

**PUBLIC UTILITIES COMMISSION**

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Date: July 27, 2023

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 - 2023 EX ANTE REVIEW (EAR) 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 2023 Ex Ante Review (EAR) Performance Mid-year Feedback on the investor-owned utilities (IOUs) respective activities as of June 30, 2023. D.20-11-013 placed a moratorium on EAR awards<sup>1</sup> 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 measure package and custom project reviews. This feedback will help the IOUs address these issues for the remaining year.

## I. CPUC Staff Findings 2023 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 measure packages review activities.

### A. Custom Projects Review Overview

#### 1. Summary of 2023 Mid-year Achievements

This feedback is based on four CPUC staff project review dispositions issued between January and June 2023. SoCalGas continues to demonstrate efforts to improve its performance. CPUC staff's observations include:

- **Timeliness.** SoCalGas submitted documentation for all projects prior to the deadline during the first six months of 2023.

#### 2. Summary of Areas Requiring Improvement

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

- **Process, Policy, and Program Rules.** In the first half of 2023 there was one issue related to Process, Policy, and Program rules which comprised 9 percent of all issues noted. The issue noted concerned measure cost.
- **Gross savings impacts.** In the first six months of 2023, three actions impacted gross savings, related to analysis assumptions, calculation method and M&V plan. SoCalGas must make efforts to perform quality control in these areas to uncover issues prior to submitting for review.
- **Missing documentation.** One of the four dispositions issued in the first half of 2023 was missing required information or documentation. The missing information can make replication of results difficult.

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

## B. Measure Packages Review Overview

### 1. Summary of 2023 Mid-Year Achievements

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

- **Collaboration.** SoCalGas engaged with measure package reviewers for two Food Service measure package updates that required additional data requests and measure package review follow ups regarding the EnergyStar v3.0 spec update.
- **Leadership.** SoCalGas demonstrated leadership by expanding deemed measure offerings to include five new measure packages. SoCalGas continues to push for new technologies to add into the deemed portfolio.

### 2. Summary of Areas of Improvement

CPUC staff highlights the following direction for improvement:

- **Quality Assurance (QA)/Quality Control (QC).** One food service measure package had calculations that could not be duplicated in the permutation review and required revised base case offerings because measure case offerings were included. Other reviews saw recurring comments that are minor in nature but should be prospectively corrected in other measure package submittals. We encourage SoCalGas to continue to focus on the quality of measure package submittals.

## 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 measure packages.

### 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 four CPUC project review dispositions issued between January and June 2023.

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

Four projects were selected for review during the first half of 2023 which had initial project documentation due before June 30, 2023. For the four projects, SoCalGas submitted their initial

documents in compliance with the SB1131 timeline, and of those, two projects were submitted before the SB1131 deadline.

## 2. Content, Completeness, and Quality of Submissions

Out of the four project dispositions issued in the first six months of 2023, two projects had issues related to gross savings impacts (60 percent of the actions identified fell into this category). Some of the issues identified were problems with M&V plan, analysis assumptions and calculation method. Since then, SoCalGas has reconfigured and organized their technical review workbooks to provide transparency in calculation assumptions, methods, and M&V plans.

Table 1 below summarizes the five action items and six notes identified across four dispositions issued between January 1, 2023, and June 30, 2023.

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:	Percent of Total Actions
<b>Issues Related to Gross Savings Impacts</b>	Analysis assumptions	1	0	20%
	Calculation method	1	0	20%
	Calculation tool	0	1	0%
	M&V plan	1	0	20%
	<b>Subtotals</b>	<b>3</b>	<b>1</b>	<b>60%</b>
<b>Process, Policy, Program Rules</b>	Measure cost	1	0	20%
	<b>Subtotals</b>	<b>1</b>	<b>0</b>	<b>20%</b>
<b>Documentation Issues</b>	Continue Document Upload	0	1	0%
	<b>Subtotals</b>	<b>0</b>	<b>1</b>	<b>0%</b>
<b>Issues Related to Net Impacts</b>	Program influence	0	1	0%
	<b>Subtotals</b>	<b>0</b>	<b>1</b>	<b>0%</b>
<b>Other Issues</b>	Other 1 - Update savings/incentives for next quarterly submission	1	0	20%
	Other 2 - Incorrect project description in BMU	0	1	0%
	Other 3 - Program estimates incentives based on number of multifamily units rather than savings	0	1	0%
	Other 4 - Incorrect measure description in BMU	0	1	0%
	<b>Subtotals</b>	<b>1</b>	<b>3</b>	<b>20%</b>
<b>Grand Total</b>		<b>5</b>	<b>6</b>	<b>100%</b>

### **3. Proactive Initiative of Collaboration**

CPUC staff found that SoCalGas continues to take an active and engaged role in bi-weekly meetings as necessary. SoCalGas engaged with to get CPUC staff feedback on interpretation of policy including Title 24 requirements for pipe and tank insulation and ACC heat rates.

### **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. Of the four projects reviewed, one project (25 percent) proceeded without exception, while two projects (50 percent) were allowed to proceed with exceptions as noted in the review. One project was advisory only.

### **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. As noted earlier, SoCalGas had multiple issues related to gross savings impact. In response, SoCalGas reconfigured their technical review workbook to provide more transparency in the savings calculations.

## **B. Measure Packages Performance Review**

SoCalGas had nine measure packages disposed in the first half of 2023 and has four measure packages currently under detailed review. The thirteen measure packages disposed and under review in the first half of 2023 are mid-cycle measure package updates consisting of new measure packages, new measure offerings, or code/standard updates.

The comments below are organized by the five scoring metric areas created in D.16-08-019. The narrative includes observations common to multiple measure packages and feedback related to the measure package development process as well as direction for future measure packages. No scores are provided for these metrics in the mid-year memo. All feedback provided at this time is qualitative.

Specific measure package feedback is provided in tables in Attachment A, at the end of this document. The first table, the Measure Package Reviews table provides feedback on the five measure packages that were disposed in the first half of 2023. The second table, the Measure Package Submissions table, lists all measure packages submitted by SoCalGas during the review period that were not scored. CPUC staff acknowledges that measure package 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 been timely with measure package submissions and responses to measure package comments through the measure log. SoCalGas has quickly developed measure packages once receiving measure package plan feedback from the review team.

#### **2. Content, Completeness, and Quality of Submissions**

SoCalGas updated food service measures to align with EnergyStar v3.0 and add new measures to the

existing Solar Thermal Water Heating System measure package. The measure packages were generally submitted meeting the criteria for completeness and quality but continued to have minor assumptions and reference spreadsheets that were outdated. New measure packages generally met the criteria for completeness and quality but continued to have similar minor comments from the review team.

### **3. Proactive Initiative of Collaboration**

SoCalGas has been proactive to engage with the CPUC staff early and often in their updates to measure packages. SoCalGas has submitted measure package plans when necessary for new measure packages or when requesting early feedback on measure package revisions. SoCalGas schedules necessary meetings to discuss new data or additional information when requested by CPUC staff, specifically to discuss the EnergyStar v3.0 spec update for the Convection Oven and Combination Oven measure package updates. In addition, SoCalGas collaborated effectively with the review team to implement the long-term solution for water energy nexus measure packages.

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

SoCalGas demonstrated their due diligence and QA/QC improvements in new measure packages by prospectively correcting common feedback on measure package savings assumptions in the more recent submittals. For example, in the five new food service measure packages, the review team had recurring comments in the operating days per year assumptions in the first four measure packages. In the most recent new measure package submission, the measure package prospectively corrected this comment based on the prior feedback. In the future, SoCalGas should continue to notice recurring comments and incorporate those external comments into their internal QA/QC process.

### **5. PA's Responsiveness**

SoCalGas has demonstrated leadership and responsiveness when introducing new measures, new measure packages, or new data for measure package revisions. In addition, SoCalGas has demonstrated leadership by supporting the Food Service program implementers in developing electric savings measure packages.

## **III. Attachments**

Attachment A: Measure Package Feedback contains the measure package summary tables showing the qualitative components for each metric.

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

## Attachment A: Measure Package Feedback

The table below lists the ID numbers associated with each measure package submission or disposition. The PA may refer to the individual dispositions for more detailed descriptions of the specific actions staff required for each measure package. The qualitative feedbacks are designated as follows:

Measure Package Review – All Disposed in 2023			
SW MP ID	Rev	Title	Comments
SWFS001	3	Convection Oven, Commercial	Measure package updated to align with EnergyStar v3.0 spec. Measure package approved after clarifying comments on cost values, operation assumptions, and updating baseline data to clarify the qualified products list (QPL) list vs EnergyStar v3.0 list.
SWWH034	2	Solar Thermal Water Heating System, Commercial and Multifamily	Measure package updated to add commercial offerings. Measure package approved after minor comments confirming data collection requirements, hot water loads and assumptions, and confirmation of the modeling data sources.
SWHC054	1	Heat Recovery Ventilation, Residential	New measure package approved after minor comments on climate zone and Title 24 eligibility.
SWFS026	1	Cooktop, Commercial	New measure package approved after minor comments on the test procedure, minor typos, clarifying the calculations and assumptions, and editing the baseline reference file.
SWFS003	3	Combination Oven, Commercial	Measure package updated to align with EnergyStar v3.0 spec. Measure package approved after comments on QPL list compared to EnergyStar spec, clarifying the baseline and measure case reference files for qualifying units, and clarifying several assumptions like hours of use.
SWFS024	1	Hot Food Holding Bins, Electric, Commercial	New measure package approved after clarifying text edits, documenting hours of use assumptions, and clearly defining the measure case bin cutoff.

Measure Package Review – All Disposed in 2023			
SW MP ID	Rev	Title	Comments
SWFS025	1	Radiant Conveyor Toaster, Commercial	New measure package approved after clarifying input parameters, field study data behind the interval energy usage data, and hours of use assumptions.
SWFS027	1	Soup Well, Electric, Commercial	New measure package approved after clarifying rethermalizers were not included in the qualified product list, the field study data reference, and days per year and other operation assumptions.
SWFS029	1	Rotisserie Gas, Commercial	New measure package approved after clarifying the cost value methodology and one minor text edit.

Measure Package Submittals – All Submitted in 2023		
SW MP ID	Title	Comments
SWFS001-03	Convection Oven, Commercial	Interim approval.
SWWH034-02	Solar Thermal Water Heating System, Commercial and Multifamily	Interim approval.
SWHC054-01	Heat Recovery Ventilation, Residential	Interim approval.
SWFS026-01	Cooktop, Commercial	Interim approval.
SWFS003-03	Combination Oven, Commercial	Interim approval.
SWFS024-01	Hot Food Holding Bins, Electric, Commercial	Interim approval.



<b>Measure Package Submittals – All Submitted in 2023</b>		
<b>SW MP ID</b>	<b>Title</b>	<b>Comments</b>
SWFS025-01	Radiant Conveyor Toaster, Commercial	Interim approval.
SWFS027-01	Soup Well, Electric, Commercial	Interim approval.
SWFS029-01	Rotisserie, Gas, Commercial	Interim approval.
SWHC057-01	Space Heating Gas Absorption Heat Pump, Multifamily	Detailed review in progress.
SWFS028-01	Steam Table, Electric, Commercial	Detailed review in progress.
SWHC001-04	Wall Furnace, Residential	Detailed review in progress.
SWHC058-01	Patio Heater, Gas, Commercial and Residential	Detailed review in progress.