

**SAN DIEGO GAS & ELECTRIC COMPANY
2021-2026 ENERGY SAVINGS ASSISTANCE (ESA) PROGRAMS**

ENERGY SAVINGS ASSISTANCE SOLICITATION PLANS

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SOLICITATION OVERVIEW

As described herein, San Diego Gas & Electric Company (SDG&E) will be conducting several solicitations to implement several Energy Savings Assistance (ESA) Program initiatives as approved in D.21-06-015 for program years 2021-2026 beginning in the Fall of 2021 (Q3 2021 through Q4 2022). This Solicitation Plan document provides the general information consistent with those outlined in Decision (D.)21-06-015 to inform interested third parties about the general requirements for participating in SDG&E's solicitations for program implementers.

SDG&E plans to conduct four ESA Program solicitations in 2021-2026 for the following:

1. Southern ESA Multifamily Whole Building (MFWB) Program,
2. Main ESA Program (Base Program),
3. ESA Pilot Plus/Pilot Deep (also called the Energy Division Staff Pilot), and
4. ESA Information Technology (IT) Solutions.

Pursuant to the Decision, SDG&E will solicit and administer the Southern MFWB Program, which will cover the Southern California Gas Company (SoCalGas) and Southern California Edison Company (SCE) service territories. The Base Program, ESA Pilot Plus/Pilot Deep, and ESA Information Technology Solutions solicitations will cover only SDG&E's service territory.

SDG&E will provide open, fair, and competitive processes to select the best programs for customers and provide third parties the opportunity to participate and be successful.

SOLICITATION TIMELINE AND BUDGET

SDG&E's Solicitation Plan relies on a manageable number of solicitations — four Requests for Proposals (RFPs) over the course of the following 16-18 months, including time for Commission approval of some contracts. These RFPs are staged to rotate through each low income sector during the relevant timeframe and will establish the baseline portfolio of low income programs. Going forward, future targeted RFPs may be launched as needed depending on portfolio needs.

To ensure continuity and accessibility, SDG&E will continue current programs that have not been replaced by new third-party programs to ensure customers have access to low income programs and services during the solicitation period. Program Implementation for the new programs will begin in 2023.

Figure 1 illustrates the proposed schedule for SDG&E's four solicitations with the corresponding timeline for each and Table 1 provides the proposed annual budgets for each of the solicitations. The Main ESA Program, ESA Pilot Plus/Pilot Deep, and ESA IT Solutions solicitations will cover SDG&E service territory, and SDG&E will be the sole administrator for each. SDG&E is conducting the ESA MFWB solicitation serving as the administrator for the Southern MFWB Program, which will cover SDG&E, SCE, and SoCalGas' service territories.

service lists for relevant proceedings. A bidders' conference will be held to answer questions related to the RFP. To the extent possible, SDG&E may accommodate requests for relevant data from RFP participants to enable them to design and propose the highest quality programs. Proposals will be evaluated by means of qualitative and quantitative criteria. The details of Stage 1 are outlined below. Note that the color coding for the RFP Preparation and RFP Solicitation corresponds to the color coding for the scheduled activities in Figure 1. SDG&E Solicitation Timeline above.

Figure 2: Request for Proposal

RFP Preparation

SDG&E, with input from stakeholders to the RFPs, will include the following:

- Program Opportunity (vision, design/delivery, intervention strategies, available measures, portfolio energy savings goals, customer-centric, optimization, quality, treatment levels)
- Program Overview
- Program Compliance
- Statement of Work
- Program Evaluation Measurement and Verification (EM&V) Standards / Guidance
- Terms and Conditions
- Submission Instructions
- Technical Requirements
- Diversity, Equity, and Inclusion
- Safety
- Other considerations

RFP Solicitation

Collect From Bidders:

- Program Proposal
- Program Overview and deliverables
- Program Performance Metrics / Key Performance Indicators (KPIs)
- Program Pricing
- Company Information
 - Financials & Insurance
 - Qualifications & Experience
 - Relevant licenses and certifications
 - Supplier Diverse Business Enterprise (DBE) certification
 - Safety Protocols
 - Social Responsibility, including Supplier Diversity and Sustainability

General Contract Scope and Bidder Eligibility Requirements

SDG&E understands that providing clear and consistent direction to stakeholders is critical to receiving quality proposals and implementing effective programs. Table 2 provides samples of the types of information and requirement specifications that may be included in the solicitation package:

Table 2: Overview of Sample Content Included in RFPs

Sample RFP Content
<ul style="list-style-type: none"> • Registration Requirements • Proposal Submittal Procedures and Requirements • Timelines, Milestones, and Deadlines • Bidders' Conference Detail • Proposal Evaluation Description • DBE Goals and Commitments • Sustainability Questionnaire • Cybersecurity Review Status

At the RFP stage, the instructions will include a sample version of the contract documents to be negotiated and executed by a successful participant in the solicitation process. The standard form will include General Terms and Conditions, which consist of commercial and regulatory terms that are required regardless of product or services being procured. Although there may be variations between the Investor-Owned Utilities (IOUs), SDG&E's typical contract contains the following terms, but other information may be included depending on the program requirements:

1. Obligations of the Parties
2. Contract budget
3. Contract term
4. Payment structure
5. Specific Condition requirements
6. Program KPIs
7. Annual budget and performance review

Step 1: Bidder Selection

Prior to being fully reviewed and scored, each third-party proposal must pass a minimum compliance review to ensure the following: Bidder eligibility, that the proposal addresses all requested information, and that the information is accurate, complete, and meets SDG&E's applicable standards as set out in the Solicitation RFP. This generally includes providing a complete Contractor Safety Plan and describing how the plan aligns with legislative and

regulatory requirements. Proposals that pass the minimum compliance review will be evaluated using the remaining criteria that are applicable to the RFP.

Bidders will be evaluated, and based on their evaluated scores, selected Bidders may be invited to interview.

Figure 3: Step 1—Bidder Selection



Step 2: Bidder Interviews

Selected bidders are invited to answer specific questions and provide presentations during interviews.

Figure 4: Step 2—Bidder Interviews



After Step 1 and 2, and after the interview, a final Bidder(s) will be selected for the opportunity for contract negotiations.

Procurement Review Group (PRG) and Independent Evaluator (IE)

The Commission requires that the MFWB solicitation include an ESA PRG and IE to oversee the solicitation. The ESA PRG will include members of non-financially interested parties, including Commission staff and the Public Advocates Office.³ The ESA IE is selected from the Energy Efficiency solicitations IE pool. Both ESA PRG members and the IE will be approved by the Director of the Energy Division.

The Commission does not require the use of an ESA PRG and IE for all Low Income solicitations. SDG&E has determined that given the cost, timing, and schedule constraints, SDG&E does not intend to use the PRG and IE process for the ESA Program, ESA Pilot Plus/ Pilot Deep Program, and IT Solutions solicitations.

³ D.21-06-015 at 501 (Ordering Paragraph (OP) 121).

VENDOR OUTREACH AND TRAINING

A prepared and informed bidder pool is foundational to the success of SDG&E's solicitations. SDG&E will work with the other IOUs to seek vendor and stakeholder feedback, and incorporate lessons learned, to maximize outreach and education of potential participants in competitive solicitations. SDG&E will use multiple channels to ensure widespread notification of its solicitations and leverage the other IOUs' channels that SDG&E did not originally identify. The IOUs plan to prepare and educate the marketplace for the upcoming solicitations through multiple outreach channels and "bidders conferences." Such support will be especially valuable to new participants.

SDG&E plans the following actions and channels to increase market participation through an expanded reach for the ESA solicitations.

- Engage its Supply Management and Supplier Diversity departments to develop strategies to increase supplier pool and pre-qualify potential bidders to facilitate their participation in SDG&E's solicitations.
- Broadcast its ESA solicitations on the Energy Efficiency Proposal Evaluation and Proposal Management Application (PEPMA).⁴ This website is used by the IOUs to announce current solicitations for Energy Efficiency program implementation and other services.
- Notice various CPUC service lists in proceedings that are related or impact the ESA income-qualified communities of the solicitations as they are released for bidding. Examples of these proceedings are Energy Efficiency (R.13-11-004), Low Income (A.19-11-004 et al.), Public Safety Power Shutoff (R.18-12-005), Disadvantaged Communities in San Joaquin Valley (R.15-03-010),⁵ and others.
- Engage with various organizations to disseminate solicitation information to their members and stakeholders. Examples are Community Based Organizations (CBOs), Low Income Oversight Board (LIOB), Disadvantaged Communities Advisory Group, California Energy Efficiency Coordinating Committee (CAEECC), etc.
- Leverage channels that the other IOUs have identified that are not on SDG&E's list.

SDG&E, in coordination with the IOUs, plans to hold a series of vendor training workshops to provide prospective bidders general information on essential administrative requirements for successful participation in the RFPs. Presentations will include topics such as basic qualifications (e.g., what constitutes an acceptable bid, and qualification process); compliance requirements, such as cyber and third-party security review, data access requirements, and contractor safety requirements, discussed above; insurance requirements, and diverse businesses. The training will also include an overview of low income program related resources and where to locate them, such as Statewide Energy Savings Assistance Program Policy and Procedures Manual, the Statewide Energy Savings Assistance Program Installation Manual, California Standard Practice Manual, and the ESA cost-effectiveness test (ESACET).

⁴ PEPMA can be accessed at <https://www.pepma-ca.com/Public/Default.aspx>.

⁵ R.15-03-010 is closed but the service list is still available on the CPUC's website.

PROGRAM OVERVIEW FOR EACH SOLICITATION

The following section provides an overview of each ESA program that will be solicited with the goal of providing interested third parties with the information they need to effectively design programs that meet SDG&E’s portfolio needs. Each section describes how needs were determined by providing an overview of SDG&E’s vision and goals, followed by a summary of potential opportunities to consider when designing new programs. Where applicable, SDG&E provides the savings targets it seeks to achieve over the course of the short-, mid-, and long-terms. More specific information related to these programs will be included in the specific program solicitations.

1. ESA Multifamily Whole Building Program Overview

Table 4 below provides an overview of the MFWB program.

Table 4: ESA Multifamily Whole Building Program Sector Overview

ESA Multifamily Whole Building Program	
Vision	
Drive deep energy savings and robust grid benefits in the Residential multifamily sub-sector through targeted customer engagement, data-driven programs that leverage market actors, and strategic partnerships in the Southern California region (SDG&E, Southern California Gas Company (SoCalGas), and Southern California Edison (SCE) territories).	
Goals⁶	
<u>Program Savings Goals: 2023 – 2026 Southern MFWB</u> <ul style="list-style-type: none"> • 39,365,118 kWh • 2,293,375 Therms 	
Opportunities⁷	
<p style="text-align: center;"><u>Trends</u></p> <ul style="list-style-type: none"> • Shift from number of properties treated model to an energy savings model. • Building relationships with Municipal Electric Utilities in the Southern service territory. 	<p style="text-align: center;"><u>Key Strategies</u></p> <ul style="list-style-type: none"> • Leverage of the new central customer MFWB portal • A single intake application (which can include reliance on the MFWB portal). • Energy audits and expanded measure lists with consideration for highly efficient measures. • The MFWB program should work towards maximizing a building’s demand response technologies,

⁶ D.21-06-015 at 507 (OP 141 and OP 142)

⁷ D.21-06-015 at Attachment 4.

Sector Overview ⁸		
Percent of California Low Income Population by Multifamily Housing Type		
IOU	2-4 Units	5+ Units
SDG&E	10%	40%
SCE	11%	32%
SoCalGas	11%	33%

●

greenhouse gas reduction, water-energy nexus, and the Health, Comfort and Savings (HCS) of tenants.

Additional Requirements for MFWB

The MFWB program will have a statewide approach for all the IOUs, with PG&E administering the Northern MFWB program while SDG&E serving as the administrator for the Southern MFWB program which will cover SDG&E, SCE and SoCalGas’ service territories.⁹ SDG&E will submit a Tier 2 advice letter within 15 days of when the solicitation process concludes and a contract is executed at a date no later than November 30, 2022. The advice letter will detail the multifamily whole building program design, including a budget by category, measure offerings, energy savings goals, treatment targets, cost effectiveness values, contract terms, and Independent Evaluator Report. The contract will be considered finalized once the advice letter is approved. Energy Division staff will review for the program’s conformance with statute, this decision, and that the solicitation process was fair and transparent. The finalized MFWB program is authorized to begin no sooner than January 1, 2023.¹⁰

⁸ Evergreen Economics, *Needs Assessment for the Energy Savings Assistance and the California Alternate Rates for Energy Programs, Volume 2: Detailed Findings* (December 16, 2013) at 4-11 (based on 2011 Census PUMS data).

⁹ D.21-06-015 at 501 (OP 120).

¹⁰ D.21-06-015 at 501 (OP 122).

2. Main ESA Program Overview

Table 5 below provides an overview of the Main ESA program.

Table 5: Main ESA Program Overview

Main ESA Program (Single Family and Mobile Home)	
Vision	
Provide single-family and mobile home customers with energy savings through meaningful and ongoing energy education, flexible customer engagement, and potential optimization of energy savings with each customer touchpoint.	
Goals	
<p><u>Program Savings Goal*:</u></p> <ul style="list-style-type: none"> • TBD kWh • TBD KW • TBD Therms 	
Opportunities	
<p style="text-align: center;"><u>Trends</u></p> <ul style="list-style-type: none"> • Shift from household treatment model to an energy savings model • More digitally engaged customers, with over 55% of low-income customers on My Account. • Less tolerance to current program model making enrollment more challenging. <p style="text-align: center;"><u>Sector Overview</u></p> <ul style="list-style-type: none"> • Approximately 23% of SDG&E customers are qualified for SDG&E’s Low-income programs¹¹ • Approximately 60 % of SDG&E customers reside in single-family or mobile home customer segment. • Over 195K customers have received ESA Program service over the past 10 years¹² 	<p style="text-align: center;"><u>Key Strategies</u></p> <ul style="list-style-type: none"> • Implement customer prioritization strategies using data analytics • Offer new platform for Audits and Education • Offer measure tiers, where some customers may not receive in-home treatment • Continue to deliver health, comfort, and safety measures

*TBD: SDG&E will provide the actual savings goals in the RFP.

¹¹ Application (“A.”) 14-11-007, Compliance filing of Pacific Gas and Electric Company (U39-M), Southern California Gas Company (U 904-G), San Diego Gas & Electric Company (U 902-M), and Southern California Edison Company (U 338-E) Regarding Annual Estimates of CARE eligible Customers and Related Information (February 12, 2021) at Attachment C.

¹² A.14-11-007, Amended Annual Report Activity of San Diego Gas & Electric Company (U 902 M) on Low Income Assistance Programs for 2020 (July 26, 2021) at Appendix H, Table 15.

SDG&E expects that the new Main ESA program will begin implementation no later than January 1, 2023. SDG&E will oversee the orderly transition of ramping down the current program and the ramp-up of the new Main ESA program to avoid disruption of program services.

3. ESA Pilot Plus/Deep Program

Table 6 below provides an overview of the ESA Pilot Plus and Pilot Deep program.

Table 6: ESA Pilot Plus/Pilot Deep Program Overview

ESA Pilot Plus/Pilot Deep	
Vision¹³	
Assist low-income customers in achieving energy savings of 5-50% by promoting equity, quality, and customer-centric solutions while optimizing total funding.	
Goals¹⁴	
<p><u>Primary Goal</u>: Pilot Plus measure package: 5-15% savings through and Pilot Deep measure package 15-50% energy savings through</p> <p><u>Secondary Goals</u></p> <ul style="list-style-type: none"> • Equity: Single-family, owner-occupied homes; Increase program participation opportunities to renters • Quality: Spend more on fewer households increasing the impact of the treatment • Customer-centric: A seamless low-income program delivery for the recipients with as many services provided in as few visits as possible, and greater customer satisfaction • Optimization: Reduction in program administration, duplicative costs, and burdens to ratepayers; Maximize total funding to go towards program measures that save energy and/or reduce ratepayer collection 	
Opportunities	
<u>Trends</u>	<u>Key Strategies</u>
<ul style="list-style-type: none"> • San Diego County sees only mild weather fluctuations over the year relative to inland counties. • SDG&E residential customers have low electricity use compared to other IOUs. • San Diego County residential electricity usage spikes during late summer with a smaller peak in December and January. 	<ul style="list-style-type: none"> • Targeting high usage homes with interval data analytics to reach anywhere from 5-50% energy savings • Investing in fewer homes increasing the impact of the treatment • New program models and financing to cost-effectively deliver comprehensive energy savings

¹³ D.21-06-015 at Attachment 2 (Guidance of the Energy Savings Assistance Program’s Pilot Plus and Pilot Deep Program [Program years 2021-2026]).

¹⁴ *at Id.*.

<u>Sector Overview</u>	
<ul style="list-style-type: none"> • Targeting high usage CARE customers in climate zones 10, 14, 15 • Approximately 23% of SDG&E customers are qualified for SDG&E’s Low-income programs 	

Additional Requirements for ESA Pilot Plus/Pilot Deep Program

The SDG&E and PG&E pilot program will include a full, third-party solicitation process, including design and implementation whereas the SCE and SoCalGas pilot programs will be IOU designed, third-party implemented. The Joint IOUs, together with Energy Division, will conduct at least one workshop with stakeholders to introduce the preliminary implementation plans for the Pilot Plus and Pilot Deep program and seek stakeholder feedback within 120 days after the approval of this decision.¹⁵ Ninety days after the workshop, SDG&E will file its Tier 2 advice letter no later than 90 days after the first pilot workshop to detail the program implementation plan.¹⁶ The Pilot Plus and Pilot Deep program must be launched by the beginning of the third quarter of 2022.¹⁷

4. ESA IT Solutions

Table 7 below provides the overview of the ESA IT Solutions solicitation.

Table 7: ESA IT Solutions Overview

ESA IT Solution
Vision
Improve and streamline program delivery for customers using online tools and solutions that help provide customers with customized messaging that drives long-term energy savings.
Goals
<p><u>Project 1:</u> Enhance current Home Energy Audit tool or develop a new tool that allows the collection of customer-specific data that helps inform the delivery of program measures. The tool will allow for improved customer education through ongoing and personalized messaging to help persistence in savings.</p> <p><u>Project 2:</u> Provide customers with a platform where they can receive real-time information on enrollment status, schedule appointments, see potential measure offerings, or select a date for installation.</p>

¹⁵ D.21-06-015 at 479 (OP 40).

¹⁶ D.21-06-015 at 479 (OP 41).

¹⁷ D.21-06-015 at 480 (OP 42).

SDG&E

SDG&E anticipates that the proposed IT solutions will be available by no later than the first quarter of 2023. These solutions will support the new Main ESA program design; however, the program is not dependent on these solutions being in place prior to the transition.