

PUBLIC UTILITIES COMMISSION

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Date: September 8, 2021

To: Southern California Gas (SoCalGas)

From: Rashid Mir and Peter Biermayer, California Public Utilities Commission (CPUC)

Cc: R.13-11-005 Service Lists

Subject: MID-YEAR FEEDBACK - 2021 EX ANTE REVIEW (EAR) SCORING AND EVALUATION PERFORMANCE

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Pursuant to Decision (D).13-09-023, D.15-10-028, D.16-08-019, and D.20-11-013, California Public Utilities Commission (CPUC) Staff and consultants are providing the 2021 Ex Ante Review (EAR) Scoring and Evaluation Performance Mid-year Feedback on the investor-owned utilities (IOUs) respective activities as of June 30, 2021. D.20-11-013 placed a moratorium on EAR awards¹ but directed that EAR scoring and evaluation processes shall continue. The mid-year feedback focuses on specific accomplishments and issues or concerns identified as part of ongoing workpaper and custom project reviews. This feedback will help the IOUs address these issues for the remaining year.

I. CPUC Staff Findings 2021 Mid-year Activities Feedback

The following sections of this memorandum provide a description of the findings, including areas of achievement and areas requiring improvement for both custom projects and workpapers review activities.

A. Custom Projects Review Overview

1. Summary of 2021 Mid-year Achievements

This feedback is based on six CPUC project review dispositions issued between January and June 2021. SoCalGas continues to demonstrate efforts to improve its performance, especially as it relates to process, policy, and program rules. CPUC Staff's observations include:

- **SoCalGas demonstrated no issues with documentation.** During the first six months of 2021 SoCalGas has consistently provided all documents and required information on projects, including clear project scoping to assist CPUC staff with reviews.

2. Summary of Areas Requiring Improvement

Areas that were most problematic, frequent, and/or are in need of improvement include:

- **The number of issues regarding Process, Policy, Program Rules is high.** In the first six months of 2021, 3 issues were in the Process, Policy, and Program rules area. SoCalGas should look into their policy review processes to improve in this area.
- **The number of issues regarding Gross Savings Impacts is high.** In the first six months of 2021, 2 issues were identified in the Gross Savings Impact issue area indicating that SoCalGas needs to improve their analysis assumptions and calculation methodologies.
- **The number of issues in the Net Impacts issue area is high.** In the first six months of 2021, 2 issues were in the Net Impacts area. SoCalGas should look into their program influence review processes to improve in this area.

¹ The EAR awards were part of the Efficiency Savings and Performance Incentive (ESPI) awards.

B. Workpapers Review Overview

1. Summary of 2021 Mid-Year Achievements

CPUC staff observed strengths in SoCalGas's development and management of workpaper submissions in the following area:

- **SoCalGas demonstrated proactive due diligence and QA/QC** for six workpapers that required updates in NTG due to being in the programs for longer than 2 years.
- **SoCalGas demonstrated leadership and responsiveness** by expanding workpaper offerings to include additional measures for four workpapers.

2. Summary of Areas of Improvement

CPUC Staff highlights the following direction for improvement:

- **Though SoCalGas shows leadership** as they submit workpaper plans that include new technologies (thermal storage, BBQ grill, dry well steam tables), often times these technologies are not ready for a deemed approach due to lack of testing and site data. We encourage SoCalGas to complete the necessary due diligence prior to submitting new technologies for review. Some of these measures might be better suited for Emerging Technology assessment or Pilot studies.

II. Discussion

The following sections of this memorandum provide a detailed description of the findings, including, areas of achievement and areas requiring improvement for both custom projects and workpapers.

A. Custom Projects Performance Review

Each year, CPUC Staff reviews a selected sample of custom project energy efficiency program applications. The review findings and directions to the IOUs are presented in documents referred to as "dispositions". This feedback is based on six CPUC project review dispositions issued between January and June 2021.

The comments below are organized by the five metric areas prescribed in D.16-08-019. No scores are provided for these metrics in the mid-year memo. All feedback provided at this time is qualitative.

1. Timeliness of Submittals

SoCalGas complied with SB1131 guidelines for submitting documentation before the 15 business days required. For the first six months of 2021, no projects were found to be submitted late; however, all six projects were submitted on the required deadline, meaning SoCalGas is complying with CPUC requirements under this metric but not making efforts to submit documentation earlier

than required.

2. Content, Completeness, and Quality of Submissions

Out of the six project dispositions issued in the first six months of 2021, two projects had issues that could result in a loss of EAR points under this metric. Though the number of projects is small, significant deficiencies noted in 2021 were incorrect measure EUL, lack of clarity in methodology descriptions, and measure efficiency being less than existing equipment efficiency. These issues can greatly impact gross savings estimates and will result in a significant reduction in EAR points under this metric.

SoCalGas continues to be diligent with project documentation submissions. CPUC staff found that project scope has been consistently clear, and all required information has been provided. However, staff noted issues related to net impacts, with two deficiencies found on two projects submitted during the first six months of 2021. Both issues identified here were issues related to program influence documentation that could impact net savings. SoCalGas should take steps to improve program influence documentation processes to ensure this issue does not persist through the remainder of 2021.

In the first six months of 2021, staff noted that SoCalGas had one project submitted with an incorrect measure EUL which can result in the loss of EAR points under this metric. Table 1 below summarizes the seven action items identified across six dispositions issued between January 1, 2021 and June 30, 2021.

Table 1: Summary of Categorized Action Items for Custom Projects

Issue Area	Action Categories	Summary of CPUC Staff Required Action by the PA:	Summary of CPUC Staff Notes or Instructions:	Total	Percent of Total
Issues Related to Gross Savings Impacts	Analysis assumptions	1	0	1	50%
	Calculation method	1	0	1	50%
	Subtotals	2	0	2	22%
Process, Policy, Program Rules	Baseline	1	1	2	40%
	EUL/RUL	1	0	1	20%
	Incentive calculation	1	0	1	20%
	Measure type	0	1	1	20%
	Subtotals	3	2	5	56%
Issues Related to Net Impacts	Program Influence	2	0	2	100%
	Subtotals	2	0	2	22%
	Grand Total	7	2	9	100%

3. Proactive Initiative of Collaboration

Commission Staff found that SoCalGas continues to take an active and engaged role in statewide collaboration efforts, particularly with their proactive involvement with the stakeholder subgroups. SoCalGas has brought an early opinion request and has proactively addressed issues relating to CAHP program influence and new preponderance of evidence rules.

4. PA's Due Diligence, Quality Assurance, and Quality Control (QA/QC)

Project and measure level disposition performance results reviewed under Metric 2 are used as a proxy for the level of QA/QC occurring by the PA. During the first half of 2021 seven action items were identified across the six submitted projects indicating that SoCalGas must continue to improve its QA/QC processes to reduce project and measure level deficiencies. Additionally, the number of dispositions proceeding without exception is weighed against those approved with exceptions or resulting in rejections. Out of the six dispositions issued from January to June 2021, three projects were either prospective or advisory-only reviews. Of the remaining three projects, zero projects proceeded without exception, two projects (66 percent) were allowed to proceed with exceptions as noted, and one project (33 percent) was rejected. Although the number of projects submitted is small, each of the projects had issues resulting in an exception or rejection.

5. PA's Responsiveness

When reviewed at a portfolio level, CPUC Staff assesses the time series of rejections and exceptions, the alignment of program policy and procedures with the number of rejections and exceptions based on eligibility and attribution, and the adaption to changes in rules over time. For dispositions issued in the first six months of 2021, CPUC Staff found that projects exhibited a slight upward trend in terms of project performance over time (i.e., project submissions had fewer issues when submitted later in 2021 compared to earlier in the year). Though the number of projects is small, this demonstrates that SoCalGas is making efforts to improve project submissions that are in line with CPUC policy.

SoCalGas has also been responsive to CPUC staff requests for updates to HOPP's submittals, indicating that they are making an effort to comply with the responsiveness element related to this metric. However, the number of issues in the Process, Policy, and Program Rules issue area in the first half of 2021 is 3 and the fraction of issues in the Net Impacts issue area is 2. Deficiencies noted in these areas contribute significantly to the number of EAR points. If these trends continue, SoCalGas may see a notable reduction in EAR points for Metric 5 in the annual EAR memo.

B. Workpapers Performance Review

SoCalGas had 13 workpapers disposed in the first half of 2021 and has seven workpapers currently under detailed review. The Mid-Year feedback notes non-workpaper specific observations and clarifies performance expectations for the remainder of the year.

The comments below are organized by the five scoring metric areas created in D.16-08-019. The narrative includes observations common to multiple workpapers and feedback related to the workpaper development process as well as direction for future workpapers.

Specific workpaper feedback is provided in tables in Attachment A, at the end of this document. The first table, the Workpaper Review table provides feedback on the seven workpapers that were disposed in the first half of 2021. The second table, the Workpaper Submissions table, lists all workpapers submitted by SoCalGas during the review period that were not scored. The Staff acknowledges that workpaper development may have been supported by multiple PAs; however, at the time of this mid-year review, feedback is directed to the submitting PA, with the assumption that they have led the development.

1. Timeliness of Submittals

SoCalGas has met the minimum requirements for workpaper submissions and responses to workpaper comments.

The pending DEER Resolution E-5152 outlines a schedule for measure package updates for upcoming PY2023 and PY2024-26. CPUC will expect SoCalGas to work closely with CPUC and other stakeholders to establish and adhere to a submission and review schedule.

2. Content, Completeness, and Quality of Submissions

SoCalGas introduced new multifamily measures for the pipe insulation and tank insulation workpapers, a new tier for the Commercial Fryer workpaper, and consolidated the Gravity Furnace workpaper to include wall type furnaces. The workpapers were well articulated, however, the data and methods were not always clear and required multiple meetings with CPUC to review and revise. In addition, while CPUC encourages development of workpapers for new technologies, SoCalGas has submitted workpapers that lacked the robust technical and market data that would qualify those for a deemed approach. SoCalGas should complete the necessary data collection and vetting of technologies for deemed savings prior to future workpaper development.

3. Proactive Initiative of Collaboration

SoCalGas has been proactive to engage with the CPUC early and often as they introduce new measures and workpapers. They have submitted workpaper plans when necessary for new workpapers or when requesting early feedback on workpaper revisions. SoCalGas schedules necessary meetings to discuss new data or additional information when requested by CPUC.

4. PA's Due Diligence, Quality Assurance, and Quality Control (QA/QC)

SoCalGas demonstrated their due diligence and QA/QC improvements for updating for six workpapers that required updates in NTG due to being in the programs for longer than 2 years. The quality of their workpapers has recently improved with minimal error corrections needed.

5. PA's Responsiveness

SoCalGas has demonstrated leadership and responsiveness when introducing new measures, new workpapers, or new data for workpaper revisions. They quickly engaged with CPUC and were responsive to requests for additional data for the Gas Oven and Commercial Fryer workpaper.

III. Attachments

Attachment A: Workpaper Feedback contains the workpaper summary tables showing the qualitative components for each metric. Each reviewed workpaper was first determined to have components either applicable or not applicable to a metric. If an item was determined to have activity applicable to a metric, the item was then assigned a qualitative rating as to the level of due diligence applied to the item as either deficient (or “-“), apparent but minimal (or “yes”), or superior (or “+”).

Questions or comments about the feedback or final scores should be directed to Rashid Mir (rashid.mir@cpuc.ca.gov) or Peter Biermayer (peter.biermayer@cpuc.ca.gov). Note that pursuant to D.13-09-023, CPUC Staff will schedule a meeting with SoCalGas staff to discuss this memorandum.

Attachment A: Workpaper Feedback

The table below lists the ID numbers associated with each workpaper submission or disposition and the workpaper review process scoring area. As CPUC staff issued no workpaper review dispositions for SoCalGas, the first table is empty. SoCalGas may refer to the individual dispositions to be issued later for more detailed descriptions of the specific actions staff required for each workpaper. The qualitative EAR scoring feedbacks are designated as follows:

- ‘+’ indicates a positive (from midpoint) scoring impact on a metric.
- ‘-’ indicates a negative (from midpoint) scoring impact on a metric.
- ‘Yes’ indicates meeting expectation; neutral (midpoint) scoring impact on a metric.
- ‘No’ indicates the review feedback is not applicable to a metric and has no impact.

Workpaper Reviews – Scored Workpapers 2021				EAR Metrics				
WP ID	Rev	Title	Comments	1	2	3	4	5
SWAP006	2	Dishwasher, Residential	Workpaper updates to include DEER2020 data. Minor error corrections noted.	Yes	Yes	+	Yes	Yes
SWAP017	2	Oven, Gas, Residential	Workpaper updated with additional testing data as requested by workpaper reviewer. SCG worked closely with reviewers to clarify testing results and were proactive with their responses.	Yes	-	+	Yes	Yes
SWFS011	3	Fryer, Commercial	Workpaper updated to include additional Tier 2 measure. Workpaper was well managed.	Yes	Yes	Yes	+	+
SWFS017	2	Automated Conveyor Broiler, Commercial	Workpaper updated NTG measures being offered for greater than 2 years. Reviewed without comment.	Yes	Yes	Yes	+	Yes
SWFS019	2	Underfired Broiler, Commercial	Workpaper updated NTG measures being offered for greater than 2 years. Reviewed without comment.	Yes	Yes	Yes	+	Yes

Workpaper Reviews – Scored Workpapers 2021				EAR Metrics				
WP ID	Rev	Title	Comments	1	2	3	4	5
SWHC001	2	Wall Furnace, Residential	Update previous gravity wall furnace workpaper to include new offering for fan type wall furnace. Reviewers required clarifications from SCG regarding the eligibility of the larger offerings and the workpaper required revisions for grammatical and consistency errors. SCG showed initiative in consolidating the workpaper to include wall type furnaces.	Yes	-	Yes	Yes	+
SWHC002	2	Intermittent Pilot Light, Residential	Workpaper updated NTG measures being offered for greater than 2 years. Reviewed without comment.	Yes	Yes	Yes	+	Yes
SWHC047	2	Gas Fireplace, Residential	Workpaper updated NTG measures being offered for greater than 2 years. Reviewed without comment.	Yes	Yes	Yes	+	Yes
SWHC048	2	Packaged Air Conditioner Heat Recovery, Commercial	Workpaper updated NTG measures being offered for greater than 2 years. Reviewed without comment.	Yes	Yes	Yes	+	Yes
SWRE004	2	Pool or Spa Heater, Residential	Workpaper updated NTG measures being offered for greater than 2 years. Reviewed without comment.	Yes	Yes	Yes	+	Yes
SWWH017	2	Hot Water Pipe Insulation, Nonresidential and Multifamily	Workpaper updated to include MF measures. Reviewed with minimal comment.	Yes	Yes	Yes	+	+
SWWH018	2	Hot Water Tank Insulation, Nonresidential and Multifamily	Workpaper updated to include MF measures. Reviewed with minimal comment.	Yes	Yes	+	+	+
SWWH024	2	Central Boiler Dual Setpoint Controller, Multifamily	Workpaper updated NTG measures being offered for greater than 2 years. Reviewed without comment.	Yes	Yes	Yes	+	Yes

Workpaper Submission Status – All workpapers submitted in 2021

WP ID	Rev	Title	Comments
SWAP006	2	Dishwasher, Residential	Interim approval.
SWAP017	2	Oven, Gas, Residential	Interim approval.
SWFS011	3	Fryer, Commercial	Interim approval.
SWFS017	2	Automated Conveyor Broiler, Commercial	Interim approval.
SWFS019	2	Underfired Broiler, Commercial	Interim approval.
SWHC001	2	Wall Furnace, Residential	Interim approval.
SWHC002	2	Intermittent Pilot Light, Residential	Interim approval.
SWHC047	2	Gas Fireplace, Residential	Interim approval.
SWHC048	2	Packaged Air Conditioner Heat Recovery, Commercial	Interim approval.
SWRE004	2	Pool or Spa Heater, Residential	Interim approval.
SWWH017	2	Hot Water Pipe Insulation, Nonresidential and Multifamily	Interim approval.
SWWH018	2	Hot Water Tank Insulation, Nonresidential and Multifamily	Interim approval.
SWWH024	2	Central Boiler Dual Setpoint Controller, Multifamily	Interim approval.
SWFS002	2	Door Type Dishwasher, Commercial	Detailed review in process.
SWFS018	2	Undercounter Type Dishwasher, Commercial	Detailed review in process.
SWFS024	1	Dry Well Steam Table, Commercial	Detailed review in process.

Workpaper Submission Status – All workpapers submitted in 2021

WP ID	Rev	Title	Comments
SWHC004	3	Space Heating Boiler, Commercial & Multifamily	Detailed review in process.
SWWH032	1	Solar Thermal Water Heating System, Residential	Detailed review in process.
SWAP019	1	Infrared BBQ Grill, Residential	Detailed review in process.
SWHC031	2	High Efficiency Furnace	Detailed review in process.