalGas customers. Proposals were given the flexibility to target specific customers based on criteria such as, but not limited to, specific climate zones, income levels, customer HTR status, and customers located in disadvantaged communities.²⁸

1.2. Timing

SoCalGas released the RFP on November 15, 2024. Due to the strong response from the bidder community, SoCalGas extended its proposal review and selection process by several weeks. This extended RFP period also accommodated the optional bidder interview process critical to SoCalGas IDEEA3 evaluations. Table 1.1 below includes key milestones for this program solicitation.

Table 1.1: Key Milestones		
Milestones	Completion (Proposed) Date	Duration
RFP Stage		
1. RFP Released	November 15, 2024	25 weeks
2. Optional Bidder Conference	November 20, 2024	
3. Bidder Questions Due	December 11, 2024	
4. Responses to Bidder Questions	December 18, 2024	
5. Bidder’s Proposal Due	January 31, 2025	
6. Bidder Interviews, Optional	April 15 – 22, 2025 *	
6. Selected Bidders Notified	(May 2025) *	
7. Bidder Debriefing Sessions	(May 2025) *	
Selections & Contracting Stage		
1. Contract Negotiations Begin	(May 2025) *	7 weeks **
2. Contract Execution Date(s)	(July 2025) **	

²⁷ See SoCalGas Portfolio And Sector-Level Metrics Compliance Filing, pp. 57-61, available at <http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M233/K545/233545545.PDF>.

²⁸ See Decision 18-05-041, COL 26 and 27, available at <http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M215/K706/215706139.PDF>.

Table 1.1: Key Milestones		
Milestones	Completion (Proposed) Date	Duration
Contract Approval and Program Rollout		
1. Implementation Plan Due	(September 2025) **	60 Days
2. Program Launch	(October 2025) **	
* - Delayed from the original schedule. ** - Estimated.		

1.3. Key Observations

Since the solicitation has not yet completed the RFP stage, there are no key recommendations. Upcoming semiannual reports may list future observations.

2. RFP, Bidder Response and Selections

2.1. RFP Development

The RFP balanced the need for information to evaluate bidder proposals with the effort placed on the bidder in responding to the RFP. The RFP included general instructions, a response form (narrative and data), and the newly adopted CPUC-required standard and modifiable contract terms and conditions.²⁹ SoCalGas also presented its proposed Company-specific terms and conditions for the bidder’s consideration.

SoCalGas reduced the number of bidder questions from 20 or more to 10. The RFP imposed reasonable page limits that allowed ample opportunity for bidders to provide a clear and complete response to each question. Based on IE feedback, SoCalGas refined its RFP outline to enable bidders to easily review the RFP instructions and assist them in responding to the solicitation.

The overall approach of the IDEEA solicitation departs from prior SoCalGas EE solicitations. The approach borrows from prior IDEEA solicitations conducted by the IOU and others over the past several years. The IDEEA solicitation looks to find and fund newer, untested program approaches. As a result, SoCalGas provides the bidder community multiple opportunities to submit their proposal in 2023-2024 with the expectation that the IDEEA solicitation will be available to bidders throughout the program cycle. If successful, the IDEEA approach will genuinely produce the innovation sought by the CPUC in these third-party program solicitations.³⁰

²⁹ Decision 23-02-002, OP 1.

³⁰ The CPUC, in Decision 18-05-041, states: “Our fundamental intent with both these transitions [program outsourcing and new statewide program governance structure] is to achieve greater energy savings more efficiently, on the premises that (1) third parties will bring innovative strategies to bear on California’s energy efficiency market, thereby achieving savings that would otherwise go untapped; and (2) statewide administration of certain programs could yield efficiency benefits in the form of standardized processes and seamless customer experience.”, p. 71 [emphasis added].

SoCalGas will have an optional debriefing session to encourage unsuccessful bidders to participate in future IDEEA solicitations. As presented in the RFP schedule, the optional debriefing sessions will be held immediately following bidder notifications. The timeliness of these debriefing sessions enables the bidders to address their proposal deficiencies and participate in a future IDEEA solicitation.

2.2. RFP Outreach

SoCalGas employed various channels to inform the bidder community of the upcoming solicitation. This outreach included performing DBE/SBE outreach, posting a notice on the CAEECC and PEPMA websites, informing the CPUC service list for Rulemaking 13-11-005, and sending invitations to bidders who registered through the Ariba platform.

2.3. RFP Bidders' Conference

On November 20, 2024, SoCalGas held an RFP bidders' conference. SoCalGas presented an overview of the single-stage solicitation process, Ariba online sourcing tool, potential subcontracting opportunities with bidders, DBE/SBE qualifications, SoCalGas's sustainability commitment, ISN safety requirements, cyber security requirements, solicitation schedule, contractual period, scope of work, RFP package, proposal evaluation process and scoring rubric.

SoCalGas received questions from potential bidders on various topics, including access to on-bill financing program, availability of IOU program services, access to SoCalGas's Aspire 2045 plan, bidder certification requirements, multiple submissions allowed, proposal formatting, technology eligibility requirements, data privacy requirements, supplier diversity goals, customer incentives, off-shore resourcing, pending measure packages, and cost-effectiveness requirements.

The IOU allowed the IE to review SoCalGas' draft response to each question before releasing it to the bidders. The responses were complete and accurate. The IE recommended minor adjustments to a few draft responses, which SoCalGas accepted. SoCalGas responded to all bidder questions on schedule.

2.4. RFP Bidders' Response

Table 2.1 below summarizes the proposals received. As with the previous IDEEA solicitations, SoCalGas received a strong response from the bidder community.

Many bidders who responded to the prior IDEEA solicitations submitted proposals in response to IDEEA3. As designed, the IDEEA approach encourages unsuccessful bidders to improve their program designs, with input from the IOU debriefing sessions, and submit revised program proposals in subsequent solicitations. SoCalGas should continue offering IDEEA solicitation opportunities in the future as it allows the bidders to improve on their proposals.

Table 2.1: Solicitation Response	
	Number
Proposals Expected	
Proposals Received	
Proposals Disqualified	
Proposal Withdrawn	

2.5. Proposal Selection Process

a. RFP, Bid Screening Process, and Management of Deficient Bids

SoCalGas implemented a bid screening process that was generally consistent with the approach presented to bidders in the RFP package. The bid evaluation consisted of two parts: (1) a threshold assessment to determine the responsiveness of the proposal to minimum requirements and (2) proposal content scoring (for proposals that meet the threshold assessment requirements).

SoCalGas first evaluated the threshold assessment criteria (Items A, B, and C) on a pass/fail basis, as presented below. SoCalGas only evaluated proposals for content that received a “Pass” on the threshold assessment.

Threshold Assessment Criteria

- On-time submittal via Ariba
- Proposal responsiveness

The bidder’s proposed Program was eligible if the bidder met the RFP requirements and the proposal did not include the following:

- Statewide energy efficiency programs or programs that overlap with statewide programs;
- Energy efficiency programs designed exclusively for Income Qualified customers; or
- Programs that overlap or duplicate the efforts of Regional Energy Networks.³¹

³¹See Decision 18-05-041, OP 30, “The investor owned utilities must work with Local Government Partnership partners to improve cost-effectiveness and to meet the local governments’ needs with respect to data sharing and contract terms that align with local government budgeting, legal, and other constraints; quantify co-benefits and local economic benefits of Local Government Partnerships in hard-to-reach and disadvantaged communities; and support local governments’ efforts to increase local capacity to conduct energy efficiency activities.” See also Joint Cooperation Memorandum of SoCalGas, PG&E, SCE, and 3C-REN, Pg. 1-2, “D.18-05-041 acknowledged the potential overlaps between IOU PAs and non-IOU PAs and directed PAs with overlapping service areas to submit annual JCMs that show how the PAs would avoid or minimize duplication for programs that address a common sector in overlapping service territories. Specifically, OP 38 of D.18-05-041 directed the IOU PAs and Non-IOU PAs to submit their first annual JCMs for approval via Tier 2 advice letters no later than August 1, 2018, noting that the IOU PAs and Non-IOU PAs shall: (1) summarize all the programs they intend to run and indicate which programs may overlap; (2) describe how each will work with the other so that customers are informed of all options and not steered simply to their own programs; and (3) describe how each will ensure customers are also aware of the others’ programs, where that administrator does not have a similar offering.



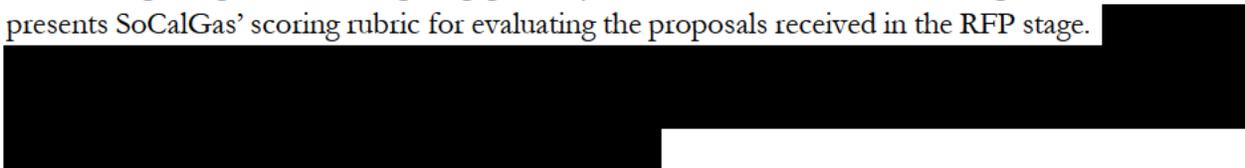
b. RFP Evaluation Team

Table 2.2 lists the SoCalGas evaluation team rosters. The team consisted of experienced subject matter experts drawn from the IOU’s staff. To recognize the varied program designs caused by the open-ended RFP scope, SoCalGas created unique evaluation teams based on the proposals’ targeted customer groups (i.e., residential, nonresidential).

SoCalGas or individual team members reported no conflicts of interest. Before evaluating the proposals, SoCalGas held a group training session for the evaluators. The training included a review of the solicitation schedule, RFP scope, RFP scoring process, calibration meeting objectives, and detailed scorecard review, including a detailed discussion of the scoring guides for each bidder question.

c. RFP Scoring Rubric Design

The scoring categories and weighting generally followed the PRG and the IE guidance. Table 2.3 presents SoCalGas’ scoring rubric for evaluating the proposals received in the RFP stage.



Category			
Program Design & Strategies			

Category	[Redacted]	[Redacted]	[Redacted]
	[Redacted]	[Redacted]	[Redacted]
Costs & Feasibility	[Redacted]	[Redacted]	[Redacted]
Skills & Experience	[Redacted]	[Redacted]	[Redacted]
Social Responsibilities	[Redacted]	[Redacted]	[Redacted]
	[Redacted]	[Redacted]	[Redacted]

d. RFP Evaluation Processes and Scoring Calibration

This solicitation activity has not yet occurred. Future Semiannual Reports will address this topic.

e. RFP Shortlist and Final Selection

This solicitation activity has not yet occurred. Future Semiannual Reports will address this topic.

2.6. PRG and IE Feedback to Proposal Process and Selection

This solicitation activity has not yet occurred. Future Semiannual Reports will address this topic.

3. Contracting Process

This solicitation activity has not yet occurred. Future Semiannual Reports will address this topic.

4. Assessment of Final Contract

This solicitation activity has not yet occurred. Future Semiannual Reports will address this topic.

5. Overall Assessment of Solicitation

This solicitation activity has not yet occurred. Future Semiannual Reports will address this topic.

6. Implementation Plan Assessment

This solicitation activity has not yet occurred. Future Semiannual Reports will address this topic.

Energy Efficiency Independent Evaluator's Semiannual Report on the
Market Access Program Solicitation

Reporting Period: October 2024 through March 2025

Prepared by:
MCR Corporate Services

Corporate Services

Disclaimer: This report includes sensitive and confidential information.

Local Market Access Program Solicitation

1. Solicitation Overview

1.1 Overview

The purpose of this Solicitation was to invite bidders to develop a new and innovative resource-based Market Access Program (MAP) to increase energy efficiency (EE) in SoCalGas' residential and commercial customer sectors. The MAP approach shall utilize population-level normalized metered energy consumption (Pop-NMEC) rules and a pay-for-performance (PFP) concept to incentivize installers³² to find EE projects that deliver measurable natural gas savings. This solicitation was conducted as a one-stage process, as permitted by CPUC Decision 23-02-002.³³

f. Scope

SoCalGas encouraged program designs that would assist installers in qualifying customers. General customer eligibility requirements should include, but were not limited to:

- EE project site must be in SoCalGas' service territory;
- EE project site must be an existing building (i.e., no new construction) receiving gas service via SoCalGas;
- Customer must pay the Public Purpose Program surcharge on the account where the equipment will be installed;
- Customers must be from the Commercial and Residential sectors only;
- EE project site must have 12 months of consecutive energy usage data available, and
- Customers may not request an incentive to replace a measure that received an EE incentive within the previous five years.

g. Objective

SoCalGas' MAP RFP aimed to solicit new, innovative resource-based MAP Proposals that would assist SoCalGas in achieving its portfolio and sector-level metrics related to Residential and Commercial customers, including hard-to-reach (HTR) customers and those customers that operate in disadvantaged communities (DAC) within SoCalGas' service territory. A successful MAP proposal would meet the objectives in Decision 23-06-055.³⁴

³² Installers (aka aggregators) are individuals or firms that generate energy savings by recruiting customers, identifying projects, performing all customer interactions, and designing and implementing projects while complying with all program requirements.

³³ Decision 23-02-002, p. 2 and 19, and OP 7.

³⁴ Decision 26-03-055, pp. 74-75.

SoCalGas’ RFP states that the basic structure of the proposers’ programs should set upfront criteria for installers to be approved for participation. Interested installers would submit appropriate information to be received for approval by the program. Once approved, aggregators would be able to begin EE upgrades and project submissions, according to processes established by the program. Then, project-level energy savings will be paid for based on the Total System Benefits (TSB) delivered by the project, discounted to account for program administrative costs. Payment to installers will be based on measured TSB and will be made in accordance with rules outlined in the NMEC Rulebook 2 and processes set by the program. The program will implement compensation structures designed to encourage installers to achieve specific amounts of TSB across the installer’s project portfolio, with performance payment penalties or bonuses applied to that threshold.

1.2 Timing

Key milestones associated with the SoCalGas MAP solicitation are shown in Table 1.1.

Table 1.1: Key Milestones		
Milestones	Completion (Proposed) Date	Weeks to Complete
RFP Stage		
Solicitation Launch	June 21, 2024	16 weeks ³⁵
Bidders’ Conference	June 28, 2024	
Offer Submittal Deadline	August 16, 2024	
RFP Shortlist to PRG	October 1, 2024	
Shortlisting Notification	October 8, 2024	
Selections & Contracting Stage		
Contracting and Negotiations Period	October 17 – January 28, 2025	27 ³⁶ weeks (est.)
Contracts Presented to PRG	February 25, 2025	
Contract Execution	(May 2025)	

1.3 Key Observations

Table 1.2 lists key issues, observations, recommendations, and outcomes, where applicable, from the assigned IE for the MAP Solicitation during this reporting period. The IE’s overall recommendation

³⁵ Section 3.2.5.a of the Energy Efficiency Procurement Review Group Solicitation Guidelines, Ver 3, July 2023 (PRG Guidelines), recommends a maximum of 15 weeks from RFP release to notification of bidders of invitation to contract negotiation for one-stage solicitations.

³⁶ Section 3.2.5.b of the PRG Guidelines recommend contract execution take place at most 12 weeks after invitation to contract negotiation unless, for example, the program is complex or contract is addressing challenging contract elements (e.g., data privacy, etc.).

to SoCalGas has been to avoid attempting to conduct several very closely related solicitations simultaneously when there is a short timeline.

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
MAP Approach	SoCalGas admitted they had limited understanding of the MAP approach or how to apply it to a gas solicitation.	SoCalGas should reach out to other utilities with MAP programs for learning and take advantage of IE's offer to train solicitation staff on the mechanics of MAP.	SoCalGas eventually reached out to some utilities and accepted IE's offer of staff training, but it would have been more helpful to have staff up and ready before the solicitation began.
RFP Development	SoCalGas' MAP RFP schedule indicated an RFP launch date of June 7, 2024. Decision 23-06-055 (OP 26) directs IOUs to "make available solicitations using market access approaches for residential and commercial downstream opportunities" by no later than July 1, 2024.	SoCalGas should take some of the additional three weeks available to develop the RFP package, which would likely result in a clearer, more focused RFP. Additionally, the PRG said that creating a clearer, more focused RFP was more important than meeting the deadline.	SoCalGas pushed the RFP launch out two weeks to June 21, 2024.
Evaluator Training	SoCalGas included a "mock proposal" exercise in its evaluator training, but it was too brief and superficial since it did not include a simulated bidder response.	A "mock proposal" exercise should include a simulated bidder response that needs to be scored and then discussed by the evaluators.	New recommendation.

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Proposal Calibration	SoCalGas’s staff had no experience with the MAP approach to EE, so the proposal evaluation was inconsistent.	For any “first of its kind” solicitation, increase the SoCalGas EE Staff Scoring Team’s expertise in EE and Map with additional training conducted by internal experts, IEs, etc.	SoCalGas accepted the IE’s invitation to host a training session about MAPs and the MAP approach to EE. This did help a great deal, but additional training would still be helpful for future MAP solicitations.
Proposal Calibration	[REDACTED]	[REDACTED]	New recommendation.
Proposal Calibration	There was a very wide disparity in the lengths of the written scoring rationales by the evaluators.	Evaluators should commit to spending sufficient time scoring each proposal. [REDACTED] [REDACTED]	New recommendation.

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Proposal Calibration	[REDACTED]	[REDACTED]	New recommendation.
Bidder Debrief	SoCalGas held a debrief discussion with [REDACTED]	<p>The SoCalGas team did an excellent job of pointing out several areas of improvement, including:</p> <ul style="list-style-type: none"> • Including more sectors • Ensuring that TSB matches the forecast • Ensuring that the budget in CET matches the proposal 	<p>No recommendation other than to continue providing this level of feedback to non-selected bidders.</p> <p>[REDACTED]</p> <p>SoCalGas' feedback: "We've never gotten this much good feedback. This is great information. Thank you for all the time you spent with us."</p>
Contracting	SoCalGas ensured that all team members who might be needed during a given negotiation session were present. This reduced delays caused by absent staff, which the IE believes helped keep negotiations on schedule.	Continue this practice of having all hands present in future negotiation sessions to reduce delays.	New Recommendation

2. RFP, Bidder Response and Selections

The section activities are included in the April 2024 through September 2024 Semiannual Report.

3. Contracting Process

Contract negotiations with [REDACTED] on October 17, 2024, in a well-organized, informative, and well-attended negotiation session. SoCalGas' team presented its objectives and proposed schedule for the negotiations process and [REDACTED]

3.1 Contract Negotiations

SoCalGas [REDACTED] negotiations on January 28, 2025. [REDACTED]

a. Collaboration on Final Program Design and Scope

Table 3.1 summarizes the more significant issues that were discussed during the contract negotiations:

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

[REDACTED]	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

b. Fairness of Negotiations

The IE observed nothing during the negotiation process to indicate that the negotiations were anything other than unbiased, fair, and transparent. Both parties worked cooperatively and diligently to settle the few differences that appeared in true partnership fashion. The IE is satisfied that SoCalGas [REDACTED]

c. Changes to Contract Terms & Conditions

[REDACTED]

d. Conformance with CPUC Policies and Objectives

Table 3.2 summarizes the [REDACTED] with CPUC Policies and Objectives.

Table 3.2: [REDACTED] CPUC Policies and Objectives			
Element / Requirement	<input type="checkbox"/>	<input type="checkbox"/>	IE Comments
The contract includes all CPUC standard and modifiable contract terms.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	[REDACTED]
No modifiable contract terms and conditions (or Term Sheet) proposed by SoCalGas conflicted or otherwise undermined the meaning or intent of the CPUC terms and conditions for TPI energy efficiency programs.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	[REDACTED]
As required, SoCalGas included standard [REDACTED] coordinate with other program administrators in the same geographic area.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	[REDACTED]
As required, SoCalGas incorporated all applicable CPUC decisions and direction, and considered PRG RFA/RFP Guidelines, in the development of the contract.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	[REDACTED]
Does the contract include an assignability clause (stating that winning bidders will contract with the IOU or its successors and assignees) to ensure that programs can continue to operate smoothly in the event of a restructuring or bankruptcy?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	[REDACTED]

Table 3.2: [REDACTED] CPUC Policies and Objectives			
Element / Requirement	<input type="checkbox"/>	<input type="checkbox"/>	IE Comments
Does the contract address: Key Performance Indicators, other performance matrix (e.g., innovation, etc.), payment terms, program-level M&V requirements (including the use of NMEC), and include a disadvantaged worker plan?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	[REDACTED]
During contract negotiations, did SoCalGas stay true to its established process?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	[REDACTED]
Was the final contract based on the proposed program?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	[REDACTED]
Does the final compensation structure match the proposed structure?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	[REDACTED]
Do the final budget and savings goals match those of the proposed program?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	[REDACTED]
Were negotiations transparent? (For example, SoCalGas set clear expectations with bidder, all negotiations were monitored by the IE, and no conflict-of-interest issues were raised.)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	[REDACTED]

e. Uniformity of Contract Changes

[REDACTED]

3.2 Contract Execution

SoCalGas' [REDACTED] not yet been executed.

3.3 PRG and IE Feedback to Contracting

The PRG had no comments on the draft final contract.

4. Assessment of Final Contract

This section summarizes the [REDACTED]

4.1 Bid Selection Response to Portfolio Needs

SoCalGas' selection [REDACTED]

4.2 Bid Selection Provides Best Overall Value to Ratepayers

a. Introduction

³⁷ Decision 23-06-055, OP 26.

[Redacted]

b. Program Description

[Redacted]

[Redacted]

- [Redacted]

- [Redacted]

[Redacted]

[Redacted]

- [Redacted]

- [Redacted]

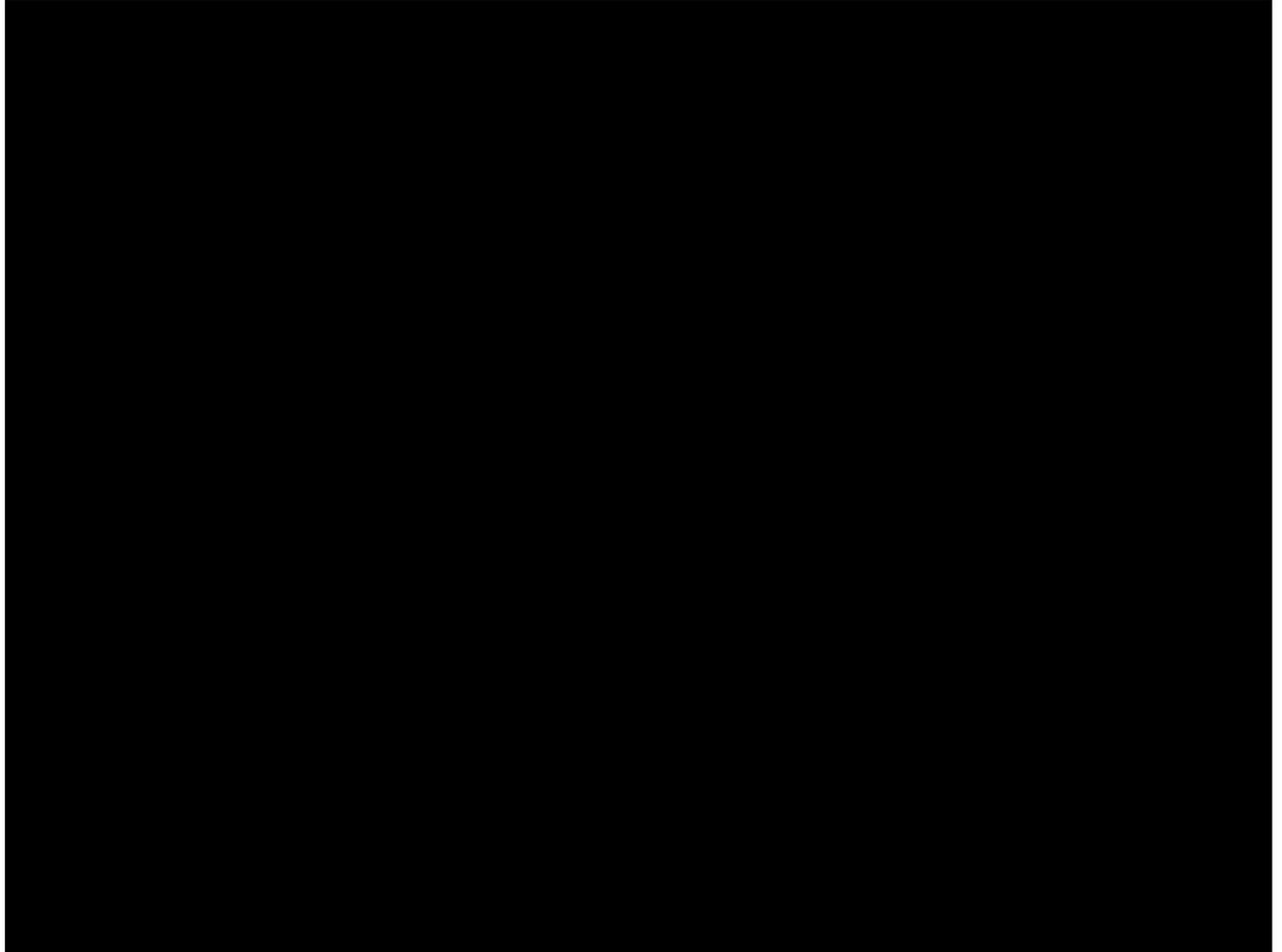
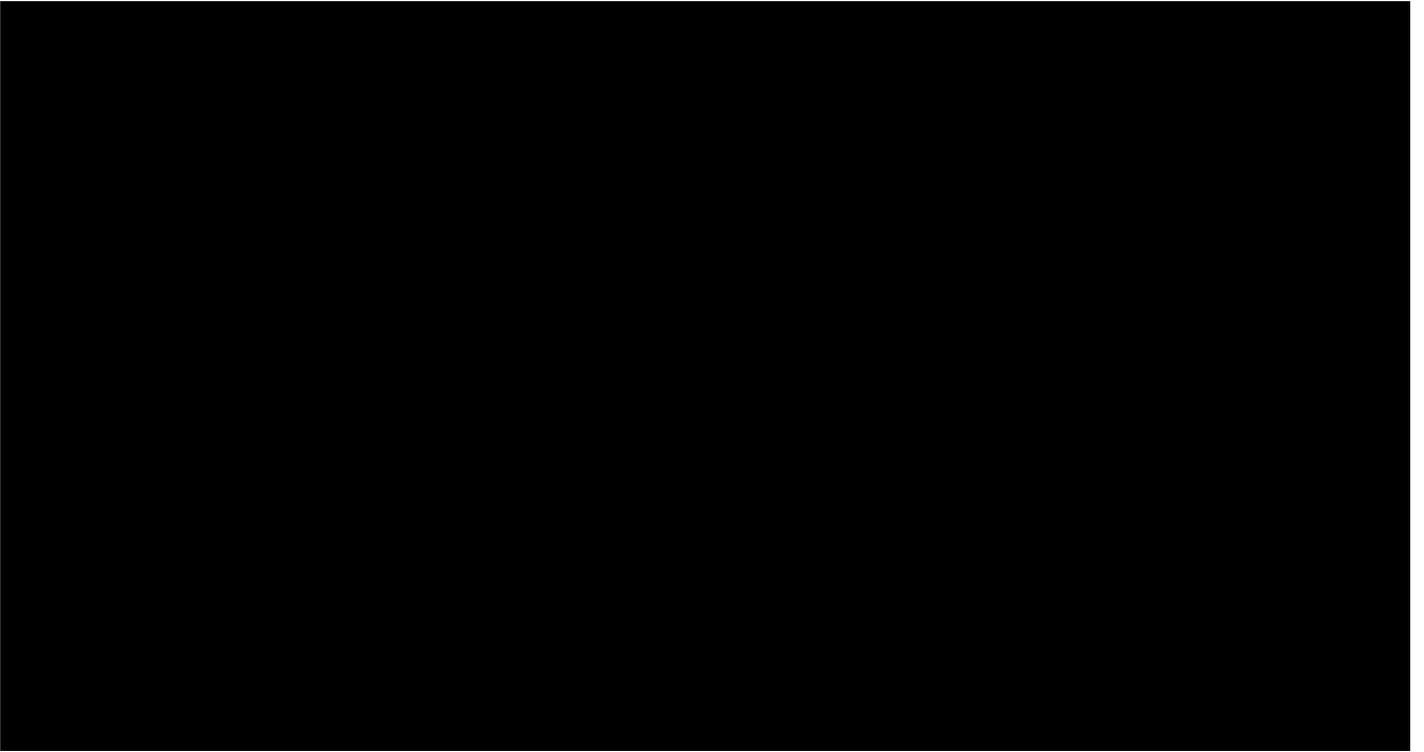
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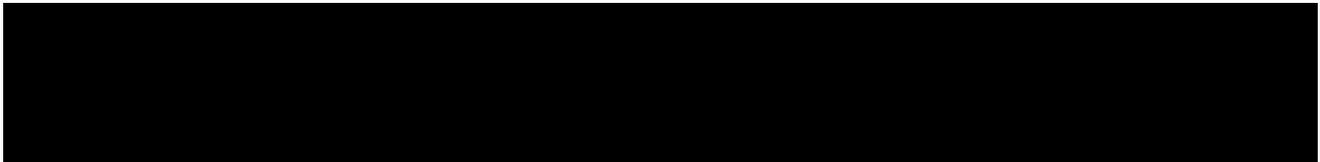
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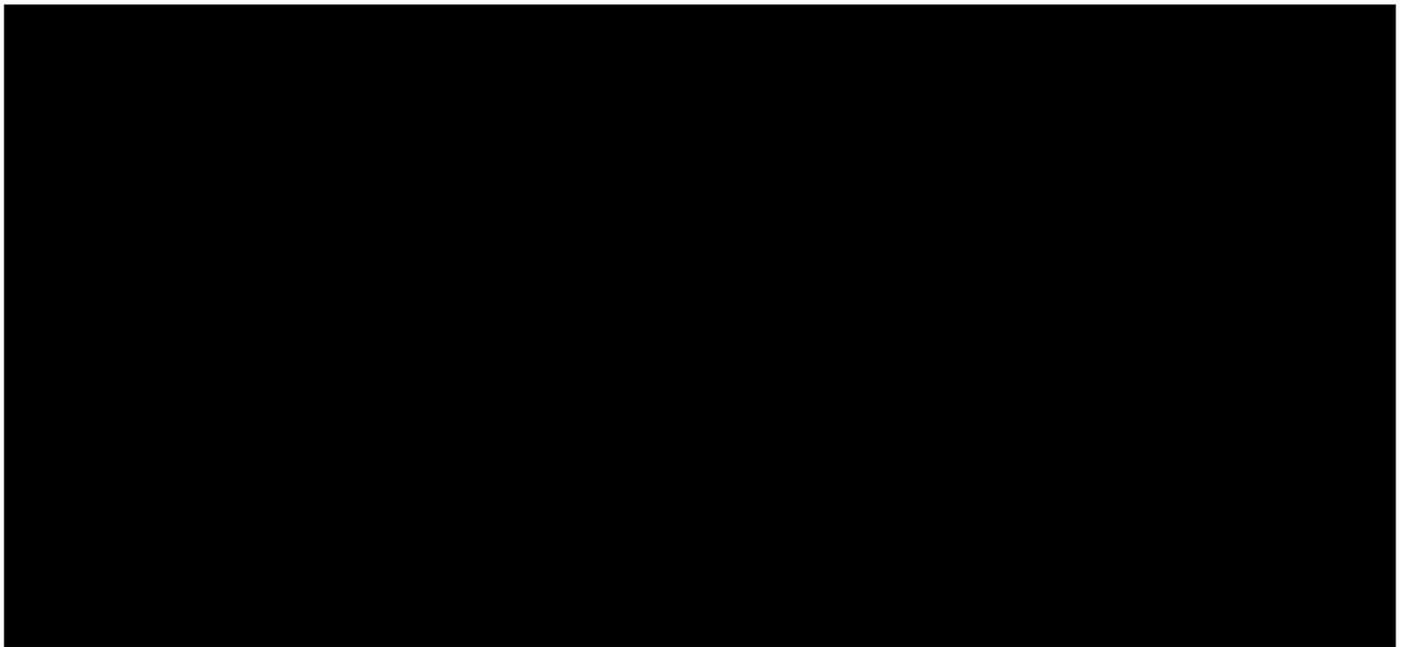
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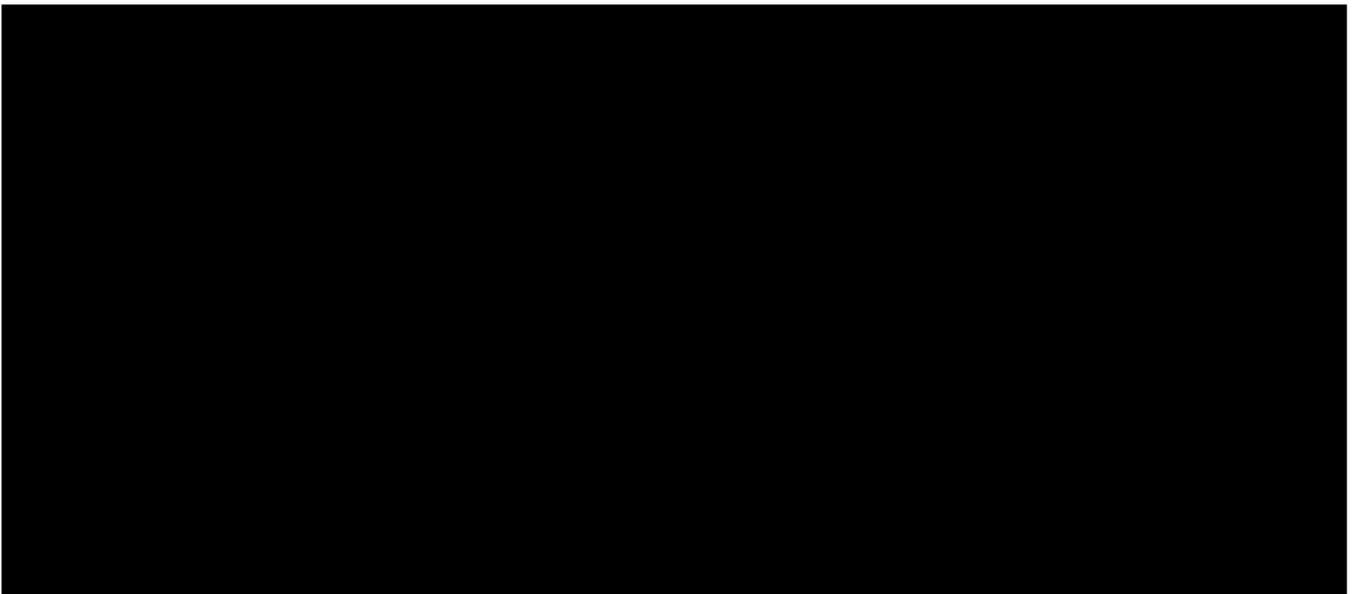


c. Budget and Cost Efficiency





d. Expected Program Performance



e. Cost-Effectiveness

Since SoCalGas intended this to be a resource acquisition program, SoCalGas requested that the proposed program's forecasted TRC ratio be at least 1.0. [REDACTED]







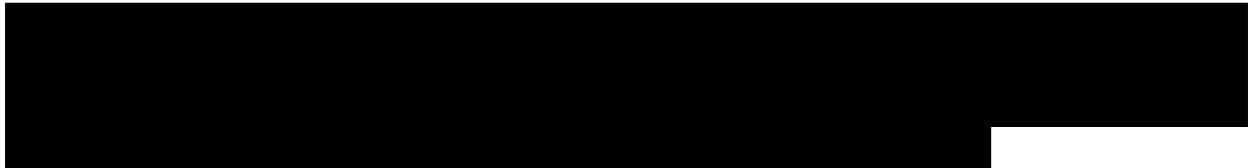
f. Integrated Demand-Side Management



g. Disadvantaged Communities and Hard-to-Reach Customers



h. Disadvantaged Worker Policy

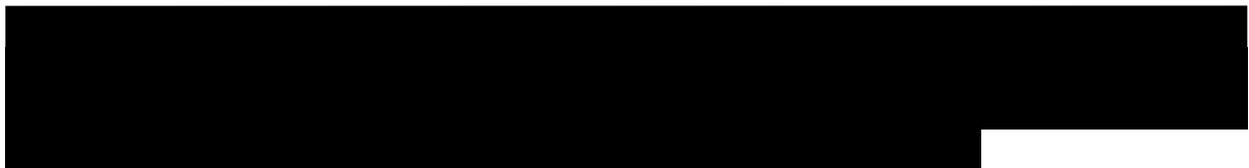


i. Workforce Standards Policy



require that technicians who install lighting controls in non-residential settings for which the incentive exceeds \$2,000 or HVAC systems for which the incentive exceeds \$3,000, meet minimum requirements per CPUC Decision 18-10-008.

j. Measurement & Verification (M&V) Plan



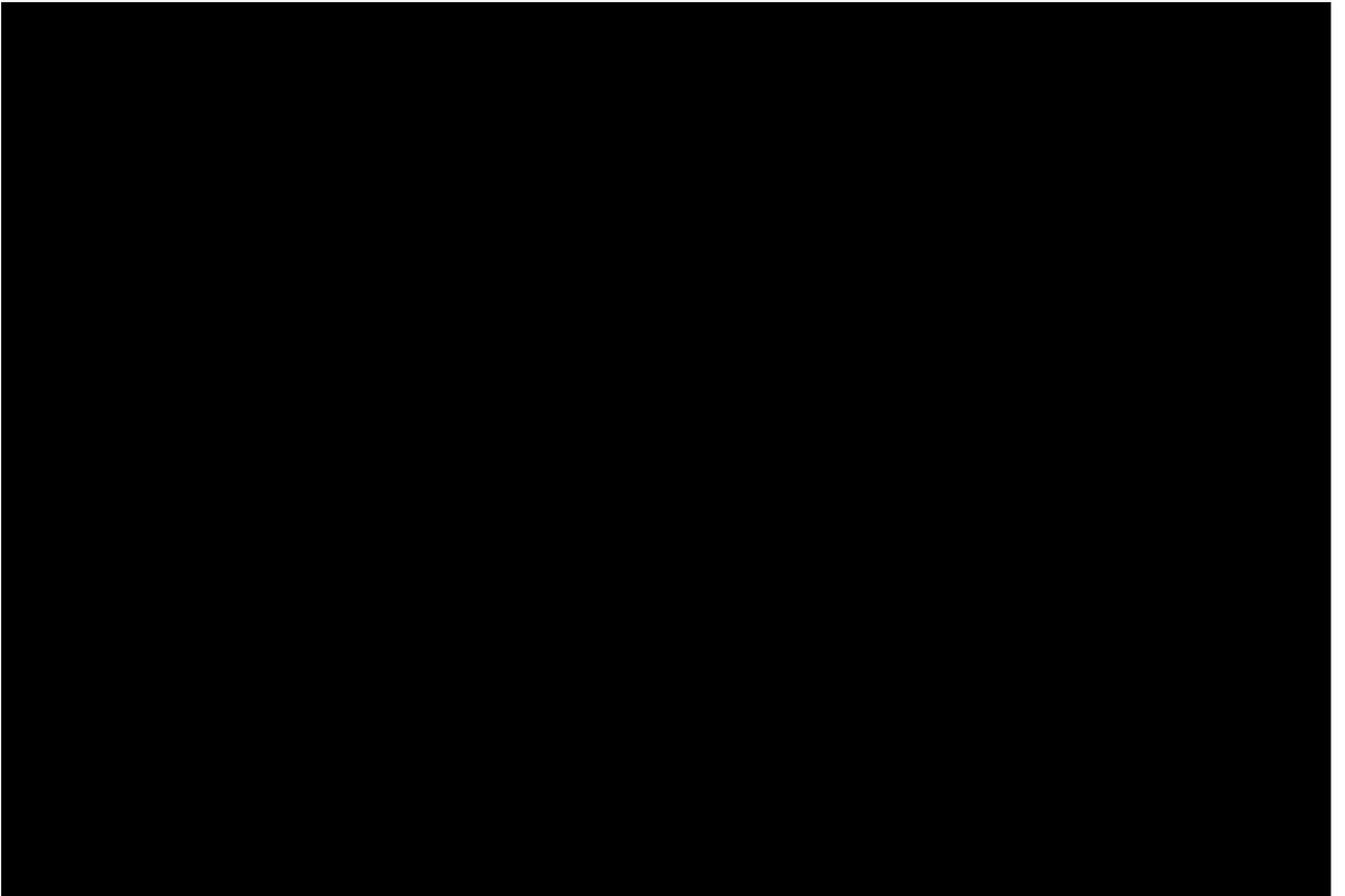
k. Key Performance Indicators

[Redacted]

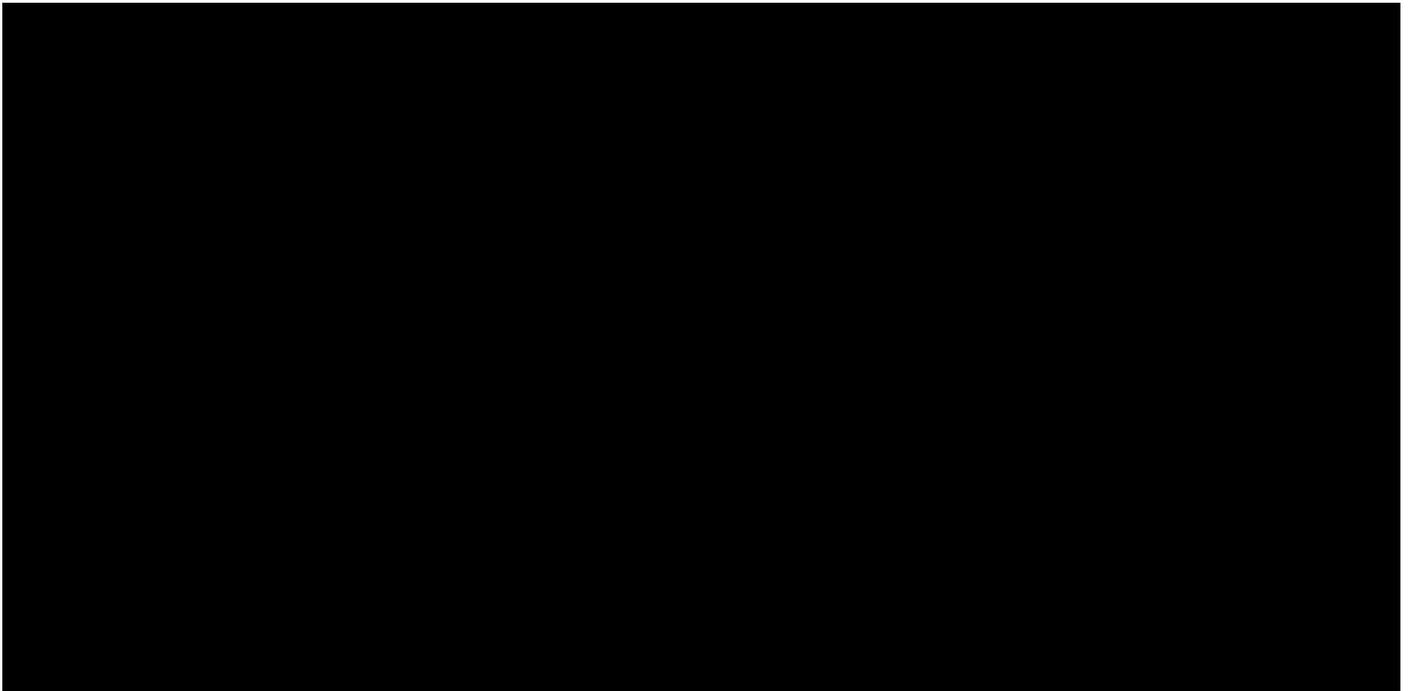
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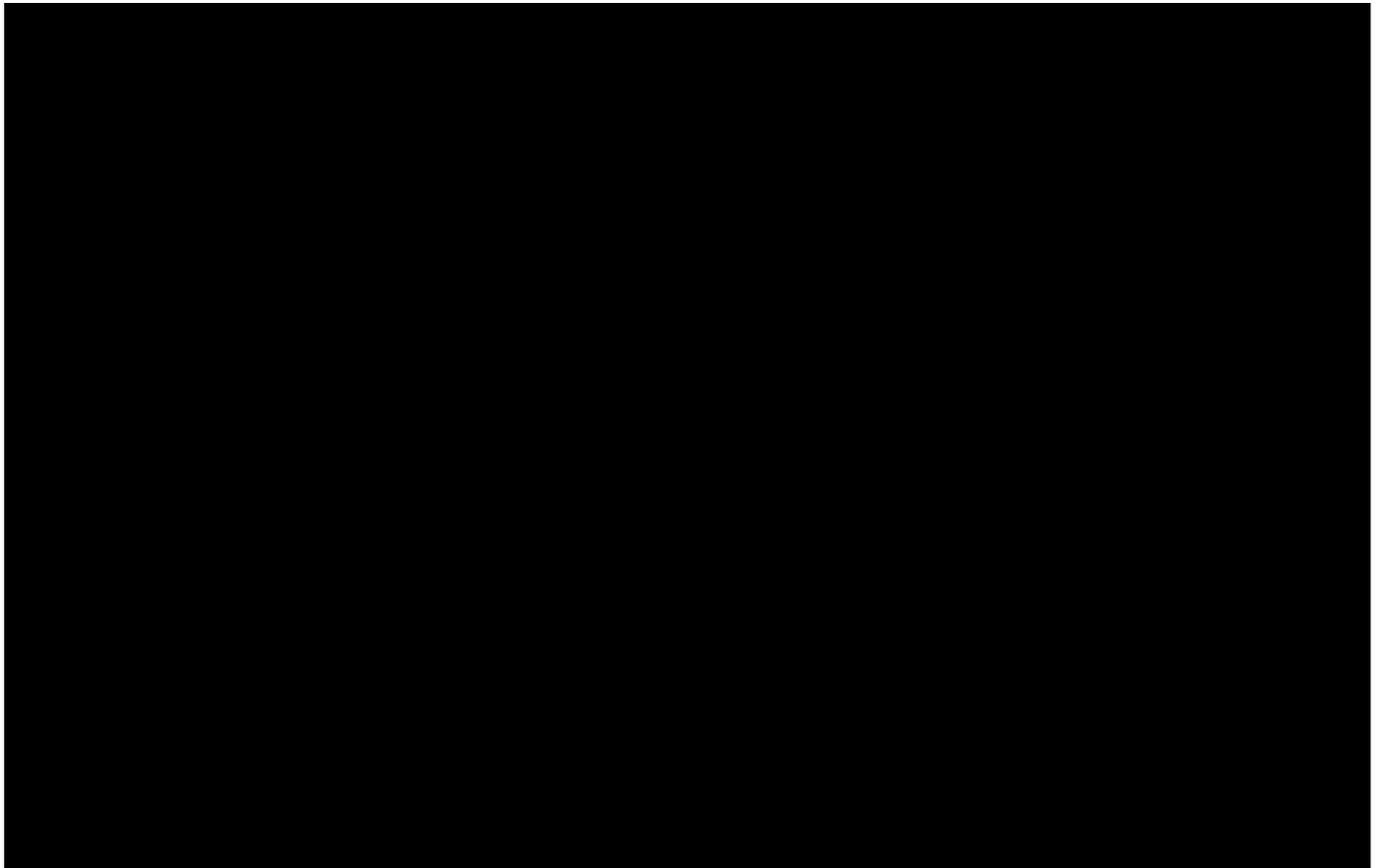
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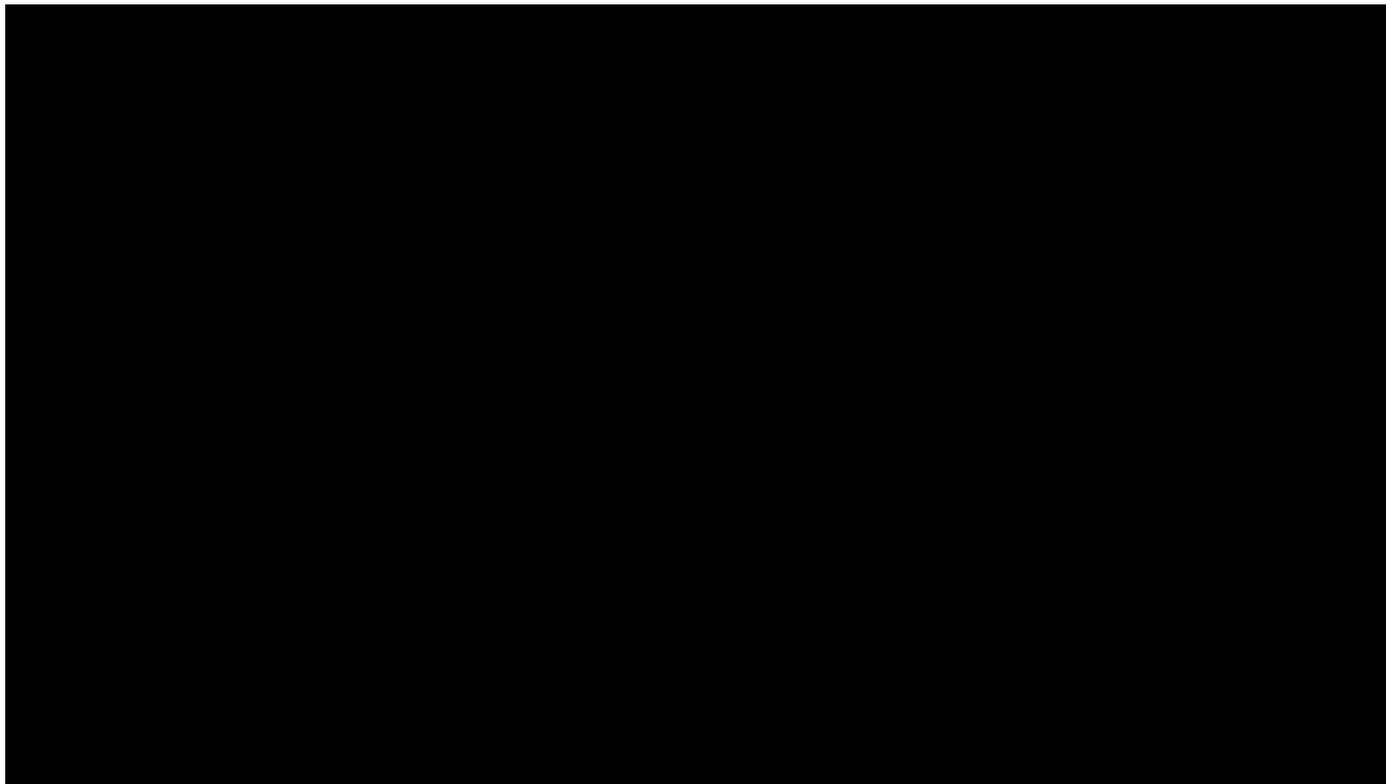
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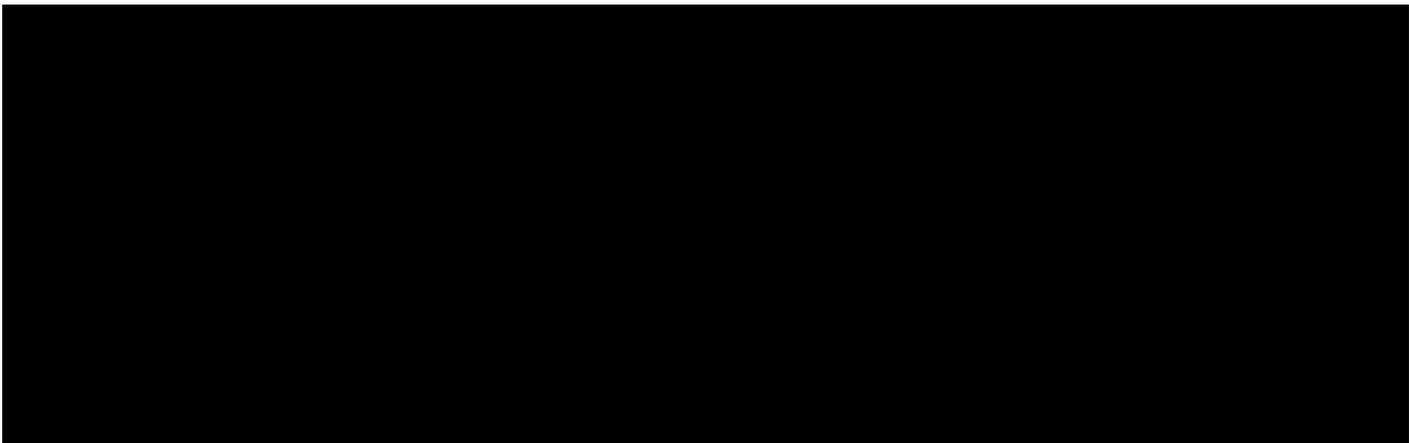
I. Implementor Compensation





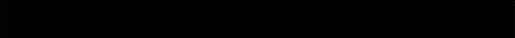


m. Innovation





5. Overall Assessment of Solicitation

The IE is satisfied with the process taken by SoCalGas to 










6. Implementation Plan Assessment

This stage of the [REDACTED] not yet occurred; future Semiannual Reports will address this topic.