TRANSMITTAL LETTER FOR THE PY 2013-2014 LOCAL GOVERNMENT PARTNERSHIPS VALUE AND EFFECTIVENESS STUDY FINAL REPORT

January 2016

M e m o r a n d u m

Date: January 29, 2016

To: Parties to R. 13-11-005 and other interested stakeholders

From: Jeremy Battis, Energy Division

Opinion Dynamics PY 2013-2014 LGPs Value and Effectiveness Study and Report

Energy Division Review of Report

The Opinion Dynamics study report demonstrates a fundamental understanding of the Local Government Partnerships (LGPs). It is likely to be understandable and useful to individuals wishing to familiarize themselves with the nuances of local government energy efficiency practices in California's four Investor Owned Utility (IOU) territories. The LGP categories introduced within the study are also apt to be useful to future evaluators and energy efficiency program staff.

The study methodology relies significantly on self-reporting – surveying and interviewing local governments (LGs), their agents, and the IOUs – to assess how well things are going. Several findings and conclusions rely on responses provided by the program administrators (the IOUs) or the program funding recipients (the local governments (LGs) or their partnership implementer) who may be inclined to characterize conditions as favorable. This sort of self-report bias is not unusual when data is collected at the source via posing of questions and recording the responses (i.e., the primary research method).

Additional self-reporting bias is apparent by way of the semiannual Strategic Plan reporting documents (SP Reports) that form the basis for additional findings and conclusions. The SP Reports might have been a means of triangulating findings and verifying the LG and IOU survey responses, but their potential was diminished by reliance on one of the four sets produced in the course of the 2013-2014 program cycle and because the SP reports are themselves compendiums of self-reporting by the LGs (i.e., the IOUs submit the semiannual Strategic Plan reports that consists of information that the LGs provide, typically in the LGs' original language). How much of what the LGs report is filtered or categorized by the IOUs and with what variation or consistency remains unknown.

The limited budget made available for the study led to the evaluator making choices about how to prioritize certain types of research tasks over others. Another approach might have been to conduct independent research that would have included examining a handful of projects and then assessing the end result by way of reviewing documents such as LG and IOU records, contracts, and receipts and posing questions to project managers and lead staff about project milestones and barriers (e.g., Did the project require and receive a requisite greenlight by local decision-makers?; Did the project have a likely chance of getting past such decision-makers?; and Would some local agency commitment (resolution or letter of intent) have improved the prospects for project completion or effective spending of ratepayer dollars?).

Opportunities for Future Studies

Due to the limited number of Strategic Plan projects completed at the time of the study and because of the uneven quality and completeness of the documentation provided to the evaluator, the study was not able to address the question pertaining to appropriate consequences for local governments that receive ratepayer funds for Strategic Plan projects, but which fall short of performance expectations.

A second area unaddressed within the study -- and therefore an opportunity for a future study -- would be to determine how, if at all, Strategic Plan projects function as, and adhere to expectations for, pilot projects including features such as innovation, scalability, and knowledge transfer potential. This topic has merit given that the term LG Strategic Plan *Pilots* appears repeatedly within IOU applications and program descriptions as well as within past Commission Decision language.

It is anticipated that the Opinion Dynamics study and report will be useful to CPUC staff and decision-makers needing a quick read on the Strategic Plan program area. The study report also suggests that satisfaction levels among LGP implementers appear to be favorable for the IOUs and moderate for the CPUC. CPUC staff's next immediate step in closing out the study project would be to coordinate with the IOUs to address the recommendations within the study report.

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Energy Division
California Public Utilities Commission

January 29, 2016

Prepared by
Opinion Dynamics Corporation
Subcontractor to Itron

PY 2013–2014 LOCAL GOVERNMENT PARTNERSHIPS VALUE AND EFFECTIVENESS STUDY

Prepared under the direction of the **Energy Division** for the

California Public Utilities Commission

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Acknowledgments

Abstract

This study focuses on the value and effectiveness of Strategic Plan Projects conducted by Local Governments (LGs) and funded through the Local Government Partnerships (LGPs) programs and effectiveness of the IOU LGPs administrative structure. Strategic Plan Projects support the California Energy Efficiency Strategic Plan (CEESP) objectives. They enable LGs to set long-range energy goals for their communities and chart a course to achieve them. The Strategic Plan Projects may include Energy or Climate Action Plans, benchmarking of public or community buildings, advancement of energy efficiency reach codes for buildings, or trainings to increase awareness of and support for building code compliance and greenhouse gas reduction efforts.

Data collection took place between December 2014 and May 2015. Data collection tasks included in-depth interviews with LGP Implementers (LGs or third-party organizations that hold the contract with the IOU for LGP administration) and IOU staff, and an Internet survey. The Internet survey included LGP Implementers, member governments (LGs that are part of an LGP), and LGs that are not members of an LGP. The Consultant Team also reviewed an extensive set of program materials.

The 389 Strategic Plan Projects included in this study were from 2010-2014 and are providing strong value to California. The funding for the projects provides the means (i.e., people, knowledge, and tools) to the LGs to develop policies that align with and support CEESP goals. However, while all projects align with broad CEESP goals, the study found that 15% do not meet the guidelines for Strategic Plan Projects.

The IOU administrative structure is beneficial but not fully sufficient: The IOUs are providing technical assistance aligned with mitigating the barriers encountered for completing Strategic Plan Projects. However, some LGP Implementers indicated that they were not able to procure the specific type of support that they sought for their projects. LGP Implementers are highly satisfied with the IOU administration overall and they felt that the level of communication was very good. They were less satisfied, however, with the Strategic Plan Project funding processes (specifically the transparency of the effort) and the IOUs' ability to help with capacity building. LGP Implementers also mentioned problems and delays with data transfer.

The study made several recommendations to enhance the funding award process and the effectiveness of the IOU administration as well as improving tracking of the strategic plan projects.

Glossary

To assist the reader, this section includes a list of abbreviations used throughout the report. This list does not include all abbreviations used throughout the report, only key terms that may help a reader who is not familiar with the area.

Abbreviation	Definition
4CL	Contra Costa County Climate Leaders
AB32	Assembly Bill 32
ACE	Adoption, Compliance, & Enforcement
CAP	Climate Action Plan
CECG	Community Energy Champions Grant
CEESP	California Energy Efficiency Strategic Plan
COG	Council of Governments
CPUC	California Public Utilities Commission
DSM	Demand-Side Management
EAP	Energy Action Plan
EBEW	East Bay Energy Watch
ECBO	Existing Commercial Benchmarking Ordinance
ED	Energy Division (of the CPUC)
EE	Energy Efficiency
EM&V	Evaluation, Measurement, and Verification
EMS	Energy Management System
FTE	Full-Time Equivalent
GHG	Greenhouse Gas
HVAC	Heating, Ventilation, and Air Conditioning
IOU	Investor-Owned Utility
JPA	Joint Powers Authority
LG	Local Government
LGP	Local Government Partnership
PCG	Project Coordination Group
PG&E	Pacific Gas & Electric Company
PRG	Peer Review Group
RCx	Retro-Commissioning
REN	Regional Energy Network
RFP	Request for Proposals
SCE	Southern California Edison
SCG	Southern California Gas Company
SDG&E	San Diego Gas & Electric
SEEC	Statewide Energy Efficiency Collaborative
SMB	Small Business
StAG	Stakeholder Advisory Group
ZNE	Zero Net Energy

Definition of Key Terms

To assist the reader, this section includes definitions of key terms used in this report.

Assembly Bill (AB32): The California Global Warming Solution Act of 2006[1] is a legislative action mandating that California reach 1990 levels of greenhouse gas (GHG) emissions by 2020. Energy efficiency is expected to help reach these reduced emission levels by providing 15% of all reductions required by the state.

California Energy Efficiency Strategic Plan (CEESP): In support of AB32, the California Public Utilities Commission (CPUC) created a roadmap for maximizing energy savings across all major sectors in California. Within the CEESP, there is a specific chapter dedicated to local governments (LGs). The CPUC initially adopted the CEESP in 2008 and last updated it in 2011. There is a forthcoming update to the CEESP in 2015.[2]

Local Government Partnerships (LGPs): LGPs are partnerships between one or more of the four California Investor-Owned Utilities (IOUs) and LGs that promote energy efficiency. IOUs partner with a wide variety organizations, including single cities/counties, regional organizations (such as councils of governments [COGs] and Joint Powers Authorities [JPAs]), for-profit companies, and non-profit organizations. LGPs have three broad objectives: retrofitting local government buildings, promoting utility core programs, and supporting the CEESP. Note that the term "LGP" refers to all organizations within the partnership.

Member Governments: These are local governments that are part of an LGP. Member governments may conduct their own Strategic Plan Projects with funding either directly from the IOU or from the IOU via its LGP.

Non-Partner LG: This term refers to local governments that are not linked to an LGP but that conduct Strategic Plan Projects. (See also the definition of Member Governments.)

Non-Resource Activities: These are activities undertaken to advance energy savings not specifically or directly tied to energy savings. Examples are drafting of a Climate Action Plan (CAP) and workshops to train local officials on energy efficiency trends and opportunities, among others.

LGP Implementer: These are local governments or third-party organizations that hold the contract with the IOU for LGP administration. In this report, this refers primarily to implementers of Strategic Plan Projects. (Note that within an LGP, the term "LGP" refers to the broader group that makes up the partnership, while "implementer" refers only to the contract holder.)

Resource Activities: California IOUs buy resources to provide electricity or natural gas to consumers. Additionally, the IOUs acquire energy savings (which lead to GHG emission reductions) through energy efficiency program resource activities.

Strategic Plan Menu: The Strategic Plan Menu is a list of strategies and tasks ("items") that LGs select from when submitting Strategic Plan Projects. The CPUC ordered the IOUs to create "one list of statewide Strategic Plan program strategies that local governments can choose among for work under the Strategic Plan portion of their program," resulting in the Strategic Plan Menu. The options listed within the Strategic Plan Menu (i.e., the Menu items) directly connect to the five goals in the LG chapter of the CEESP.

Strategic Plan Projects: Strategic Plan Projects are non-resource activities that the LGP Implementers and other Non-Partner LGs conduct to support achieving the CEESP's goals for LGs. Examples of Strategic Plan Projects include Energy or Climate Action Plans, benchmarking of public or community buildings, advancement of energy efficiency reach codes for buildings, and trainings to increase awareness of and support for building code compliance and GHG reduction efforts.

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[1] http://www.leginfo.ca.gov/pub/05-06/bill/asm/ab_0001-0050/ab_32_bill_20060927_chaptered.pdf.

[2] http://www.cpuc.ca.gov/PUC/energy/Energy+Efficiency/eesp/ .

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Executive Summary

This document provides the results of the 2013–2014 Local Government Partnerships (LGPs) Value and Effectiveness Study. LGPs are partnerships between one or more of the four California Investor-Owned Utilities (IOUs) and local governments (LGs) to promote energy efficiency. The California Public Utilities Commission (CPUC) Energy Efficiency Policy Manual states that the LGPs are designed to:

1) Generate energy and demand savings within their own facilities and in their communities (retrofits)
2) Take actions [that] support the California Energy Efficiency Strategic Plan (CEESP) objectives
3) Provide demand-side management (DSM) outreach in the community

This study focuses on the **value** and **effectiveness** of Strategic Plan Projects. These are projects specifically designed to support the CEESP objectives. Strategic Plan Projects enable LGs to set long-range energy goals for their communities and chart a course to achieve them. The Strategic Plan Projects include Energy or Climate Action Plans (EAPs or CAPs), benchmarking of public or community buildings, advancement of energy efficiency reach codes for buildings, and trainings to increase awareness of and support for building code compliance and greenhouse gas (GHG) reduction efforts.

The data in this study were gathered between December 2014 and May 2015. Data collection tasks included in-depth interviews with LGP Implementers (LGs or third-party organizations that hold the contract with the IOU for LGP administration) and IOU staff, and an Internet survey. The Internet survey included LGP Implementers, member governments (LGs that are part of an LGP), and LGs that are not members of an LGP (Non-Partner LGs). The Consultant Team also reviewed an extensive set of program materials.

In addition to the research presented in this report, the CPUC and IOUs are conducting an impact evaluation and a process study to more fully understand the broader LGP efforts (see Study Goals and Objectives).

Summary of Findings

In 2013–2014, the IOUs awarded approximately $16.9 million to fund 245 Strategic Plan Projects (almost $40 million has been programmed from 2010 to 2014 to provide for 371 Strategic Plan Projects) throughout California. The IOUs' funding decisions are based on the Strategic Plan Menu, a list of 20 items approved by the CPUC. The CPUC intended for this funding to go toward non-resource activities within five categories: (1) adopting reach codes, (2) supporting energy code compliance enforcement, (3) leading by example by reducing energy use in local government facilities, (4) supporting innovative programs, and (5) building expertise within local governments and communities. For the purposes of this study, projects that directly contribute to the five CEESP goals in the Strategic Plan Menu are considered to provide value to California's overall energy efficiency and greenhouse gas (GHG) reduction efforts.

In the 2013-2014 cycle, the IOUs used three distinct funding processes to disburse Strategic Plan Project funds. All IOUs used an iterative negotiation process, whereby the LGs propose projects based on their needs and then coordinate with the IOUs to assure appropriate scope. The CPUC also required a rigorous competitive bid process for SCE for most of their projects. A third competitive bid process was conducted for SDG&E's Emerging Cities[3] program, which competitively awarded strategic plan support funds to seven non-partner cities in the 2013-2014 program cycle. (SDG&E in 2013-2014 also funded 47 other projects outside of this competitive process). Most funds (93%) were transferred from IOUs to LGP Implementers, although some of

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[3] Prior to 2013-2014, SDG&E relied on the SD regional body SANDAG to disburse a limited funding amount to SANDAG member LGs that are not within a partnership.

the funding (within SCE) went from IOUs directly to member LGs. The seven projects SDG&E awarded through the Emerging Cities program totaled $369,970, or ~2% of the Strategic Plan Project funds.

Overall, the IOUs tend to act as a gatekeeper for the funds (ensuring that projects funded meet eligibility and budget requirements) and less as an initiator or idea promoter. The IOUs allow the LGs to propose projects to be funded, since the IOUs recognize that local representatives are typically in the best position to determine those projects most vital to their community.

IOUs report on the Strategic Plan Projects through a semiannual update, a Microsoft Excel® document that lists the projects, descriptions, budgets, and updates since the last reporting installment. According to these updates, the largest percentage of funds (41%) went toward helping LGs lead by example via energy-saving initiatives within their own facilities. Upon review of the 2013-2014 crop of awarded Strategic Plan Projects, many appear to fit the criteria of being small grant awards that help LGP Implementers initiate projects and ramp up to achieving energy savings within local agency facilities or their communities. (Approximately 40% of all projects are operating under an award amount of less than $50,000.)

As of July 2015 for the 2013-2014 program cycle, the Consultant Team estimated that about 33% of all projects were fully and successfully completed. Many others (46% of all projects) are still in progress with completion likely.[4] Completed project efforts include workshops, trainings, CAP templates, EAPs, and engagement of LG decision makers, code inspectors, and plan checkers. Strategic Plan Projects have not fully met their CEESP goals, but much of the effort is still in progress.

According to the LGs interviewed, engaging city officials (department directors) and decision makers are the most important factor for successful completion of a project. Several Strategic Plan Projects support building local knowledge and engaging local officials.

LGs also said that staff resources, technical skills, and subject matter expertise are very important for successful completion of projects. Organizations that have not completed their Strategic Plan Projects to date encounter barriers to subject matter expertise and adequate technical skill more often than those that have completed them. This suggests that subject matter expertise and technical skills are particularly significant barriers to completing Strategic Plan Projects.

For the most part, the IOUs provided the funding, capacity building, and technical expertise needed to support Strategic Plan Projects. However, in some instances, the IOUs did not connect the LGs to the precise expertise needed to optimally address the project. Other challenges mentioned by LGs include delays in transferring needed data and delays in invoicing (which affected their ability to implement as desired).

The Consultant Team found that the Strategic Plan Project tracking through the semiannual updates is insufficient for capturing and conveying the full value of these projects. The success criteria reported in the updates primarily focuses on activity tracking, rather than metrics that measure value or accomplishments. The conclusions below are based on both available tracking data and survey data.

Conclusions on Value and Effectiveness

Strategic Plan Projects, conducted by LGs, are providing strong value to California.

- **The Strategic Plan Projects are valuable because they enable LGs to move toward CEESP goals:** The funding for the projects provides the means (i.e., people, knowledge, and tools) to the LGs to develop policies that align with and support CEESP goals. From the interviews with LGP Implementers and

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[4] A small number (5%) had not yet started, about 7% were either cancelled or not planned to be started (5% and 2%, respectively), and 9% did not know the project status.

others conducting Strategic Plan Projects, it is clear that without the activities funded through the Strategic Plan Projects, LGs would have taken fewer actions toward meeting California's long-term goals.

While Strategic Plan Projects are contributing to the State of California's CEESP goals, some projects do not provide direct value to the CEESP as intended by the Strategic Plan Menu items.

- **All projects align with broad CEESP goals, but 15% do not meet the guidelines for Strategic Plan Projects:** Of the Strategic Plan Projects that the Consultant Team reviewed, 100% support one of the three LGP purposes stated above and, as such, are providing support for CEESP goals. However, as for adhering to the rigorous guidelines prescribed for Strategic Plan Projects and to the best of our ability to determine given available data, 85% align with Strategic Plan Menu items, and 15% fall outside of the Strategic Plan Menu items.

The Consultant Team also reviewed the survey data to determine whether the administrative structure is sufficient, beneficial, equitable, and well implemented.

- **The administrative structure is beneficial but not fully sufficient:** The IOUs are providing technical assistance that are aligned with mitigating the barriers encountered for completing Strategic Plan Projects. However, some LGP Implementers indicated that they were not able to procure the specific type of support that they sought for their projects.

- **The majority (83%) of LGPs conducts Strategic Plan Projects:** The projects and funding levels are highest in southern California and along the coast, reflecting the state's population density patterns. Thirty-nine of the 47 LGPs conduct Strategic Plan Projects, indicating high penetration across the many LGs.

- **The LGP Implementers are satisfied with IOU oversight, but there are still areas for improvement:** LGP Implementers are highly satisfied with the IOU administration overall and they felt that the level of communication was very good. They were less satisfied, however, with the Strategic Plan Project funding processes (specifically the transparency of the effort) and the IOUs' ability to help with capacity building. LGP Implementers also mentioned problems and delays with data transfer.

Recommendations

There are several specific recommendations based on the report findings.

Improvements to Enhance the Funding Award Process

- **The CPUC and IOUs should strengthen the language in the Strategic Plan Menu and more clearly define the types of activities that are appropriate for Strategic Plan Project funding.** The current definitions are not always clear about the activities that qualify as supporting the Strategic Plan. Additionally, the Menu includes both a short and long label. Small changes to the shorter labels may facilitate categorization of projects in the future.

- **The CPUC should consider discontinuing the competitive solicitation requirement that triggers the request for proposals (RFP) process for Strategic Plan Projects under SCE, and to a lesser extent, SDG&E.** The report findings suggest that the process is onerous and costly, and adds considerable time to the process with little additional benefits. The SDG&E procurement process was a small component of this research and the Consultant Team did not examine it deeply. However, if the CPUC removes the RFP process for SCE, there is no need for SDG&E to continue this process either. This recommendation ties in with the strengthening of the Strategic Plan Menu language. If the language

is sufficiently detailed, then the Consultant Team expects that the need for the added oversight of the competitive solicitations would be reduced.

■ **The IOUs should increase transparency of the funding process for Strategic Plan Projects.** The LGs specifically mentioned this recommendation. Options to improve the timely flow of information to the LGs include:

    ■ Adapting existing forms of communication (or any newly created mechanisms such as an e-mail blast) to include specific dates for when the next round of Strategic Plan Projects will be occurring.

    ■ Creating a simple flowchart that shows the specific steps within the funding process and approximate time within each stage.

    ■ Updating the flowchart on a regular basis (such as monthly) when in a new funding cycle to show the completed steps and show which organization is currently taking action. Identify when the organization expects to complete the next step. This update should include vital status information such as Strategic Plan Project funding award timelines, milestones, and responsible parties to identify completed and next steps and to make it clear which party is responsible for keeping the process moving. This information should be publicly accessible.

Improvements to Enhance the Effectiveness of IOU Administration

■ **The IOUs should find ways to connect local governments to additional technical resources within the IOUs.** The largest barriers to Strategic Plan Project completion are 1) a lack of subject-matter expertise, and 2) technical support for projects. While the IOUs generally provide this service directly to LGs, there remains an unmet need for greater access to technical staff and resources.

■ **The IOUs should improve communication with LGP Implementers around broad topics.** This may include creating a mechanism (such as an e-mail blast) that provides information regarding related IOU efforts that support CEESP-related activities. In addition, the IOUs should document best practices at an LGP Implementer to share with other LGs. (We note that California has a Statewide Local Government Energy Efficiency Best Practices Coordinator. Since LGP implementers requested this type of information, they may be unaware of the available information from this coordinator or the information provided is insufficient.)

■ **The IOUs should determine a process to overcome the reported data transfer challenges.** This would help facilitate the transfer of information when the local governments request customer-usage data in support of Strategic Plan Projects.

Improvements to Better Track and Understand the Value of Strategic Plan Projects

■ **The IOUs should improve reporting practices in the semiannual updates.** The IOUs should work with the CPUC and their LGP Implementers to determine better labeling, tracking, and reporting for the Strategic Plan Projects. Improvements to the semiannual update will facilitate analysis and on-going oversight with a reduced time commitment. Specifically, it will be important to clearly document the value of the projects, in addition to counts of activities.

The IOUs are currently undertaking a process evaluation of the Strategic Plan Projects. The Consultant Team recommends that the process evaluation explore these areas in more detail.

1.   Introduction

The State of California has ambitious greenhouse gas (GHG) reduction goals, set out in Assembly Bill 32 (AB32), the California Global Warming Solution Act of 2006. Energy efficiency within local governments (LGs) is one of the approaches to meeting these goals. The California Energy Efficiency Strategic Plan (CEESP), developed by the California Public Utilities Commission (CPUC), set an overall vision for how LGs can become leaders in energy efficiency.[5] To introduce the reader to this study, the Consultant Team first describes the vision set out by the CEESP. The Consultant Team then describes the Local Government Partnerships (LGPs)—partnerships between one or more of the four California Investor-Owned Utilities (IOUs) (Pacific Gas & Electric [PG&E], Southern California Edison [SCE], Southern California Gas [SCG], and San Diego Gas & Electric [SDG&E]) and LGs to promote energy efficiency—that support LGs in their efforts to meet this vision and the Strategic Plan Projects that are the primary focus of this report.

1.1   The Vision for Local Governments

As stated in Chapter 12 of the CEESP, there are five goals for local governments.

- Becoming a leader in energy codes that go beyond current building codes for energy efficiency (i.e., "reach codes")
- Supporting compliance with current energy codes
- Leading by example by reducing energy use in LG facilities
- Supporting innovative programs
- Building capacity to support energy efficiency in LGs and throughout the community

Figure 1 presents these goals and the results that the CPUC hoped to achieve through actions taken in support of them.

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[5] California Energy Efficiency Strategic Plan January 2011 Update, Chapter 12, page 85.

Figure 1. Goals for Local Governments (from CEESP, Chapter 12, Page 86)

Since the CEESP goals for LGs are broad, the CPUC supported the creation of Strategic Plan Projects as a more defined mechanism to help LGs move toward a more energy efficient future. IOUs gave LGP Implementers funding to conduct these projects.

The following section provides background on LGPs and a broad definition of Strategic Plan Projects.

1.2   Local Government Partnerships

The origins of LGPs date to 2002. In 2002–2003, the CPUC approved LG programs for IOU contract, and some LGs operated building retrofit programs using other public funds. In the 2003–2005 portfolio cycle, the CPUC approved the continued funding for LGPs across the four IOUs. This expansion represented a major increase in the number of LGPs and resources directed to LG-centric energy efficiency solutions. LGs representation in the 2013–2014 portfolio cycle spans city, county, and regional governance partnerships.

Each IOU has a distinct approach that shapes its partnerships. For example, SDG&E and SCG do not attribute energy savings to their partnerships, while SCE uses the Energy Leader Model framework to shape its partnership programs. PG&E partnerships draw on an integrated regional direct install model that directs energy-saving projects to small commercial businesses of less than 200 kW.

LGP Implementers perform multiple activities, some associated with Strategic Plan Projects and others not. The objectives for LGPs, described in the *CPUC Fact Sheet on Government Partnership Energy Efficiency Programs (2013–2014)*, are as follows:

1. **Retrofit local government facilities:** The basis of any LGP is to fully capture energy efficiency potential within municipal and other public agency buildings and facilities. Examples of common local public-sector energy efficiency improvements include indoor lighting, building insulation and HVAC system improvements, outdoor lighting including streetlights, boiler replacements, and upgrades of variable-frequency drives and water pumps.

2. **Promote (and, in some cases, directly implement) energy efficiency programs in the community:** LGP Implementers, in coordination with their partner IOUs, serve as a single point of contact for an array of programs available in their communities to advance the State's energy efficiency, climate change, and Zero Net Energy (ZNE) goals. These programs typically involve public workshops, advertisements in print, radio, and online media, and direct mail or online public agency outlets such as newsletters and local government websites.

3. **Support the CEESP:** These Strategic Plan Projects enable local governments to set long-range energy goals for their communities and chart a course to achieve them. The Strategic Plan Projects include Energy or Climate Action Plans, benchmarking of public or community buildings, advancing energy efficiency reach codes for buildings, and trainings to increase awareness of and support for building code compliance and GHG reduction efforts.

The Strategic Plan Projects, mentioned in #3 above, are the focus of this report.

However, LGP activities are broader than the scope of this report. As described in their objectives above, LGP Implementers perform both resource and non-resource activities.[6] Table 1 below presents the 2013–2014 funding for all of their efforts. The CPUC budgeted $158 million to support LGPs during the 2013–2014 cycle: $129 million went directly to the LGPs and an additional $29 million supported LGP activities through other broader investments.

Table 1. 2013–2014 Number of LGPs and Their Compliance Funding Amounts

	IOU				
	PG&E	SCE	SCG	SDG&E	Total
Number of LGPs (since some LGP Implementers hold contracts with more than one IOU, they are counted in each IOU territory)	22	22	21	5	**47 unique LGPs**
LGP-Specific Compliance Budgets 2013–2014 Budget (in millions)	$88	$23	$5	$12	**$129**
Overarching Programs Compliance Budgets: 2013–2014 Budget (in millions)	$16	$10	$2	$1	**$29**
LGP Program Compliance Budgets (in millions)	*$105*	*$33*	*$7*	*$13*	*$158*
Percent of Compliance Budget	*66%*	*21%*	*4%*	*8%*	*100%*

Source: EESTATS (December 2014 reports). Note that these budgets include three SCE counties included in the study that were officially in the Institutional Partnership Program in 2013–2014 (County of Los Angeles, County of Riverside, and County of San Bernardino). SCE has plans to move them to the LGP program in 2015, and, at the request of the CPUC, the Consultant Team includes these three in the study.

Compliance budgets are adopted budgets that the IOUs may have revised. If so, the budgets included are the revised budgets.

Totals do not add up due to rounding.

There are 47 unique LGPs. An LGP Implementer may be a local government, a Council of Governments (COG), a third-party agency such as a non-profit or a chamber of commerce. Additionally, an LGP Implementer may be a single city, a single county, regional governing body or a Joint Powers Authority (JPA) that represents several member LGs within the partnership. Of the 47 unique LGPs, 19 are single city/county agencies and the remaining 28 include multiple members. LGPs with multiple members include from two to 35 members. The top five LGPs with the most members include between 19 and 35 members.

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[6] The SDG&E and SoCalGas LGPs have no energy savings goals while the PG&E and SCE LGPs do have energy savings goals.

Taken together, the LGP Implementers and their members cover a large percentage of the customers in the IOU territories. See Figure 2 for the geographic coverage of the LGPs and their members.

Figure 2. LGPs Locations in California by County and IOU Service Territory
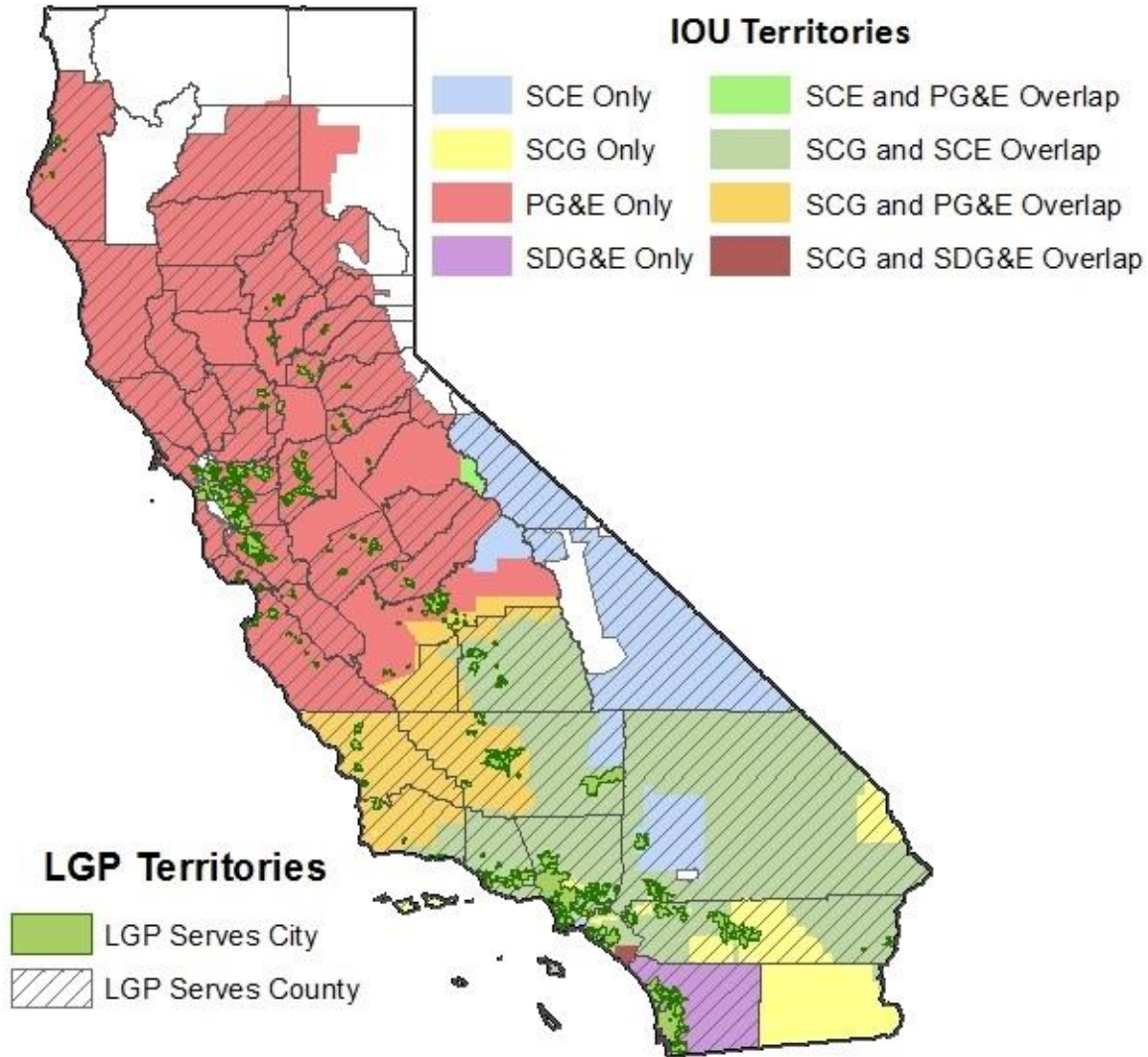
Sources: California Energy Commission Geographic Information System mapping information for IOU service territories, LGPs and their associated member government information is from research by Opinion Dynamics.

1.3   Strategic Plan Projects

Strategic Plan Projects are non-resource activities that LGs conduct to support achievement of the CEESP's LG goals. While these projects do not generate direct energy savings and do not include direct installation of energy efficiency measures, they do have the potential to indirectly result in future energy savings (e.g., through energy codes or Energy Action Plans (EAPs) and policies that encourage a future installation of measures).

In Decision D.09-09-047 (9/24/09), the CPUC indicated support for the Strategic Plan proposals by the IOUs, but wanted to ensure that there were explicit goals and milestones. Further, in the decision, the CPUC directed the IOUs to create "one list of statewide Strategic Plan program strategies that local governments can choose among for work under the Strategic Plan portion of their program." The IOUs subsequently created this list, herein called the "Strategic Plan Menu." The IOUs' February 2010 Advice Letter[7] provided the following information:

■ One list of statewide Strategic Plan [Project] strategies that local governments can choose [from] for work under the Strategic Plan portion of their program (i.e., the Strategic Plan Menu),

■ Consistent labels for these strategies that will be used statewide,

■ Budgets that detail which Strategic Plan [Menu] item each partner is working on, how much is budgeted for each item by partner, and how much funding IOUs allocate for each item, and

■ Goals for each partner's work on each of its items, clear endpoints, and measurable milestones to track progress.

The IOUs derived the Strategic Plan Menu directly from the CEESP goals and associated strategies. The Menu lists 20 types of activities that the LGs must adhere to if they want to obtain funding for a Strategic Plan Project (Table 2, below).

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[7] Advice Letter 3099-G-A/3624-E-A. April 30, 2010 from PG&E. Advice 2445-E-A (SCE), Advice 24148-E-A/1934-G-A (SDG&E), Advice 4083-A (SCG), Advice 3099-G-A/3624-E-A (PG&E).

<h3 align="center">Table 2. Strategic Plan Menu (and 20 Menu items)</h3>

Goal/Strategy	Menu Category Option
1 - Local governments lead adoption and implementation of "reach" codes stronger than Title 24 on both mandatory and voluntary bases.	
1.1 - Adopt codes, ordinances, standards, guidelines, or programs that encourage or require building performance that exceeds state requirements. The focus should be on using existing models, or - if there is something new and unique - that it be replicable.	1.1.1 – Adopt building energy codes more stringent than Title 24's requirements, using cost-effectiveness studies by Climate Zone done by the utilities; adopt one or two additional tiers of increasing stringency.
	1.1.2 – Adopt a Green Building policy for municipal development, commercial development and/or residential development.
	1.1.3 – Develop/adopt point of sale programs such as a Residential or Commercial Energy Conservation Ordinance. Focus on whole building performance.
	1.1.4 – Change local codes to allow and encourage integration of energy efficiency, demand response, and on-site generation.
	1.1.5 – Develop and adopt programs to encourage energy efficiency, such as one-stop permitting, on-line permitting, separate Zero Net Energy permit processes, density bonuses, or a recognition program.
	1.1.6 – Develop educational programs for local elected officials, building officials, commissioners, and stakeholders to improve adoption of energy efficiency codes, ordinances, standards, guidelines and programs.
1.2 - Implement codes, ordinances, standards, guidelines or programs that encourage building performance that exceeds state standards.	1.2.1 – Implement any of the strategies in section 1.1 through a process involving internal and external stakeholders, etc.
2 - Strong support from LGs for energy code compliance enforcement.	
2.1 - Improve processes resulting in increased code compliance through education, training, and enforcement practices.	2.1.1 – Local government staff and contract staff attend code compliance workshops offered by the California Energy Commission, utility codes & standards staff, or other local governments with strong compliance records.
	2.1.2 – Redesign enforcement, compliance, plan review processes; introduce new forms and templates.
3 - LGs lead by example with their own facilities and energy usage practices.	
3.1 - Develop a program to track municipal energy usage, such as through energy management software and benchmarking of municipal facilities.	3.1.1 – Develop energy benchmarking policies and procedures to enable ongoing benchmarking of all local government facilities.
3.1 - Develop a program to track municipal energy usage, such as through energy management software and benchmarking of municipal facilities.	3.1.2 – Set up a 'utility manager' computer program to track municipal usage. Identify need for sub-metering to plan, budget and manage bills.
3.2 - Adopt an Energy or Climate Action Plan for municipal operations. The plan could include setting energy efficiency standards for new and existing facilities, developing a revolving loan fund for energy efficiency projects, and so on.	3.2.1 – Develop/adopt an energy chapter for City/County climate or energy action plan.
	3.2.2 – Adopt a policy to require LEED, Energy Star Ratings, or other program standard for municipal facilities.
	3.2.3 – Develop policy for a revolving energy efficiency fund for City/County facilities.
	3.2.4 – Develop commissioning/retro-commissioning policies for municipal facilities.

Goal/Strategy	Menu Category Option
4 - LGs lead their communities with innovative programs for energy efficiency, sustainability and climate change.	
4.1 - Adopt a Climate Action Plan (CAP), Energy Action Plan (EAP) or adopt energy efficiency language into another policy document, such as a General Plan, to reduce community greenhouse gas emissions with a focus on energy efficiency.	4.1.1 – Develop a regional template for Climate Action Plans (CAP) or Energy Action Plans (EAP).
	4.1.2 – Customize CAP with energy efficiency language and data.
	4.1.3 – Update General Plan/Conservation Element with Climate policies. Provide energy efficiency framework and data for other people doing planning.
	4.1.4 – Conduct the energy efficiency savings analysis for an annual Greenhouse Gas inventory for the City/County.
5 - LG energy efficiency expertise becomes widespread and typical.	
5 - Local government energy efficiency expertise becomes widespread and typical.	5 - Local government energy efficiency expertise becomes widespread and typical.

Listings of the goals associated with each Strategic Plan Project in the evaluation are in Volume II, Appendix G.

1.4 Key Organizations Involved with Strategic Plan Projects

There are three types of organizations involved in Strategic Plan Projects in the 2013-2014 cycle.

◼ **LGP Implementer:** These are local governments or third-party organizations that hold the contract with the IOU for LGP administration. LGP Implementers may conduct their own Strategic Plan Projects.

◼ **Member Governments:** These are local governments that are part of an LGP. Member governments may conduct their own Strategic Plan Projects with funding either directly from the IOU or from the IOU via its LGP.

◼ **Non-Partner LG:** This term refers to local governments that are not linked to an LGP but that conduct Strategic Plan Projects.

The large majority of the projects (80%) were conducted by LGP Implementers, but some projects were conducted directly by member governments or Non-Partner LGs. These organizations, and their roles, are discussed this in more depth in the findings of this report.

1.5 Report Structure

There are seven sections in this report, plus the appendices. Section 2 of this report presents the methods used by the Consultant Team for this study. Sections 3–6 present findings and Section 7 provides the study conclusions and recommendations.

◼ Volume I – Main Report and Appendices

   ◼ **Section 1:** Introduction

   ◼ **Section 2:** Study Methodology

   ◼ **Section 3:** Findings – Strategic Plan Project Funding and Selection

   ◼ **Section 4:** Findings – Strategic Plan Projects Types and Alignment with the California Energy Efficiency Strategic Plan

   ◼ **Section 5:** Findings – Accomplishments and Barriers to Completion

   ◼ **Section 6:** Findings – Administration and Management of Strategic Plan Projects

   ◼ **Section 7:** Conclusions and Recommendations

   ◼ **Appendix A:** Potential Future Research Question

   ◼ **Appendix B:** Satisfaction with the CPUC

◼ Volume II – Further Appendices in a separate document

   ◼ **Appendix C:** Findings by Research Question

   ◼ **Appendix D:** Stakeholder Comments on Draft Report and Evaluator Responses

   ◼ **Appendix E:** List of Local Government Partnerships

   ◼ **Appendix F:** Description of Local Government Partnerships

- **Appendix G:** List of All Surveyed Organizations

- **Appendix H:** Strategic Plan Project Descriptions, Goals, and Budgets

- **Appendix I:** Bibliography of Materials Reviewed

- **Appendix J:** Excerpts from Past CPUC Decisions Relevant to LGPs

- **Appendix K:** IOU Staff Interview Guide

- **Appendix L:** LGP Implementer Staff Interview Guide

- **Appendix M:** LGP Survey Data Collection Instrument

- **Appendix N:** LGP Survey Disposition

- **Appendix O:** LGP Survey Banner Table (Frequencies)

2. Study Methodology

This methodology section describes the study goals and objectives, the research questions, and the data collection efforts (including approach, sampling, and limitations).

2.1 Study Goals and Objectives

The CPUC and other stakeholders seek to understand the value and effectiveness of the LGPs' non-resource activities in support of California's energy efficiency and climate change goals. This study focuses on Strategic Plan Projects, which the CPUC put in place specifically to support the CEESP.

The study has two objectives:

■ To determine the <u>value</u> of the Strategic Plan Projects, including whether and how often the Strategic Plan Projects directly support development of LG Energy and Climate Action Plans, and

■ To determine the <u>effectiveness</u> of the Strategic Plan Projects, including how the various IOU program administration approaches affect the Strategic Plan efforts and capacity building of LGs.

Value and effectiveness are terms with many meanings. Through the study planning process, the CPUC and the Consultant Team indicated that value and effectiveness would be based on the following:

■ **Value:** For the purposes of this study, the Consultant Team assessed 1) whether the Strategic Plan Projects that IOUs chose to fund advanced CEESP goals and 2) whether the selected Strategic Plan Projects were successfully adopted (e.g., a Climate Action Plan [CAP] is adopted by an LG) or completed (e.g., the project itself is completed).[8] The Strategic Plan Projects were valuable if the current suite of projects align with the Strategic Plan goals.

■ **Effectiveness:** The study focuses on the effectiveness of the Strategic Plan Projects' implementation and the role of the IOUs as program administrators. If recipients indicated that the IOU administrative structure and IOU support services were sufficient, beneficial, equitable, and well implemented, then the IOUs were effective.

2.2 Study Research Questions

This study answers specific research questions related to value and effectiveness. Table 3, below, presents the research questions that inform the value and effectiveness assessment.

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[8] The Research Plan included the language "demonstrates sizable contribution to the goal." This study did not seek to quantify the size of the contribution.

Table 3. Research Questions to Inform Value and Effectiveness Assessment

Research Questions	Sub-Questions	Secondary Materials and Data Review	Depth Interviews with IOU Staff	Depth Interviews with LGP/LG Staff	LGP/LG Internet Survey
1) What mechanisms do the IOUs use to determine eligibility for funding of Strategic Plan Projects?	a) How do the IOUs decide who is/what initiatives are eligible for funding? b) What criteria do the IOUs use to determine appropriate funding awards for projects already determined to be eligible?	X	X	X	X
2) How aligned are the Strategic Plan Projects with the energy efficiency and climate change goals within the Strategic Plan?	a) What are the characteristics of Strategic Plan Projects that receive funding to support Strategic Plan activities? b) How are the Strategic Plan Projects using the funding? c) How do Strategic Plan Projects define and set success goals? What are the goals?	X	X	X	X
3) How much have the Strategic Plan Projects contributed toward Strategic Plan goals?	a) What have Strategic Plan Projects accomplished (plans adopted, plans implemented, and projects completed) over what time period? b) In what stage of completion are these Strategic Plan Projects?	X	X	X	X
4) What have LGPs and Strategic Plan Projects accomplished compared to the original scopes of work for these efforts?	None		X	X	
5) What barriers and challenges have the LGPs and Strategic Plan Projects encountered in implementing their work scope?	None		X	X	X

Research Questions	Sub-Questions	Secondary Materials and Data Review	Depth Interviews with IOU Staff	Depth Interviews with LGP/LG Staff	LGP/LG Internet Survey
6) What factors and metrics led to perceived "successes" within LGP and Strategic Plan Projects implementation?	None	X	X	X	X
7) How do the IOUs administer the LGPs/Strategic Plan Projects?	a) How and how often do the IOUs communicate with the LGPs? b) What activities, if any, do the IOUs provide in terms of capacity building within the LGPs? c) What activities, if any, do the IOUs encourage or discourage within the LGPs? d) Are there issues with IOU program administration that might lead to California's not capturing its full energy efficiency goals and potential? e) What might be done to aid the LGPs to help their member LGs reach their full potential?	X	X	X	
8) How are the Strategic Plan Projects managed?	a) Who provides oversight/follow-through/guidance on execution? What metrics are used to manage the partnerships? Not just who manages, but how is it managed?	X	X	X	X

In addition to gauging the value and effectiveness of the LGPs and Strategic Plan Projects, the CPUC sought to inform future policy through the three secondary research questions shown in Table 4.

Table 4. Research Questions to Inform Policy Assessment

Research Questions	Secondary Materials and Data Review	Depth Interviews with IOU Staff	Depth Interviews with LGP/LG Staff	LGP/LG Internet Survey
1) Should the CPUC use prior LG energy efficiency program performance—such as an energy efficiency savings threshold or the adoption of related enabling policy language—as a prerequisite to making Strategic Plan Projects funds available to LGs, and how might such a reform support CEESP goals?		X		
2) Can a predictive tool be developed to identify LGs that have the highest potential for success as sponsors of Strategic Plan goals? Are there correlates with effective implementation?	X			X
3) Across California, how does IOU program administration of their LGP portfolios affect the LGs' ability to meet Strategic Plan goals?		X		X

2.3 Study Scope and Approach

The Consultant Team sought to determine the value and effectiveness of Strategic Plan Projects and to assess the relationship between IOUs and LGs, and the relationship between the LGP Implementers and their member governments. For this study, the Consultant Team asked organizations that received Strategic Plan Project funding directly about the funding process. All organizations in the study were also asked about the status of projects, and about success criteria and barriers to completing Strategic Plan Projects. Table 5 shows the number of unique organizations included in the study scope by type of organization.

Table 5. Population of Unique Organizations in the Study

Organization	Definition	Unique Total
LGP Implementers	LGs or third-party organizations that hold the contract with the IOU for LGP administration	47
Member Governments	LGs that are part of an LGP, not as implementers	264
Non-Partner LGs	LGs not linked to an LGP that receive funding directly from IOUs specifically to conduct Strategic Plan Projects	7
	Total	318

Of 47 unique LGPs, 39 undertake Strategic Plan Projects. Among the 264 member governments, if they are involved with Strategic Plan Projects, most receive funding through their respective LGP. Twelve receive funds directly from the IOUs to conduct Strategic Plan Projects. Table 6 shows the scope of the study in terms of the number of unique organizations and Strategic Plan Projects included in the study

Table 6. Population of Unique Organizations with Direct IOU Funding for Strategic Plan Projects

IOU	Unique Organizations That Receive Direct Funding for Strategic Plan Projects			Strategic Plan Projects			
	LGP Implementers	Non-Partner LGs	Member Governments	# projects by LGP Implementers	# projects by Non-Partner LGs	# projects by Member Governments	Total
PG&E	19	0	0	109	0	0	109
SCE	17	0	12	115	0	66	181
SCG	19	0	0	27	0	0	27
SDG&E	5	7	0	46	7	0	54
Grand Total (unique)	39[a]	7	12	297	7	66	371

[a] Eight of the 47 unique LGPs do not conduct Strategic Plan Projects.

There were three primary data collection efforts and an extensive review of materials included in this study (Table 7).

Table 7. Study Tasks

Task	Notes
LG Staff Interviews	Recognizing that the main data collection activity (the Internet survey with LGP Implementers and their members) would need to obtain a large amount of information while reducing respondent burden, the Consultant Team developed a set of structured close-ended questions based on in-depth. interviews in advance of the Internet survey. These interviews with a small set of LGP Implementers helped to better shape the internet survey effort with appropriate close-ended questions.
IOU Staff Interviews	Because the LGPs are an IOU program, IOU staffers who oversee each of the LGPs were critical to understanding program operations.
Internet Survey: LG Staff	The Consultant Team performed a mixed-mode study with in-depth interviews and an Internet survey to answer the research questions.
Review of Materials	The Consultant Team reviewed an extensive set of materials to support the study, including,: CPUC decisions, a Fact Sheet on Government Partnership Energy Efficiency programs (2013–2014), the Strategic Plan Menu semiannual update reports released twice per year (March and September each year), and the previous LGP Evaluation. These data sources provided context for this study and supported the drafting of data collection instruments. Note that the data in this report relied on the September 2014 Strategic Plan Menu semiannual update. Appendix F in Volume II contains a bibliography of materials reviewed for this study.

Note that this study focused on Strategic Plan Projects; there were three other related studies that sought to examine other aspects of LGPs also under way at the time of this research:

■ An IOU-led Process and Effectiveness Evaluation of SCE's Energy Leader Model,

■ A second IOU-led Process and Effectiveness Evaluation of Local Government Partnerships and Statewide Institutional Partnerships/Market Assessment of the Local Government Needs and Wants, and

■ A CPUC-led Energy Impact Evaluation of the LGPs.

This value and effectiveness study complements these other research studies.

2.4 Sampling

Only one of the three data collection efforts (i.e., the Internet survey) required sampling. Table 8 shows the populations and total completed interviews across our data collection efforts. (Note that these are not the number of unique organizations shown in Table 5.)

Table 8. Sample Frame and Number of Completes

Task Description	Respondent Type	Sample Frame (N)	Number of Completes	Response Rate[a]
In-Depth Interviews	LG Staff	47	11	n/a
	IOU Staff	Unknown	8	n/a
Internet Survey	LG Staff	331	99	31%

[a] For the Internet survey, the Consultant Team calculated the response rate using the American Association for Public Opinion Research Response Rate 1 method. Please see Appendix K in Volume II for details on this specific response rate.

2.4.1 In-Depth Interviews with IOU Staff

No sampling was done for the IOU staff interviews because all staff who oversee the LGP programs at each utility are known. The Consultant Team worked with the CPUC to select and interview relevant IOU program staff to obtain contextual information about the LGP processes and to help inform the online survey. Eight IOU staff participated in the interviews, as follows:

- PG&E: Three staff
- SCE: Two staff
- SCG: Two staff
- SDG&E: One staff

2.4.2 In-Depth Interviews with LGP Implementers

The Consultant Team sampled among all possible LGP Implementers for the initial in-depth interviews. To ensure appropriate representation, the Consultant Team established five factors to select the LGP Implementers for this preliminary set of discussions. Table 9 shows both the factors used and the profile of the 11 LGP Implementers selected.

Table 9. Factors and Profile of LGP Implementers Selected for In-Depth Interviews

Factor	Sample Profile (n=11)
LGP Implementer Type	▪ One was a partnership non-profit agency implementer ▪ One was a partnership with a county agency implementer ▪ Nine were JPA or COG implementers

Geography	▪ Areas:
	    Inland: 4
	    Coastal: 7
	▪ Geographies:
	    Central: 2
	    Northern California: 4
	    Southern California: 5
	▪ Underserved service territory: 3
	▪ Utilities represented (some LGP Implementers operate in multiple service territories):
	    PG&E: 6
	    SCE: 4
	    SCG: 3
	    SDG&E: 1

LGP Implementers with Strategic Plan Projects	▪ Have Strategic Plan Projects: 11
Budget	▪ LGP budget as a % of overall budget: ranging from 0.1% to 11.1%
Engagement Intensity[a] (classified by CPUC)	▪ High: 10 ▪ Medium: 1

[a] This is a subjective categorical assignment by the CPUC based on knowledge of the specific LGP Implementers' regulatory activities.

The Consultant Team conducted interviews with 11 LGP Implementers in this early data collection task to obtain sufficient LGP Implementer feedback to inform the later quantitative (Internet) survey. However, because of the additional information to be gathered in the Internet survey, the Consultant Team asked these same LGP Implementers to also complete the survey. Those LGP implementers chosen to participate skewed toward the most highly engaged for the reason that they were expected to take part in both an in-depth interview and an Internet survey.

The interviews took place over two days in two locations. Five interviewees traveled to Torrance (in southern California) and five interviewees traveled to Oakland (in northern California). One interviewee could not make the trip and was interviewed by phone. ED staff performed the labor-intensive task of recruiting the selected sample, scheduling the interviews, and locating a venue.

2.4.3 Internet Survey

Every LGP Implementer and member government received the opportunity to complete the Internet survey. The data collected through the survey had a twofold purpose: 1) to understand the relationship between the IOUs and the 47 unique LGPs, and 2) to understand more about the Strategic Plan Projects under way in California.

Categorization of Respondents for the Survey

Because the member governments were conducting Strategic Plan Projects, but had no close association with the IOUs apart from that via their LGP Implementer, the Consultant Team needed to differentiate between

these two groups. (Questions to member governments focused on Strategic Plan Projects but not on relationships with the IOUs.) In addition, a third group of non-partner LGs – limited to SDG&E - conducts Strategic Plan Projects. These seven LGs received funding for the Strategic Plan Projects directly from the SDG&E. These LGs received questions about both their relationships with their IOU and their Strategic Plan Projects.

The nomenclature eventually settled on for the purposes of this survey was "LGP Implementers," "Member Governments," and "Non-Partner LGs," as defined previously in Table 5 and again in Table 10 for completeness.

Table 10. Definition and Rational for Why Included in Survey

Category	Definition	Rationale for Why Included
LGP Implementers	LGs or third-party organizations that hold the contract with the IOU for LGP administration	While not all conduct Strategic Plan Projects, all were included in the survey to allow the Consultant Team to query them about their relationship with the IOU.
Member Governments	LGs that are part of an LGP, not as implementers	While not all conduct Strategic Plan Projects, all were included in the survey to allow the Consultant Team to query them about their relationship with their LGP.
Non-Partner LGs	LGs not linked to an LGP that receive funding directly from IOUs specifically to conduct Strategic Plan Projects	All Non-Partner LGs included in the survey sample frame conduct Strategic Plan Projects.

Compiling the Internet survey list was a lengthy process that entailed gathering data from various sources, which were sometimes duplicative. The Consultant Team followed up with IOUs to explain missing data, and called certain LGP Implementers to obtain e-mail addresses. Once a valid e-mail address was in hand, however, the Consultant Team needed to align each e-mail address with the appropriate survey category (i.e., LGP Implementer, member government, Non-Partner LG) so that each person received the appropriate set of questions. Although this process was not always straightforward, the Consultant Team learned more about the contractual arrangements for LGPs such as, while there are 47 unique LGPs, one LGP Implementer can hold contracts with more than one IOU. More important for the survey, a single LGP may have several organizations that hold a contract with the same IOU. For example, SCE provided four unique contract holders who appeared to share implementer responsibility for the SCE Orange County Cities. As such, although there are 47 unique LGPs, there are 60 organizations included in the survey sample frame under the category "LGP Implementer."

Next, the Consultant Team constructed a population of 331 for the survey, which captures each LGP Implementer, member government, and Non-Partner LG. Table 11 shows the number of organizations by type that received a survey invitation and the number that responded.

Table 11. Survey Sample Frame and Responses

Characteristic	Sample Frame		Respondents	
	Number	Percentage (n=331)	Number	Percentage (n=99)
Survey Type				
LGP Implementer	60	18%	29	29%
Member Government	264	80%	67	68%
Non-Partner LG	7	2%	3	3%
IOU Administrator				
PG&E	151	46%	47	47%
SCE/SCG	111	34%	34	34%
PG&E/SCE/SCG	23	7%	5	5%
SDG&E	21	6%	8	8%
SCE	13	4%	5	5%
PG&E/SCG	12	4%	0	0%
Single vs. Multiple IOU Administrators				
Single IOU	185	56%	60	61%
Multiple IOUs	146	44%	39	39%
Organization Conducts Strategic Plan Projects				
Yes	272	82%	85	86%
No	59	18%	14	14%

Note: Percentages may not add to 100% due to rounding.

Appendix E (in Volume II of the report) lists each of the LGP Implementers, member governments, and Non-Partner LGs included in the sample frame by name.

Sampling of Strategic Plan Projects for the Survey

The main areas of data collection for the survey were around Strategic Plan Projects. However, a single organization could undertake multiple Strategic Plan Projects simultaneously. (The number within the sample frame ranged from one to 15.) The Consultant Team would have preferred to have asked about each Strategic Plan Project; this was not feasible due to the potential burden to respondents. Therefore, the Consultant Team set a maximum of three Strategic Plan Projects per person responding to the survey. This choice necessitated drawing a sample from among the list of Strategic Plan Projects.

To select which projects to explore, the Consultant Team prioritized Strategic Plan Projects according to Strategic Plan Menu items, ranking the Strategic Plan Menu items from high to low based on their frequency. The Consultant Team then chose up to three Strategic Plan Projects associated with each e-mail address (high-ranking projects went first).

About half of the 371 Strategic Plan Projects in the original population were included in the survey (Table 12).

Table 12. Strategic Plan Projects Sampling Steps

Sampling Steps	Number of Unique Strategic Plan Projects	Percentage of Population of Projects
Total projects in population	389	100%
Projects not part of the original list for survey respondents due to a late inclusion into analysis	*−36*	*−9%*
Total projects in sample frame	353	91%
Projects removed from list to survey respondents	*−175*	*−45%*
Strategic Plan Projects in sample	**178**	**46%**

Note: Numbers do not sum to 100% due to rounding.

Although there were 178 unique Strategic Plan Projects in the survey, more than one respondent was asked about each project. Respondents to the survey, however, provided information on different activities within each project.[9] In total, there are 140 Strategic Plan Project activities included in the analysis of the survey data which represent 82 unique Strategic Plan Projects, as shown in Table 13.

Table 13. Strategic Plan Projects in Analysis

Strategic Plan Menu Item Goal	Sample Frame	Sample		Completes	
	Unique	Unique	All	Unique	All
1	95	46	90	21	25
2	22	12	28	5	5
3	107	57	232	29	59
4	93	47	225	21	44
5	36	9	59	3	4
N/A[a]	0	7	7	3	3
Totals	353	178	641	82	140

[a] These projects had no categorization required.

2.5   Data Collection

Data collection for the study began in December 2014 and ended in May 2015. Prior to December and throughout this period, the Consultant Team collected and reviewed secondary data. As noted previously, Appendix F (in Volume II of this report) contains a bibliography of materials reviewed for this study.

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[9] While this could have caused duplicate information for the same projects, the completed data showed that respondents were typically conducting different activities with the same Strategic Plan Project. Ultimately, the Consultant Team was comfortable with the responses and analyzed the data for each completed Strategic Plan Project as a separate data point.

Table 14. Time Frame of Data Collection

Task Description	Respondent Type	Time Frame of Data Collection	Average Length of Data Collection per Respondent (minutes)
In-Depth Interviews	LGP Implementer Staff	12/2/2014–12/9/2014	60
	IOU Staff	1/5/2015–1/15/2015	60
Internet Survey	LGP Implementer, Member Government, Non-Partner LGs	4/15/2015–5/15/2015	28

In-depth interviews with LGP Implementers provided the team with input on the effectiveness of IOU administration, as well as on Strategic Plan Project success factors and barriers. The Consultant Team also explored the LGP Implementers' relationships with their respective IOU(s) and members, IOU support, and the Strategic Plan Project solicitation and development process. These interviews were instrumental in creating the close-ended questions addressing successes and barriers included in the survey.

The IOUs interviews served four distinct purposes:

1. Gain the IOUs' perspective on how LGP programs and Strategic Plan Projects are performing and why,

2. Understand how the IOUs administer the LGP programs and establish input, approach, and funding decisions, if any, related to Strategic Plan Projects,

3. Obtain input and feedback on success criteria, as well as on barriers for successful completion of Strategic Plan Projects, and

4. Address additional research questions to inform CPUC policy.

The Internet survey served three main purposes:

1. Collect information on the LGP Implementer and LG energy efficiency experiences and interactions with IOUs,

2. Determine the current status of Strategic Plan Projects, and

3. Collect information on the barriers/challenges to subsequent implementation activities that may be needed after Strategic Plan Projects have been conducted.

2.6 Evaluation Protocols

As required, the Consultant Team adhered to the three relevant chapters of the California Energy Efficiency Evaluation Protocols[10] to guide this study:

Process Protocol: This Protocol comprises several areas, including three relevant to this study.

■ **Interviews:** In accordance with the Protocols, the Consultant Team assigned experienced staff to conduct the interviews and designed the interview guides to be the appropriate length for the respondent population. The in-depth interviews with LGP Implementer and IOU staff lasted about an hour, which is typical for this type of data collection. Survey completion times were shorter (closer to

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[10] The TecMarket Works Team. April 2006. *California Energy Efficiency Evaluation Protocols: Technical, Methodological, and Reporting Requirements for Evaluation Professionals.* Prepared for the CPUC.

30 minutes). This length of time is at the top of the range in terms of length suggested for this type of data collection.

- **Surveys:** The Consultant Team used qualified staff to design, test, and field the survey instruments.

- **Independence:** An objective third party, independent of the studied organization, conducted this study.

Sampling Protocol: The Protocols have no required rigor levels for process evaluations, so the Consultant Team provided no rigor level for the tasks in this study. The Consultant Team acknowledges that there can be non-response bias issues with any Internet survey. The Consultant Team mitigated non-response bias to the best of its ability by alerting potential respondents to the upcoming survey via a trusted source (the Local Government Best Practices Coordinator) and by using the Stakeholder Advisory Group to announce the upcoming survey. In addition, each potential respondent received several e-mail reminders about the survey, and the Consultant Team called non-respondents to remind them of the survey. The Consultant Team ensured construct validity (i.e., that the questions being asked would measure the desired concept) through discussions within the Consultant Team.

Reporting Protocol: The Consultant Team adhered to the reporting protocol as it applies to process evaluations.

2.7 Study Limitations

This study focuses exclusively on Strategic Plan Projects, which represent only a portion of the activities conducted by LGP Implementers. While planning this study, budget considerations and other expected companion studies led the Consultant Team to concentrate on those areas that these other evaluations were not expected to address. As such, the value and effectiveness described here are limited to the areas supported by the primary data collection.[11] This is not a study limitation *per se,* but is noted to orient the reader about what is and is not included in the study. Specifically, areas not covered in this study include cost effectiveness of the LGPs, impacts of the Strategic Plan Projects on future energy efficiency projects, and past policies that led to the current mix of Strategic Plan Projects or their funding.

The study did not answer two policy-related research questions. In both instances, this was due to small sample sizes.

- The study sought to answer the questions "Can a predictive tool be developed to identify LGs that have the highest potential for success as sponsors of Strategic Plan goals? Are there correlates with effective implementation?" This type of correlational analysis requires many data points to arrive at a conclusion. With the current information, it is not possible to develop a predictive tool. This is due in part to the small number of projects completed as of the date of this study, as well as the quality and completeness of the data provided on these projects.

- The second policy question was "Across California, how does IOU program administration of their LGP portfolios affect the LGs' ability to meet Strategic Plan goals?" There was no evidence that the different IOU program administration affected the LGs' ability to meet Strategic Plan goals, but the quantitative data did not support conclusive comparisons across IOUs (given the small sample sizes).

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[11] This included the LGP Implementer, Member Government, Non-LGP Implementer, and IOU staff.

3. Findings: Strategic Plan Project Funding and Selection

This section describes the amount and distribution of the Strategic Plan Project funds and the process used by the IOUs to award Strategic Plan Projects. It is intended to answer the CPUC's questions about the IOUs' mechanisms and funding criteria (see Table 3 research questions 1a and 1b).

3.1 Strategic Plan Project Funds

In 2013–2014, the IOUs awarded approximately $16.9 million to fund 245 Strategic Plan Projects. Prior to this cycle, SCE had awarded $23 million for Strategic Plan Projects in its territory, which supported another 126 projects included in this study.[12] Since 2010, California has invested nearly $40 million in 371 projects. The proportion of compliance budgets that Strategic Plan Projects represent varied widely by IOU. Strategic Plan Projects represent 57% of SDG&E's LGP compliance budget, but between 5% and 13% of the other IOUs' compliance budgets (see Table 15).[13]

Table 15. Strategic Plan Project Funding by IOU

IOU	2010–2012		2013–2014					
	Strategic Plan Project Funding Amount	Number of Strategic Plan Projects	Strategic Plan Project Funding Amount	Percent of LGPs' Compliance Budget	Number of Strategic Plan Projects	Statewide Percentage Distribution of Funding[a]	Statewide Percentage Distribution of Projects[a]
SDG&E	$0	0	$7,583,886	57%	54	45%	22%
PG&E	Not included in analysis[b]	Not in semiannual update[b]	$5,209,447	5%	109	31%	45%
SCE[b]	$23,039,615	126	$3,745,162	13%	55	22%	22%
SCG	$0	0	$395,099	6%	27	2%	11%
Total	$23,039,615	126	$16,933,594	11%	245	100%	100%

Data source is the semiannual update file. Funding data are contract values (i.e., the funding directly to the implementer without IOU administrative costs).

[a] Because the 2010–2012 period included only SCE, the funding distribution analyses focuses on the 245 projects that were included in the 2013–2014 Strategic Plan Menu semiannual updates.

[b] Only SCE's 2010–2012 projects included in the 2013-2014 Strategic Plan Menu semiannual updates are in the analysis. This did not include any PG&E projects, although PG&E indicated providing $15,646,995 in Strategic Plan Project funds in 2010–2012 through the Green Communities Pilot.

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[12] The Consultant Team based Strategic Plan Project counts and funding amounts on the September 2014 Strategic Plan Menu semiannual updates from each IOU.

[13] According to ED staff, the CPUC desires LGPs to include resource acquisition programs as well as non-resource acquisition programs and have cost-effectiveness close to 1.0 based on common tests. The high percent of funds that SDG&E has for Strategic Plan Projects may need further discussion between the CPUC and SDG&E.

Most LGP Implementers received funding for Strategic Plan Projects (39 of 47, or 83%). When considering the geographic location, no bias was found among LGP Implementers not conducting Strategic Plan Projects. Of the eight LGP Implementers not conducting projects, four are in southern California and four are in northern California. Additionally, six of the eight (75%) are inland while two (25%) are coastal, a geographic assignment similar to the LGP Implementers who do conduct projects. As shown in Table 16, the Strategic Plan Project funding was more concentrated in the southern and coastal areas of the state, where the population centers are located.

Table 16. 2013-2014 Strategic Plan Project Funding by Region

Region	Strategic Plan Project Funding		Number of Strategic Plan Projects	
	Amount	Statewide Percentage ($16.92M)	Number	Statewide Percentage (N=245)
Southern[a]	$11,638,159	69%	130	53%
Northern[b]	$4,533,219	27%	79	32%
Central[c]	$765,216	5%	36	15%
Inland vs. Coastal				
Coastal[d]	$14,700,011	87%	178	73%
Inland[e]	$2,233,583	13%	67	27%
Sub-Region				
San Diego	$7,583,886	45%	54	22%
San Francisco Bay Area	$3,319,852	20%	55	22%
Los Angeles Metropolitan	$2,422,516	14%	28	11%
Central Coast	$1,356,307	8%	38	16%
Mountain	$828,506	5%	16	7%
Central Valley	$720,327	4%	34	14%
Desert	$524,450	3%	14	6%
North Coast	$177,750	1%	6	2%

[a] Santa Barbara County and below
[b] San Francisco Bay Area and above
[c] South of the San Francisco Bay Area and north of Santa Barbara county; includes San Bernardino County
[d] Borders the Pacific Ocean or major bay
[e] Does not touch the Pacific Ocean

The funding processes and selection criteria are documented below.

3.2   IOU Funding Choices

The IOU funding process varies across the utilities, but all four IOUs have some discretion when establishing budgets and disbursing Strategic Plan Project funds.

The Consultant Team interviewed staff from each of the IOUs in California to understand how they determined Strategic Plan Projects eligibility and criteria used to determine appropriate funding awards.

Selection of Strategic Plan Projects for Funding

The origins of the existing Strategic Plan Project funding process are tied to a 2009 Decision. In D.09-09-047 (9/24/09), the CPUC ordered two important actions that guided IOU funding choices in the 2013–2014 cycle. First, the CPUC ordered the IOUs to create "one list of statewide Strategic Plan program strategies that local governments can choose among for work under the Strategic Plan portion of their program." The IOUs subsequently created this list, called the "Strategic Plan Menu items."

There were three funding processes in 2013-2014: an informal iterative negotiation between the utilities and LGs, rigorous competitive bid process for SCE for most of their projects, and a third competitive bid process for seven of SDG&E's projects funded by the Emerging Cities funds (SDG&E also funded 47 other projects outside of this competitive process). Most funds (93%) were transferred from IOUs to LGP Implementers, although some of the funding went from IOUs directly to member governments (SCE only) or from IOUs to Non-Partner LGs (SDG&E only).

Figure 3 presents an overview of the funding process and notes distinct processes for PG&E and SCE. The figure specifically calls out the competitive request for proposals (RFP) process for the selection and funding of Strategic Plan Projects in SCE's service territory, which SCE continued in the 2013–2014 period.[14]

Figure 3. Funding Process

*Only SCE's RFP-funded and SDG&E's Emerging Cities projects include CPUC approval
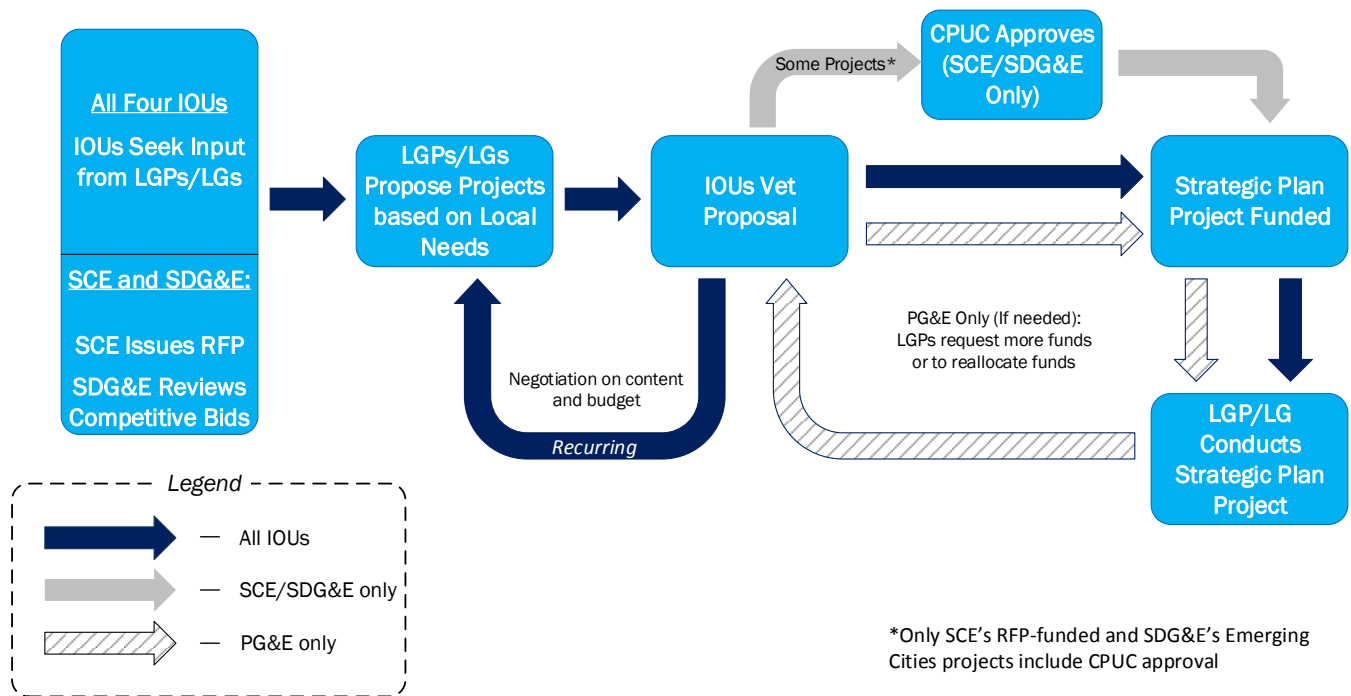
Seeking Input

In general, the IOUs invite discussions with LGP Implementers or LGs directly through their solicitation process and/or call for project abstracts, but they do not directly shape the types of projects proposed. The LGs propose

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[14] The CPUC imposed SCE's RFP solicitation requirements under decision D.09-09-047, which guided SCE's course for three cycles of Strategic Plan Pilots and will conclude on or before December 31, 2015. Beginning in 2016, SCE will be able to propose continuing its competitive process or propose a new procedure.

projects based on their needs, and each proposed project must fit into a Strategic Plan Menu item, which the IOUs provide to the LGP Implementers or LGs. LGs and LGP Implementers then scope and submit an initial proposal. Often, the LGP Implementers seek input from their member governments to identify and design the initial proposal for their Strategic Plan Projects.

Selection and Vetting of Proposals

The IOUs tend to act more as a technical advisor and gatekeeper for the funds (ensuring that projects funded meet eligibility requirements) and less as an instigator or idea generator.

All IOUs described similar criteria for deciding which Strategic Plan Projects to fund. The most basic of these criteria are described below.

Funding Criteria for Strategic Plan Projects

1. The project fits within a list of 20 Strategic Plan Menu activities that span the five CEESP goals for LGs.
2. The project meets all criteria set out by the CPUC (e.g., projects cannot include direct CAP or EAP implementation activities[15]).
3. The combination of Strategic Plan Project budgets fits within the overall IOU budget for this activity.

Notably, for SCG, Strategic Plan Projects must have the potential for gas savings within its service territory. SCG primarily funds a portion of vetted projects through SCE, although a few go through PG&E due to the overlapping service territories.

Apart from the three criteria described above, the IOUs generally felt that LGs were in the best position to determine those projects most important for their communities, and they typically left such decisions to the LGs. According to the interviews with the IOUs, the Strategic Plan Menu affords the LGs flexibility to tailor projects to local situations. LGP Implementers also supported this practice, offering observations such as "[the utility] supports each region's ability to identify what is most needed in terms of strategic plan objectives."

As required by the CPUC, SCE has a prescribed process in which it identifies and funds Strategic Plan Projects through a competitive solicitation. SCE solicits the same input described above, but its selection and vetting of projects is unique among the four IOUs. SCE leverages its procurement group to support the selection process within a carefully documented and structured RFP process. Vetting occurs at both the SCE and the CPUC levels.

There were significant delays in SCE's 2013–2014 Strategic Plan Projects process. According to the Energy Division, there were three different SCE submittals of an Advice Letter between July 2013 and April 2014 before the projects began. SCE submitted the requisite Advice Letter of recommended proposed projects for the first time in July 2013. During the comment period on the Advice Letter, the Energy Division suspended the Advice Letter, citing concerns with the some unconventional elements of projects proposed by two LGP Implementers. In October 2013, SCE resubmitted a revised Advice Letter that dropped the two LGP Implementers, which the CPUC approved within 30 days. SCE continued to work with the Energy Division and the two LGP Implementers and submitted another Advice Letter in March 2014 that included the already approved projects and the two LGP Implementers. The Energy Division approved the Advice Letter in April 2014.

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[15] These are examples of potential criteria only.

According to SDG&E staff, the Emerging Cities bid process provides an opportunity for LGs needing help planning an approach to meet GHG goals.[16] For the seven projects in the 2013-2014 program cycle, SDG&E and the Energy Division combined as a Peer Review Group (PRG),[17] staff reviewed each proposal for Emerging Cities funding, provided feedback on the proposals, made modifications to proposals as needed, and approved funding levels. Within this process, the LGs did not have to choose a Strategic Plan Menu item for the project.

Once awarded, the Emerging Cities LG works with an SDG&E technical expert (an outside vendor) in CAP and EAPs. SDG&E disburses the funds directly to the vendor to help the successful LG create a CAP/EAP. The process was a small component of the research and the Consultant Team did not look deeply into it.

When LGP Implementers were asked if there are particular projects that the IOUs support, responses (if any) were aligned with the Strategic Plan Menu items (e.g., Benchmarking, Climate Action Plans/GHG Inventories, outreach to jurisdictions and communities, and regional coordination). Some also said that the IOUs encourage any project that stresses "relationship building and outreach to local government partners". In general, LGP Implementers felt the IOUs were supportive of their independent initiatives and indicated that they were not steered in any one direction by the IOUs.

The IOUs do, however, require that the projects focus on energy efficiency and, as such, discourage any projects outside of this area (such as solar or transportation-related projects). They also make sure that the projects fit the Strategic Plan Menu. For example, education and training under 1.1.6 must be directed toward <u>local government officials and stakeholders</u>—not to other parties (and at least one had recommended training for other parties, which was denied).

Negotiation on Content and Budget

When there was lack of alignment with Strategic Plan Menu items, IOU staff worked with the LGs requesting the funds to help them understand and reframe their proposals. For example, if an initial proposal included both planning and implementation of an initiative, an IOU might help separate the planning piece, which would qualify for funding, from the on-the-ground implementation that would occur later, which would not qualify for funding. Alternatively, an IOU might work with the requesting organization to clarify what that organization was trying to accomplish through the project. The IOU would seek to understand the goal, then explain what kinds of projects would support that goal and meet funding criteria. This would be an iterative process between the IOU and the recipient of the funding.

This negotiation did not always go well from the LGP Implementer perspective. At least one of the SCE LGP Implementers noted that some proposed projects that it believed met the criteria in the Strategic Plan Menu were rejected by SCE as being either outside the scope of the Strategic Plan Menu items or too similar to activities that may have previously been performed. These same LGP Implementers said that they would benefit from more guidance on which projects would most likely pass the review criteria; this would save them

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[16] Prior to 2013-2014, SDG&E relied on the San Diego regional body (SANDAG) to disburse a limited funding amount to SANDAG member LGs that are not within a partnership.

[17] Each IOU is advised by a Peer Review Group for the energy efficiency program evaluation and selection process. Each PRG shall include Energy Division and DRA staff, as well as an IOU-selected group of non-financially interested members with extensive energy efficiency expertise that are willing to serve as peers. As described in D.05-01-055 and D.07-10-032, members of each PRG will be expected to: (1) oversee the development of criteria and selection of government partnership programs, (2) review the IOUs' submittals to the Commission and assess the IOUs' overall portfolio plans, their plans for bidding out pieces of the portfolio per the minimum bidding requirement and (3) review the bid evaluation utilized by the IOUs and their application of that criteria in selecting third-party programs.

time and resources required to complete the Strategic Plan Project proposal. It also would reduce the burden on both the LGP Implementers and the member governments.

When projects aligned with the eligibility criteria, IOUs worked with funding recipients as needed to ensure that there was sufficient budget to support the Strategic Plan Projects as proposed. In assessing whether to fund a project, the IOUs considered the sum of all Strategic Plan Project funding requests. When the combined budget allowed for funding of all eligible Strategic Plan Projects, the IOUs funded the amount required to support each project. When project requests exceeded available budget, IOUs worked with each recipient to prioritize and redesign projects so that they could be completed with available funds.

CPUC Approval

With the exception of SCE and the SDG&E Emerging Cities processes noted above, the CPUC indirectly by default approved the Strategic Plan Projects so long as they fit the criteria and project description outlined in the Strategic Plan Menu. That is to say, since the CPUC approved the Strategic Plan Menu, it did not require additional approval for each selected project. This had the effect of decreasing the time needed for the approval process.

As described above, once SCE recommended a qualified list of proposed projects, the CPUC reviewed and approved (or rejected) these projects within 30 days. Once the CPUC granted approval, SCE officially funded the projects.

The CPUC is interested to know whether the added requirements put on SCE for Strategic Plan Project funding are justified and useful. Recipients indicated that they disliked the competitive RFP process and the lengthy delay between applying for funds and receiving them (due to both the CPUC review and the SCE procurement processes). As described later in this report, however, the alignment of funded projects with the Strategic Plan Menu items was more consistent for SCE than for the other IOUs, which would suggest that CPUC oversight of the process provided some limited but measurable additional benefit.[18]

Requesting Additional Funds

Anticipating that some projects may require different funding amounts than initially anticipated or may encounter difficulties in their completions, PG&E held back a percentage of funds earmarked for Strategic Plan Projects. According to PG&E, this reserve practice allowed the utility to maintain flexibility in providing additional funds to projects with an accelerated completion schedule or to reallocate funds from lower performing to higher performing projects. Also, according to PG&E, it allowed flexibility in funding additional activities later in the program cycle—as long as the Strategic Plan Menu items guidelines were met. (This PG&E process is shown with a cross-hatched arrow toward the bottom-right corner of Figure 3 on page 28.)

PG&E and its LGP Implementers noted that this process led to innovative projects because it allowed their scope and criteria to be somewhat flexible. The Consultant Team, however, was not able to confirm whether projects were "innovative" with the information made available.

While there are logistical differences among the IOUs' funding processes, funding criteria are generally consistent (i.e., all require fit to the Strategic Plan Menu and projects within budget). The IOUs appear to typically fund most proposed projects that adhere to the Strategic Plan Menu items subject to funding availability.

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[18] SCE was the least likely to have projects that were outside a Strategic Plan Menu item (with 3% versus 15%–36% for the other IOUs).

3.3 LGP Implementer Satisfaction with the IOU Strategic Plan Project Funding Awards Process

LGP Implementers and Non-Partner LGs are moderately satisfied with the Strategic Plan Project funding awards process (see Table 17). Overall, satisfaction with that process was much lower than satisfaction with other aspects of IOU interactions (see Section 6.6). Satisfaction was particularly low with the transparency of the process.

Table 17. LGP Implementer Satisfaction with the IOU Strategic Plan Project Funding Awards Process

"From your perspective, how would you rate your satisfaction of [IOU]'s Strategic Plan Projects funding awards process in terms of… "	All LGP Implemen-ters n=25[a]	Non-Partner LGs (SDG&E) n=3
Average Scores: 0–10 Scale where 0 is "very dissatisfied" and 10 is "very satisfied" Standard deviation shown below the mean in parentheses		
The consistency of practices and procedures applied to determining funding awards	6.5 (2.5)	7.7 (2.3)
The job the IOUs do in helping you to understand the process	6.5 (2.2)	8.0 (1.0)
The expectations set by the IOUs for making funding awards	6.3 (2.6)	8.3 (0.6)
The transparency of the process	5.9 (2.7)	7.7 (2.3)

[a] Average scores do not include "don't know" responses.

Below are examples of challenges respondents faced with the funding selection process:

> "It is mostly clear on the criteria for selection but it changes a lot and we can never keep up. We often get confused on program requirements."

> "There is no consistency with the way that funding is allocated or distributed. The rules change all the time."

> "It was never really clear about how the awards would be made, who had priority, or what kind of accounting we were expected to provide after the award of funding."

Well aware of the LGP Implementers' dislike of the SCE RFP process, the Consultant Team looked to see if the satisfaction scores varied by IOU, but found no differences.

3.4 Summary of Funding and Selection

Strategic Plan Project funding accounts for a relatively small amount of the IOU full compliance budgets for the LGP program and varies from 5% (PG&E) to 57% (SDG&E). The projects and funding skews to the south and the coasts, typically following population density. Also, 83% (39 of 47) of Partner LGs conduct Strategic Plan Projects, which is a good penetration rate across the many local governments.

The majority of the Strategic Plan Projects are funded using existing relationships with the LGP Implementers to obtain proposals, but SCE (at the direction of the CPUC) identified and funded Strategic Plan Projects through a competitive RFP process. Seven Emerging Cities-funded projects at SDG&E also went through a competitive process. While there were three distinct funding processes, the criteria for project selection were

generally consistent. The IOUs appear to fund nearly all projects that they believe meet the intent of the Strategic Plan Menu items within the available budget. In this manner, the IOUs tend to act more as a gatekeeper for the funds (ensuring that projects funded meet eligibility requirements) and less as an idea generator.

The IOUs let local governments determine those projects considered most important to their communities, and they leave as many decisions as possible to the local governments, according to both IOU and LG sources.

LGP Implementers reported only moderate satisfaction with the funding awards process. (Notably, the three SCE LGP Implementers interviewed considered the RFP process onerous.) The level of satisfaction could increase if IOUs consider some of the suggested improvements by survey respondents. Suggested improvements by respondents include making the strategic plan project funding awards process and criteria more transparent and providing insight as to what projects within the Strategic Plan Menu are likely to receive funding.

4. Findings: Strategic Plan Project Types and Alignment with the CEESP

In addition to understanding the funding selection process, this study sought to understand the types of projects that the IOUs funded and the distribution of these projects across the CEESP goals. Note that this section focuses on all Strategic Plan Projects in the Strategic Plan Menu semiannual update (i.e., included were the 2010–2012 SCE carryover projects) to obtain a more complete picture of the continuity of projects. It looks at 371 projects representing almost $40 million in investments. This section is intended to answer research questions 2a–c in Table 3.

4.1 Types of Strategic Plan Projects

Based on discussions with LGP Implementers, it would appear that LGs are generally using Strategic Plan Projects funds to put in place policies and other activities that will improve their prospects for achieving CEESP goals and delivering long-term savings goals.

Reviewing the Strategic Plan Menu semiannual update and survey data, the Consultant Team determined that these projects provide resources to the LGs, including support for people, knowledge, and tools.

- **People:** Statements from LGP Implementers demonstrated how the Strategic Plan Project efforts provided additional staff resources: "*These additional services are extremely important to the [City] because the City has a small staff and is not able to conduct the appropriate research or plan preparation without the help of outside consultants. Utilizing outside consultants is very costly to the City. Therefore, having the training opportunities and funded consultants to help local cities to achieve strategic plans that are encouraged by the State is beneficial. Without these services to the City, many plans would not be properly researched, created or implemented.*"

- **Knowledge:** Strategic Plan Projects also provided elected officials and other city officials with knowledge, for instance "*knowledge on lasting market transformation through the implementation of policies and programs that are designed to ensure market transformation, such as green building policies.*" The description for one Strategic Plan Project stated that the project "*will assist in educating key staff members and city officials, creating an environment where building green becomes a normal method of doing business.*"

- **Tools:** As described in the Strategic Plan Menu semiannual update, "*the Implementer will build upon the tasks completed in Phase 1 …, where policies for retro-commissioning, green buildings, benchmarking, and greenhouse gas inventory were developed, a Utility Manager was developed and Portfolio Manager was initiated. This [project] will develop implementation processes and document working procedures for the policies and tools developed through Phase 1 …. This information will guide current and future staff, institutionalizing knowledge and building the needed capacity to deliver the City's long-term energy efficiency goals.*"

Many of these projects appear to be small projects (approximately 40% of the projects were $50,000 or less), although there are also some very large projects. The top five projects are shown in Table 18 below. Of these, four of the five were funded in the 2010-2012 cycle.

Table 18. Top Five Strategic Plan Projects with the Largest Budgets

IOU	LGP	Project Name	Short Project Description	Budget
SCE only	San Gabriel Valley Energy Leader Partnership (includes 30 LGs)	Develop a Regional Framework for the Energy Efficiency Chapter in the Climate Action Plan (essentially an EAP) and Develop a CAP for Each City (2010-2012 cycle)	2B - Develop a Regional Framework and Energy Efficiency Chapter in the Climate Action Plan: Implementer will develop a regional framework to be used in the development of the individual energy efficiency chapter in the climate action plan for each participating municipality located in the San Gabriel Valley. Implementer will also facilitate the development of an energy efficiency chapter for each participating municipality.	$3,207,728
SCE only	San Gabriel Valley Energy Leader Partnership (includes 30 LGs)	Install a Utility Manager System (2010-2012 cycle)	2A - Install utility manager software program (or EEMIS): The Implementer will facilitate the procurement of the right to use the County of Los Angeles' EEMIS, and all required software purchases and activities to make EEMIS functional for tracking municipal energy usage. EEMIS will enable local governments in the San Gabriel Valley to access facility energy consumption.	$1,468,500
SCE only	County of Los Angeles Energy Partnership (one LG)	Facilitate the Establishment of EEMIS for Participating Municipalities (2010-2012 cycle)	2. Facilitate the Establishment of a utility manager system (or EEMIS) for other local governments.	$800,000
SCE only	Desert Cities Energy Leader Partnership (includes 12 LGs)	Enterprise Energy Management Information System/Utility Manager Software (2010-2012 cycle)	3.B. Enterprise Energy Management Information System/Utility Manager Software: The Implementer will select and deploy EEMIS/Utility Manager for Participating Municipalities.	$778,256
SCE / SCG	South Bay Energy Leader Partnership (includes 16 LGs)	Customize Community Climate Action Plan with EE Language and Data (EECAP) (2013-2014 cycle)	The SBCCOG will customize Climate Action Plans (CAPs) for each of its 15 participating cities and will develop a CAP at the sub-regional level.	$771,630

A systematic examination of all funded projects revealed that the projects covered all five CEESP goals. In looking at the distribution of projects and funding, the goal of LGs supporting "Lead by Example" efforts by retrofitting their own facilities had the largest number of projects (109 or 29% of projects), as well as 41% of all Strategic Plan Project funds (Table 18). Table 19 shows the five goals in the Strategic Plan Menu and the number of Strategic Plan Projects that address each goal.

Table 19. Number and Funding Amount of Strategic Plan Projects by CEESP Goal

Goal	Short Name[a]	Metrics (Expected Outcomes)[b]	Number of Projects	Funding Amount	Percentage of Funding
1 – LGs lead the adoption and implementation of "reach" codes stronger than Title 24, on both a mandatory basis and a voluntary basis	REACH CODES	Reach codes, green building policies, point of sale programs, code updates	101	$8,764,279	22%
2 – Strong support from LGs for energy code compliance enforcement	CODE COMPLIANCE	Workshops and attendees	23	$1,301,525	3%
3 – LGs lead by example with their own facilities and energy usage practices	LEAD BY EXAMPLE	Number of new LG benchmarking policies/procedures; new EAPs/CAPs developed; etc.	109	$16,801,716	42%
4 – LGs lead their communities with innovative programs for energy efficiency, sustainability, and climate change	INNOVATIVE PROGRAMS	CAP/EAP templates or customization, updated plans, energy analyses	93	$10,379,889	26%
5 – LG energy efficiency expertise becomes widespread and typical	CAPACITY BUILDING	[user defined]	38	$2,355,830	6%
No Strategic Plan Menu Option Categorization[c]	NO CATEGORY	n/a	7	$369,970	1%
Total			371	$39,973,209	100%

[a] Short name created by Consultant Team for ease of use in discussing results. These capture much, but not all, of the variation included within a single goal.
[b] Source: September 2014 Strategic Plan Menu semiannual update
[c] The Strategic Plan Menu semiannual updates do not include these seven projects. SDG&E directly funds these LGs through the SDG&E Emerging Cities Program.

Although Strategic Plan Project funds could not be put toward retrofits and capital projects (funding is available separately for physical improvements within the LGP budgets), in accordance with the Strategic Plan Menu, they could be used to benchmark current energy use, track energy use, or develop policies such as retro-commissioning policies or EAPs for the city. Of the largest group, i.e., *"Lead by Example"* projects, the top three project types were development of EAPs, development of benchmarking, and tracking municipal energy usage.

One would anticipate a large number of completed workshops and educational activities, as well as several new reach codes and CAPs or EAPs since these are the key metrics for the top three categories above. (Note that the Consultant Team explores actual accomplishments in Section 5.)

4.1.1 IOU-Specific Distribution across CEESP Goals

During the time frame studied, all IOUs provided funds for LGs to conduct Strategic Plan Projects across all five goals within the CEESP, as shown in Figure 4. The figure shows the distribution (across the goals) within each IOU.

Figure 4. Distribution of Strategic Plan Projects by IOU and CEESP Goal
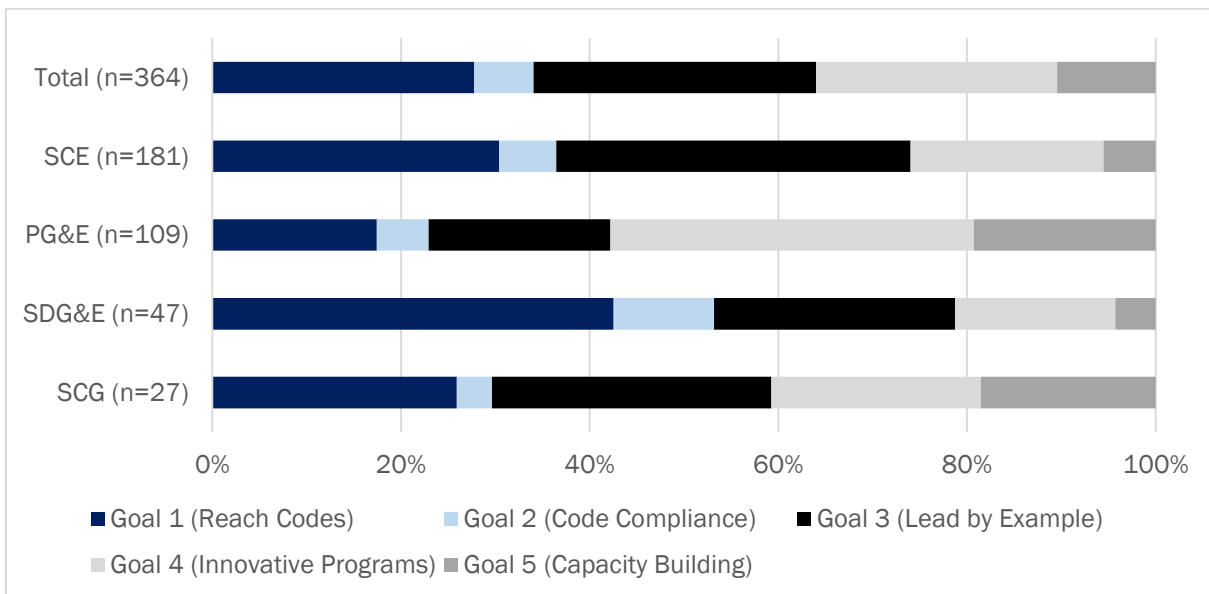
Note: This graphic does not include the seven projects lacking categorization.

For the purposes of this study, projects that directly contribute to the five CEESP goals are seen as providing value to California's overall energy efficiency and GHG efforts.

4.2   Strategic Plan Menu Semiannual Updates

The IOUs track the types and achievements of the Strategic Plan Projects through a Microsoft Excel® spreadsheet that the LGP Implementers complete twice a year. The Strategic Plan Menu has instructions for completion and includes 16 columns.

1. Partnership Name
2. Project Name
3. Description (max 600 characters)
4. Budget
5. Strategic Plan Menu Item (using a drop-down menu)

6. Completion Date
7. Deliverable Metric, if applicable
8. Goal
9. Accomplished to Date
10. Count of Local Government Officials Engaged (elected/appointed)
11. Count of Local Government Officials Engaged (Department Director/City Manager)
12. Count of Local Government Officials Engaged (other local government staff)
13. Count of Local Government Officials Engaged (nongovernment staff)
14. September 2013 Narrative Update (max 600 characters)
15. March 2014 Narrative Update (max 600 characters)
16. September 2014 Narrative Update (max 600 characters)

The data submitted were cryptic and difficult to analyze. The Consultant Team used the information for the evaluation, but often combined it with data collected from interviews since the information provided was limited.

Spending was not reported, but the report did include some indication of budget. In some cases, however, the budgets included a statement like, "$1,440,000 spread out across all projects." For SDG&E, this occurred in about half of the project records. Because there are no spending data, it is not possible to track if the accomplishments and costs align.

The metrics reported were more about number of activities than outcomes. For example, "Education" or "Still developing program" do not have a clear metric, while "6 e-mail blasts" and "1–2 presentations" are specific counts. At times, the metrics and goals did not align. In one example, the deliverable metric was "number of new reach codes," but the goal was "X workshops; Y people."

Completion dates were too far past to be relevant and/or listed confused multiple dates for a single project. For example, the Consultant Team worked with the September 2014 semiannual update and found such dates as "Anticipated June 2014," "Anticipated November 2013 and again in 2014," and "November 2012 and May 2013." This type of listing is very difficult to follow or analyze.

The information in this sheet seems primarily focused on activity tracking, rather than metrics that measure value. The IOUs should determine a new way to capture data on Strategic Plan Projects that will allow the CPUC to better understand (and share) the value of these projects. Evaluators for the current IOU process evaluation are reviewing Strategic Plan Projects and the Menu, and these evaluators should look further into the best options for reporting. The Consultant Team also provides recommendations in the final section of this report.

4.3   Alignment with Menu Items

To provide a full understanding of the types of projects undertaken by the LGs, the Consultant Team reviewed the project descriptions in these Strategic Plan Menu semiannual update files (described above), as well as notes about progress to determine whether the project activities aligned with the labeled strategy.

The Consultant Team used the definitions from the Strategic Plan Menu (Table 2) to reclassify Strategic Plan Projects that did not appear aligned with the Menu goal. This was not always a straightforward analysis, though, as the information available to determine alignment came from the limited project descriptions and updates to the projects (described above). Some of the descriptions were clearly stated to enable an alignment judgment while others were more ambiguous. In some cases, the Consultant Team used the stated outcome updates of each project to assign alignment. During analysis of the projects, certain descriptions did not appear to fit within the Strategic Plan Menu items. To distinguish those projects appropriate to the Strategic

Plan Menu items, the Consultant Team applied language from the enabling 2010 Advice Letter. This stated "Strategic planning funds should not be used to implement a program or provide incentives" and "Strategic planning activities should focus on long-term change that will result in permanent, sustainable energy savings, and that draw on the unique capability of local governments, i.e., that cannot be performed by other entities."

While all the projects generally supported energy efficiency, 85% support CEESP goals as defined by the Strategic Plan Menu items. Although the boundaries of what falls within Strategic Plan Menu item scope were not clear, 58 of the 364 projects do not fit the original Menu items at all and the Strategic Plan Menu item category for another 63 appeared misaligned, indicating that some of the expected outcomes in certain strategy areas associated with these projects may not be occurring. After reclassification by the Consultant Team, the largest number of projects still fell into supporting LGs in their efforts to lead by example with their own facilities. The overall distribution across the goals, however, changed slightly, as shown in Figure 5.

Figure 5. Alignment with CEESP Goals
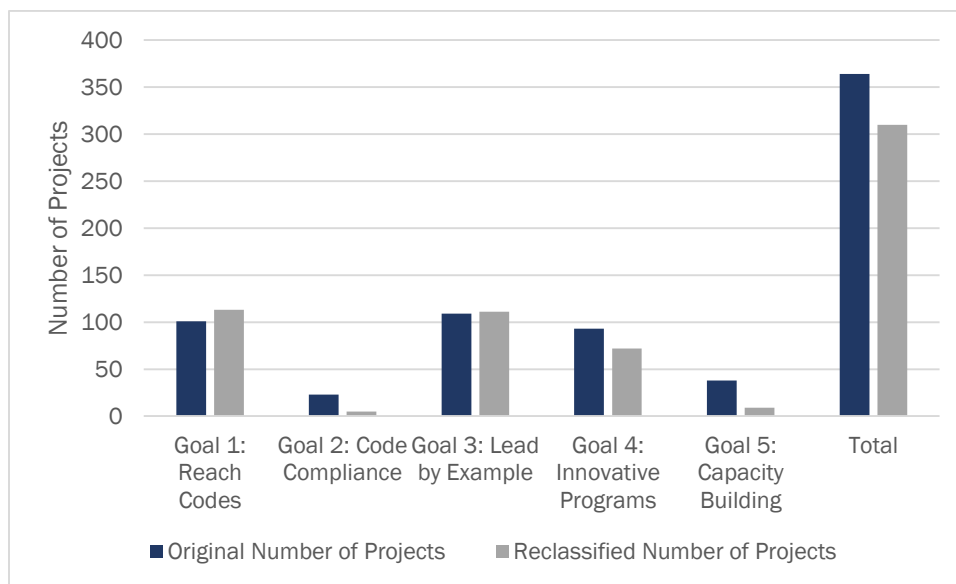
Because Figure 5 shows only the before and after number by goal, it masks the number of items that were reclassified. Table 20 below describes three categories of projects.

- **Classified correctly:** Sixty-nine percent of projects were classified correctly.

- **Classified under wrong goal:** Fifty-five projects, approximately 15% of all projects, supported the CEESP goals but appeared to be classified under the wrong Strategic Plan Menu item.

- **Do not appear to fall within Strategic Plan Menu:** Fifty-four projects (15% of all projects) do not appear to support the Strategic Plan Menu items as intended based on the information that the IOUs (and LGP Implementers/LGs) provide in these reports.[19]

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[19] The ability to judge whether a project aligned with the Strategic Plan Menu item relied almost entirely on relatively limited data within the Strategic Plan Menu semiannual update. However, the data were the best available to the Consultant Team.

Table 20. Strategic Plan Projects with Possible Misalignment

Goal/Strategy	Original Number of Projects[a]	Number of Misaligned Projects but Still a Strategic Plan Menu Item	Number of Projects Outside of Strategic Plan Menu Items	Number of Projects after Reclassification
1 - Local governments lead adoption and implementation of "reach" codes stronger than Title 24 on both mandatory and voluntary bases	101	18	11	113
2 - Strong support from LGs for energy code compliance enforcement	23	2	2	5
3 - LGs lead by example with their own facilities and energy usage practices	109	19	3	111
4 - LGs lead their communities with innovative programs for energy efficiency, sustainability, and climate change.	93	11	19	72
5 - LG energy efficiency expertise becomes widespread and typical	38	5	19	9
Total	364	55	54	310

[a] The seven projects funded through Emerging Cities were not in the Strategic Plan Menu semiannual update and therefore have no goal/strategy associated with them. They are not included in this specific analysis.

The misalignment varied across the utilities. SCE's projects, were the most likely to be aligned. Only a very small percentage of SCE's projects were outside a Strategic Plan menu item-3% of SCE's projects were misaligned, compared to between 14% and 36% for each of the other utilities (SDG&E=14%, SCG=15% and PG&E=36%). This difference between SCE and the other IOUs suggests that the SCE RFP process (and the CPUC's oversight) may have helped to ensure that the projects met the original intent of the Strategic Plan Menu items.

The Consultant Team describes the types and nature of these projects further in the next section.

In cases where the projects do not seem to fit the funding category but are still included in one or the other Strategic Plan Menu item, the Consultant Team collected anecdotal information about why this may occur, including:

- **Change in local government staff:** A few indicated that staff at LGs changed direction when the community voted a new set of officials into office. Choices from the outgoing council members (for example) are not what the incoming council desires. In these cases, the LG staff may go back to the IOU to reallocate the remaining budget to an activity more acceptable to the new officials, but the original category of Strategic Plan Menu is unchanged. The Consultant Team does not know how many of the apparent misalignments are due to this.

- **Relabeling of Strategic Plan Menu items:** In the Strategic Plan Menu, there are two pieces of information to help categorize a project. One is an abbreviated label of five words or less. The second is a full description of the activities acceptable to that specific category (i.e., the wording included in Table 2). In one case, the abbreviated label is "4.1.3. Community-Wide Planning for EE" while the full text is "4.1.3 – Update General Plan/Conservation Element with Climate policies. Provide energy efficiency framework and data for other people doing planning." It is the Consultant's opinion that using just the abbreviated label could lead to misalignment with the category. If this theory is correct, then small changes to the shorter labels may facilitate categorization of projects in the future.

Types of Strategic Plan Projects outside of the Strategic Plan Menu items

The Consultant Team carefully examined the 54 projects that appeared to be outside of the Strategic Plan Menu items. As shown in Figure 6, Goals 4 and 5 had the highest number of projects that were outside of the Strategic Plan Menu.

Figure 6. Distribution of Misaligned Projects
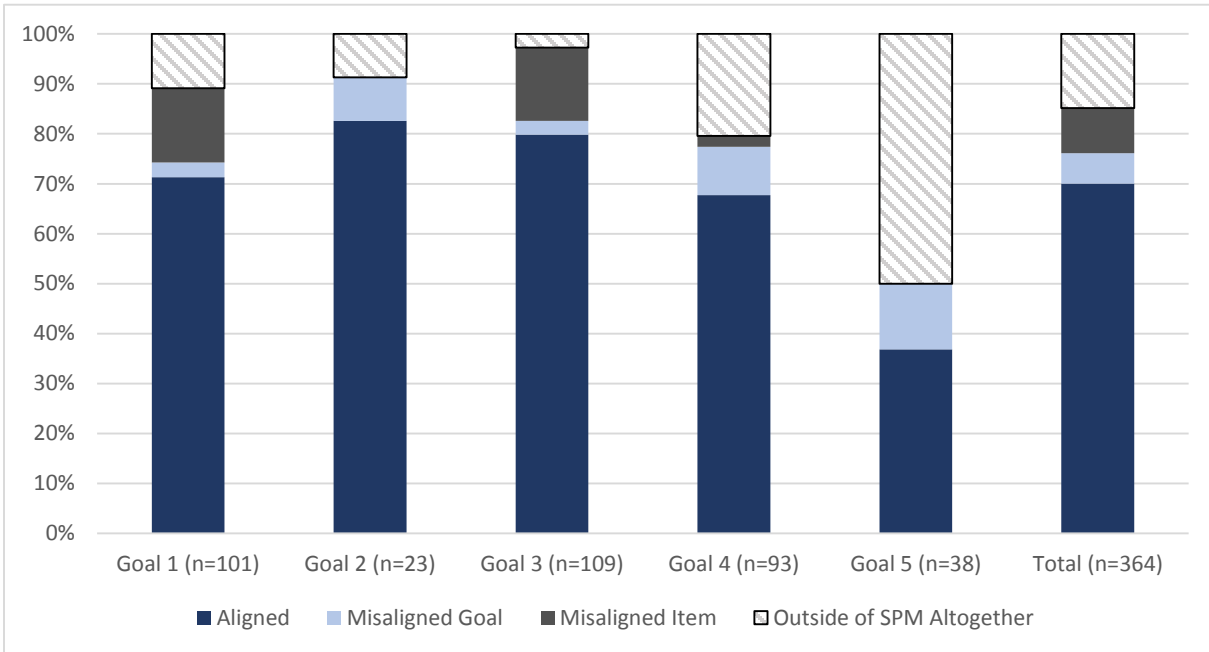
The Consultant Team identified some projects considered to be outside of the scope of the Strategic Plan Menu items because they appeared to be *implementation* of programs.[20] Examples include the following.

- **School-based education programs:** Woodland Tree Foundation. *"The Woodland Tree Foundation will conduct a school-based program in the Woodland schools to educate students about energy efficiency, watt meters, and the role trees play in providing shade to reduce cooling costs."*

- **Kits-based programs:** Kill A Watt Library Lending. *"The DIY Library Kits will expand on the Kill A Watt Library Lending program and build on the City of Cupertino's DIY Kit initiative, which was originally sponsored through their CECG-funded Growing Greener Blocks campaign. The kits will contain a manual, tools, Energy Efficiency items for the borrower to keep, and savings tracking sheets."*

- **Installation of EMS systems in small businesses:** EMS for Small and Mid-Sized Businesses. *"The EMS for SMB Program will install wireless energy management systems in small to mid-sized commercial buildings. The program will bring large building energy management systems (EMS) to smaller class B and C buildings and similar municipal buildings. By centralizing building controls, wireless energy management systems enable comprehensive energy savings opportunities including HVAC, lighting*

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[20] The Advice Letter outlining the Strategic Plan Menu indicated, "Strategic planning funds should not be used to implement a program or provide incentives." Also within that document was "Developing a new program to do so [funding to pay incentives] is fundable."

and plug load control, as well as monitoring, performance reporting, and maintenance diagnostic capabilities."

Goal 5, with 19 projects that did not fit the Menu items, seemed to be the most misaligned. To help the reader better understand the misalignment, the Consultant Team describes the types of projects considered to be outside of the Strategic Menu items for this specific goal. Table 21 highlights examples of projects the Consultant Team considered outside of the Strategic Plan Menu items under Goal 5.

Table 21. Examples of Goal 5 Projects outside of Strategic Plan Menu Items

Description	Budget	Consultant Objection
Promoted a Resilient Neighborhood Project to help homeowners make homes more energy efficient	$30,000	Per the Advice Letter, strategic planning funds should not be used to implement a program or provide incentives.
Installed Energy Monitoring Display in commercial building, developed commercial building outreach materials and marketing displays, marketed green finance, developed green business case studies, conducted Title 24 and other trainings to the U.S. Green Building Council - Northern California Chapter (USGBC-NCC), Building Owners and Managers Association of SF (BOMA SF), and the Institute of Real Estate Management San Francisco (IREM SF)	$64,000	While much of this project appears to fall into acceptable areas, the energy monitoring display in a commercial building appears outside of the Menu items, This is an example of the difficulty in determining how best to categorize a project.
Performed mini RCx testing on one building, conducted year-long RCx training, collected field data, and drafted a pilot success strategy	~$50,000	Per the Advice Letter, strategic planning funds should not be used to implement a program or provide incentives.
The Continuous Process pilot program will address service gaps to promote participation among Small Medium Businesses (SMB) that received an energy audit during the 2010–2012 program cycle. The program has two main objectives: 1) provide a "one-stop shop" for SMBs within the partnership and 2) understand the degree to which offering SMBs a dedicated energy specialist impacts participation. As part of the "one-stop shop," this program will provide SMBs (including municipal facilities) with comprehensive customer service. [Note, outreach for this project was telephone and e-mails to 400 customers. While the project description indicates municipal facilities, this type of outreach does not seem to fit for outreach to member governments.]	~$89,500	Per the Advice Letter, strategic planning funds should not be used to implement a program or provide incentives.
Schools and businesses received Energy Efficiency upgrades	$15,000	Per the Advice Letter, strategic planning funds should not be used to implement a program or provide incentives.

Across all five goals, there were several large-scale projects that appear to be misaligned. Table 22, below, presents the highest spenders among the misaligned projects. The following five projects with budgets exceeding $100,000 comprised 54% of proposed spending within the projects considered to be outside of the Strategic Plan Menu items. The table presents types of projects the Consultant Team determined as misaligned and a rationale as to why they were identified as such.

Table 22. High Budget Strategic Plan Projects that the Consultant Team considered out of scope

Menu Item (Abbrev)	Menu Item (Full Text)	Metric	Project	Budget	Project Description/Achievement	Rationale
1.1.1. Reach Codes	Adopt building energy codes more stringent than Title 24's requirements, using cost-effectiveness studies by Climate Zone done by the utilities; adopt one or two additional tiers of increasing stringency.	Number of new reach codes	Benchmarking Ordinance Implementation	$415,900	Project focused on promoting Existing Commercial Benchmarking Ordinance (ECBO) efforts through outreach and a pilot that targeted 500 properties for software audits.	This project targeted commercial buildings for benchmarking. Benchmarking is acceptable under the Strategic Plan Menu items, but only for local government buildings, not commercial buildings.
5. EE Expertise	Local government energy efficiency expertise becomes widespread and typical.	User-defined	Commercial Refrigeration Retirement	$403,000	Conducted a study to quantify the energy savings from early retirement of refrigeration/freezer technologies. Project completed 90 surveys and monitored over 100 units, succeeding in early replacement of 16 units.	Strategic Plan Menu items do not support energy efficiency programs nor does the language support analysis of these types of programs.
			Provide Energy Efficiency Services for Energy Efficiency Pilot Projects	$130,000	The implementer planned to develop a draft and final list of energy efficiency pilot projects and budgets. Additionally, they planned to provide program documents and energy efficiency assessments and/or audits to Participating Municipalities for energy efficiency pilot projects.	Per the Advice letter, strategic planning funds should not be used to implement a program or provide incentives.
4.1.4. Community-Wide EE Savings Analysis	Conduct the energy efficiency savings analysis for an annual Greenhouse Gas inventory for the City/County.	Number of EE analyses completed	Small Commercial Energy Management Systems (EMS for SMB)	$175,000	The project installed EMS on 5 buildings.	Per the Advice letter, strategic planning funds should not be used to implement a program or provide incentives.
			Multifamily Services	$175,000	Project funds were transferred to [LG], which promoted workshops and is researching recommendations for multifamily energy retrofits.	Per the Advice letter, strategic planning funds should not be used to implement a program or provide incentives.

4.4 Capacity Building

As mentioned previously, it is clear that the LGs are using the Strategic Plan Projects funds to put in place policies and other activities that will lead to CEESP goals and longer-term savings. In some cases, they are also using these funds for capacity building.

For the purposes of this study, the Consultant Team is using the definition of capacity building from the Global Development Research Center.[21] In this context, capacity building has three facets: human resource development, organizational development, and institutional and legal framework development. Across the Strategic Plan Projects, there was evidence of capacity building in each of these areas. The Consultant Team provides examples for each, gathered from our survey efforts, in the bullets below.

- **Human resource development:** The process of equipping individuals with the understanding, skills, and access to information, knowledge, and training that enable them to perform effectively.

  - Based on the semiannual updates, projects such as Contra Costa County Climate Leaders are building information, knowledge, and training. The program description states: *"The Generation Green Program, Contra Costa County Climate Leaders (4CL), planned to conduct marketing of EBEW and PG&E services through direct outreach to local government decision makers at networking meetings and conferences, Council meetings, and other relevant forums. Program staff planned to coordinate workshops to facilitate peer-to-peer knowledge transfer and increase awareness of local and regional climate and energy issues."*

- **Organizational development:** The elaboration of management structures, processes, and procedures within organizations and the management of relationships between the different organizations and sectors (public, private, and community).

  - According to several respondents, these projects help develop structures and relationships. They are valuable because they provide *"a good network of other local governments to **learn best practices from.**"*

- **Institutional and legal framework development:** Making legal and regulatory changes so organizations, institutions, and agencies at all levels and in all sectors can enhance their capacities (source: http://www.gdrc.org/uem/capacity-define.html).

  - While not directly making legal and regulatory changes, the Strategic Plan Project funding supports the development of CAPs and other local policies to encourage energy efficiency.

Based on respondent comments, strong value comes from enabling cities to take actions that they otherwise would not have been able to because of *limited staff resources*. Many LGP Implementers and Non-Partner LGs mentioned the challenge of understaffing and described how important the Strategic Plan Project funding was in helping them make progress. However, it is not always sufficient.

As one respondent noted, "We need more internal staff capacity, which we are building, but it's tough to build capacity with an extra $50,000 at the end of program cycles. Also, the Local Government [Partnerships] program is tied to a calendar year, but local governments run on a fiscal year, which makes the budgeting process hard to deal with."

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[21] There is more than one definition for capacity building. Lacking a specific definition within energy efficiency, the Global Development Research Center, which covers community development around the world, and has a specific area for the environment, provided a holistic and community-based definition.

4.5 Summary of CEESP Alignment

All IOUs provided funds for LGs to conduct Strategic Plan Projects across all five goals within the CEESP. As such, these projects are providing value to California's overall energy efficiency and GHG reduction efforts.

These projects are adding to the LGs' ability to contribute to CEESP goals. The largest percentage of funds (42%) went toward helping LGs lead by example and take energy-saving actions in their own facilities (Goal 3). The Strategic Plan Projects provide the resources (i.e., people, knowledge, and tools) to the LGs to develop knowledge, programs, and policies that align with and support CEESP goals. From the survey of LGs conducting Strategic Plan Projects, it is clear that without the activities funded through these efforts, they would not have the means to meet the goals. Moreover, the choice to provide funding to LGs in the form of Strategic Plan Projects appears to be creating activity in the state that would not have occurred absent the funds (although the Consultant Team did not pursue this specific line of reasoning empirically).

While the Strategic Plan Projects are providing value to California and to LGs, some projects do not appear to be providing direct value to the CEESP as defined by the Strategic Plan Menu items. Based on a review of the semiannual updates by the IOUs, 85% of projects support CEESP goals. About 15% of all projects fall outside of the Strategic Plan Menu items, and their value is unclear. Some may still be contributing value to the CEESP (but just do not fit the Menu items). However, according to information in the Strategic Plan Menus, some projects clearly fall more into a category of "implementation". These funds are not intended to fund Direct Implementation activities. Notably, across the four IOUs, SCE (and its unique RFP process) appears to be the most compliant with Strategic Plan Menu rules and expectations for funding of projects.

This misalignment of some projects should be further explored in future studies. Page 256 of Decision 09-09-047 states that, while the CPUC sees Strategic Plan Projects as valuable and able to advance the ambitious goals of the CEESP, they "*required clear metrics to track progress, including clear end points for success.*" The CPUC Decision also says, "*It is important to underscore that funding for local government partnership work on CEESP areas must be justified every program cycle in terms of the specific strategic accomplishments of such work.*" Given the misalignment, some of the anticipated outcomes in certain strategy areas from these projects may not be occurring.

5. Findings: Accomplishments and Barriers to Completion

The Consultant Team investigated whether the funding of the selected Strategic Plan Projects leads to their successful adoption, implementation, and completion. The Consultant Team also investigated what the LGP Implementers and Non-Partner LGs that oversaw Strategic Plan Projects thought were the success factors and barriers to completing projects. This section describes the findings for research questions 3–6 in Table 3.

5.1 Status: Completed, In Progress, Cancelled

Each IOU submits a Strategic Plan Menu semiannual update to report on the progress of Strategic Plan Projects (released in March and September). In these updates, the IOUs provide project descriptions, funding amounts, metrics (when available), progress-to-date on metrics, the number of LG officials with whom they engage, and narrative status updates.

Data provided through IOU reporting on Strategic Plan Project completion status were difficult to interpret (e.g., multiple completion dates in the same line). Therefore, the Consultant Team asked survey respondents about the status of a sample of activities being conducted as Strategic Plan Projects. From the survey, 33% projects were complete at the time of this study (May 2015), while 46% were still in progress. A small number (5%) had not yet started, and about 7% were either cancelled or not planned to be started (5% and 2%, respectively) (see Table 23).

Table 23. Status of Strategic Plan Projects

Strategic Plan Project Characteristics	Percentage of Activities (n=140)
In progress	46% (64)
Completed	33% (46)
Cancelled after being started	5% (7)
Not yet started, but will be started	5% (7)
Will not be started	2% (3)
Don't know	9% (13)

Reasons respondents gave for why their project was cancelled included avoiding duplication of other IOU or RENs efforts (two projects), challenges with the external vendor (two projects), lack of interest from LGs and agencies (three projects), and lack of staff resources (one project).[22] Of the six unique cancelled projects reviewed, three fall into CEESP Goal 1 ("Reach Codes") and the other three fall into CEESP Goal 3 ("Lead by Example").

For projects that had not been started, respondents indicated that they did not have the staff time or staff resources to start.

More than a dozen respondents thought that the projects in progress would be completed by the end of 2015.

One reason a project may not be completed is that it could have multiple phases (or multiple activities within a phase). As such, in addition to reporting on the status of their activities, respondents to the survey also

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[22] It is possible for a project to be cancelled for more than one reason.

classified their projects into one of three categories based on the definitions below (which were included in the survey):

- ■ "**Single-phase**" efforts (e.g., one-time workshops or marketing campaigns),

- ■ "**Ongoing**" efforts (e.g., energy management systems or local code updates), or

- ■ "**Dual-phase**" efforts, where projects require subsequent implementation after adoption (e.g., CAPs/EAPs).

Of the projects reviewed, 38% were dual-phase; that is, there were two discrete phases of the project. Dual-phase projects are most commonly CAPs, where the first phase is drafting the plan and the second phase is implementing the plan after the LG has adopted it. This second phase is outside the scope of Strategic Plan Projects funds, although the activities required to reach adoption, such as workshops and meetings with officials, are included (see Table 24).

Table 24. Number of Strategic Project Plans by Phase

Strategic Plan Project Characteristics	Percentage of Activities (n=140)
Dual-phase	38% (53)
Single-phase	24% (33)
Ongoing	30% (42)
Don't know	9% (12)

Not every respondent providing the phase of the Strategic Plan Project also knew the project's status (i.e., nine respondents are listed as "Don't know" in Table 24). As Table 25 shows, dual-phase projects were the most likely to be in progress. This is unsurprising since these projects would be expected to take longer.

Table 25. Project Type by Status

Strategic Plan Project Characteristics	Completed (n=46)	In Progress (n=64)	Not Started/Cancelled (n=17)	Don't Know (n=13)
Dual-phase (n=53)	25% (13)	62% (33)	10% (5)	4% (2)
Single-phase (n=33)	61% (20)	12% (4)	15% (5)	12% (4)
Ongoing (n=42)	26% (11)	62% (26)	7% (3)	5% (2)
Don't know (n=12)	17% (2)	8% (1)	33% (4)	42% (5)

Note: Shaded cells designate the highest percentages.

The completed activities shown in Table 26 came from all CEESP goals. In reviewing the completed projects within the sample frame (31 of 82 projects), projects that provided support for energy code compliance (CEESP Goal 2 in Table 2) were the most likely to be completed (60% complete). For all other goals, projects were more likely to not yet be completed. The category of LGs leading their communities with innovative programs for energy efficiency, sustainability, and climate change was the most likely not to be completed within the time frame of this study. Table 26 shows the major accomplishments by the completed projects in the sample of projects that the Consultant Team reviewed with metrics based on the Strategic Plan Menu semiannual update.

Table 26. Completed Strategic Plan Project by Strategic Plan Goal

Goal	Percentage Complete	Metrics of Completed Projects noted in Strategic Plan Menu semiannual update
1 – LGs lead the adoption and implementation of "reach" codes stronger than Title 24, on both a mandatory basis and a voluntary basis (n=26)	35%	• 3 projects: Workshops • 3 projects: Policy Updates and Program Manuals • 1 projects: Website revision, online permitting • 1 projects: Marketing and outreach • 1 projects: Kits to libraries
2 – Strong support from LGs for energy code compliance enforcement (n=5)	60%	• 3 completed projects: trainings for code compliance
3 – LGs lead by example with their own facilities and energy usage practices (n=32)	34%	• 5 projects: Benchmarking or energy reporting • 2 projects: CAPS/EAPS • 2 projects: Revolving Loan Funds • 1 projects: GHG inventory • 1 projects: RCx Policy
4 – LGs lead their communities with innovative programs for energy efficiency, sustainability, and climate change (n=24)	29%	• 2 projects: CAP adoption • 2 projects: EAPs • 2 projects: GHG inventory • 1 projects: CAP template
5 – LG energy efficiency expertise becomes widespread and typical (n=3)	33%	• 1 projects: Engagement of 24 officials

Note: Shaded cells designate the highest percentage in this table.

5.2   Success Factors for Completing Strategic Plan Projects

According to survey respondents, the most important factor for successful completion of a project is having engaged city officials or staff (see Table 27). In fact, the engagement of city officials appears to be fundamental in the successful completion of a Strategic Plan Project. Some LGP Implementers mentioned that when city staff are advising the Strategic Plan Projects, there is more buy-in, which allows the project to move forward faster. Relationships with elected officials can be transitory (due to election turnover), however, which can lead to the loss of momentum.

LG staff resources, technical skills, and subject matter expertise are also incredibly important. Cities have insufficient staff at times and, for LGPs with member governments, the LGP Implementer staff can act as an extension of government staff to help move Strategic Plan Projects forward.

Table 27. Primary Success Factors for Strategic Plan Project Completion

"What are the primary factors needed for successful completion of this project?"	Percentage from Incomplete Projects (n=81)[a]	Percentage of Completed Projects (n=46)[a]	Percentage of All Projects (n=140)
All Respondents			
Engaged city officials and staff	58%	74%[b]	62%
Appropriate staff resources within our agency to conduct the project	60%	52%	57%
Technical skills available to conduct the project	59%	52%	55%
Subject matter expertise available to conduct the project	56%	46%	51%
Sufficient budget	49%	48%	48%
A project champion among city officials and staff	43%	50%	45%
A clear vision for conducting the project	35%	48%	41%
Favorable political climate	37%	41%	39%
Strong connections/relationships with local cities/agencies	35%	48%	39%
Flexibility to tailor messaging to local governments or agencies	30%	28%	29%
Flexibility in use of funds for non-energy-related efforts	28%	15%	24%
Size of your organization	12%	17%	14%
Other	5%	7%	6%
None of the above success factors	2%	2%	2%
LGP Implementers and Non-Partner LGs Only[a]			
Strong support from IOU	42% (n=45)	50% (n=22)	45% (n=67)
Strong support from the CPUC	22% (n=45)	18% (n=22)	21% (n=67)
Realistic/achievable program metrics set by IOU	22% (n=45)	45% (n=22)[b]	30% (n=67)
Member Governments Only[a]			
Support from LGP Implementer's staff	53% (n=36)	50% (n=24)	58% (n=60)
LGP Implementers Only[a]			
Size of the member governments in LGP	16% (n=43)	10% (n=21)	14% (n=64)

[a] Some success factors were only applicable to certain types of respondents.
[b] Shaded cell and asterisk indicates a significant difference between complete and incomplete projects at the 90% confidence level.

5.3 Barriers to Completion and Adoption

LGP Implementers or Non-Partner LGs that have not completed their Strategic Plan Projects face subject matter expertise and technical skill barriers more often than those that have completed their projects. This suggests that these are particularly large barriers to completing Strategic Plan Projects (see Table 28).

Table 28. Barriers to Strategic Plan Project Completion-LGP Implementer Responses

"What are the primary barriers to successful completion of this project?"	Percentage of Incomplete Activities (n=81)[a]	Percentage of Completed Activities (n=46)[a]	Percentage of All Activities (n=140)
All Respondents			
Lack of staff resources within our agency to conduct the project	51%	48%	49%
Disengaged city officials and staff	35%	28%	30%
Insufficient budget	31%	24%	29%
No champion for the project among city officials and staff	32%	24%	28%
Lack of subject-matter expertise available to conduct the project	33%[b]	17%	25%
Lack of technical skills available to conduct the project	32%[b]	17%	25%
Unfavorable political climate	20%	37%[b]	24%
Lack of flexibility to use funds for non-energy-related efforts	21%	15%	17%
Weak connections/relationships with local cities/agencies	15%	15%	14%
Lack of clear vision for conducting the project	14%	13%	12%
Lack of flexibility to tailor messaging to local governments or agencies	17%	7%	12%
Size of your organization	12%	13%	12%
Other	7%	11%	9%
None of the above barriers	7%	13%	10%
LGP Implementers and Non-Partner LGs Only[a]			
Lack of support from IOUs	13% (n=45)	18% (n=22)	15% (n=67)
Unrealistic/unachievable program metrics set by IOUs	11% (n=45)	18% (n=22)	13% (n=67)
Lack of support from the CPUC	7% (n=45)	9% (n=22)	7% (n=67)
Member Governments Only[a]			
Lack of support from your LGP Implementer's staff	8% (n=36)	8% (n=24)	8% (n=60)
LGP Implementers Only[a]			
Size of the member governments in your LGP	21% (n=43)	19% (n=21)	20% (n=64)

[a] Some barriers were only applicable to certain types of respondents.
[b] Shaded cell and asterisk indicates a significant difference between complete and incomplete projects at the 90% confidence level.

LGP Implementers mentioned that when a project is a CAP or EAP (e.g., a dual-phase project), they are more successful in achieving LG buy-in when they can leverage other funds and help the local entities pursue a more holistic approach (such as water, transportation, and renewables). The LGs generally prefer to support a more holistic approach. (Note that the IOUs require Strategic Plan Projects to focus on energy. They cannot fund broader efforts.)

5.4 Challenges for Strategic Plan Projects

The Consultant Team further explored the challenges to completing Strategic Plan Projects by asking LGP Implementers about the obstacles that they had encountered related to conducting Strategic Plan Projects with IOUs (see Table 29). "Delays" were the most frequently mentioned item. Some LGP Implementers also mentioned–difficulties with communication and problems obtaining resources from the IOUs. However, many LGP Implementers did not encounter any challenges.

**Table 29. LGP Implementer and Non-Partner LG Challenges
with Conducting Strategic Plan Projects**

Has your LGP/city encountered any of the following challenges related to conducting Strategic Plan Projects with IOU/IOUs?		LGP Implemen-ters (n=25)	Non-Partner LGs (n=3)
		Multiple Response	
Challenges with Delays			
Data Requirements	Delays in obtaining needed data to implement Strategic Plan Projects	11	1
Invoice Process	Delays in invoice payment(s)	7	1
Contract Timing	Delays in notification about Strategic Plan Project approvals	6	1
	Delays in release of funds for Strategic Plan Projects	3	1
Challenges with Communication			
Communication	Communicating with other IOU staff not directly involved with LGP/city	7	1
	Communicating with IOU's LGP/city point of contact	2	0
Challenges Getting Support/Resources from IOUs			
Technical Support	Limited support from IOU staff not directly involved with LGP/city	7	0
	Limited subject-matter expertise/knowledge	4	1
	Inability to obtain adequate resources due to geographic distance from IOU	3	0
Other/No Challenges			
No challenges		7	0
Other		2	0

Note: While four member governments also received direct funding, they were not asked this question.

In addition to the quantitative data collected from the Internet survey, in-depth interviews with 11 LGP Implementers that implemented Strategic Plan Projects (and other open-ended responses from the survey) shed light on issues.

- ■ **Data Requirements:** Many of the Strategic Plan Projects require data from the IOUs (especially on projects dealing with GHG inventory, upgrades, etc.). The LGP Implementers, however, noted that requests for these types of data go to IOU staff who are not the ones supporting the LGP Implementers (and with whom they have a relationship). LGP Implementers said that they often encounter significant

delays in receiving the requested data, which in turn delays their completion of the Strategic Plan Project[23]. In some cases, the LGP Implementers said that they dropped the project altogether.

■ **Invoice Process:** Seven LGP Implementers mentioned challenges surrounding delays in the invoice process. As reported by one LGP Implementer, an onerous invoicing process delayed payments up to nine months, requiring LGP Implementers to tap funds earmarked for other LGP activities. This LGP Implementer felt that invoicing issues direct too much staff/resource time to pursue/solve invoicing issues rather than work on projects. Both Strategic Plan Projects and broader LGP efforts are affected.[24]

■ **Contract Timing:** SCE LGP Implementers felt that uncertainty in the timing of Strategic Plan Project contract approval and fund disbursement limits their use of contractors and so the work must be completed internally.[25] This requires using funds to build expertise (which could increase costs) and limits the types of projects undertaken. However, this difficulty also seems to have a positive aspect as it brings about capacity building within the LGs.

■ **Communications:** While for the most part the LGP Implementers noted frequent communications with their LGP point of contact within the IOU, they encountered more difficulties in interacting with IOU staff not directly involved with the partnership (for example, other IOU staff with particular technical expertise). LGP Implementers also commented that it was sometimes challenging to identify the correct contact within the IOU for their specific needs, as this was slightly dependent on their direct IOU point of contact knowledge and relationships within the IOU.

■ **Technical Support:** The LGP Implementers obtained technical advice from the IOUs and outside sources (such as city staff and LG advisory groups/panels). Even when LGP Implementers asked for support, the IOUs did not always provide it or have the necessary experts to do so. LGP Implementers mentioned that when the Strategic Plan Project focuses on a specific sector (e.g., ZNE or agriculture) or the LGP Implementer is geographically isolated from the main IOU office, a lack of technical resources hindered their progress. Sometimes the IOU may send a representative to attend meetings with these geographically remote LGP Implementers, but they do not necessarily have the correct expertise to support projects. LGP Implementers that lack technical advice spend time and effort trying to find outside expertise.

5.5 Summary of Accomplishments and Barriers

The prior section of this report demonstrated the value of the Strategic Plan Projects; however, at the time of this study, projects were not "fully" contributing to CEESP goals because many had not been completed. Of the sampled projects, 33% were completed. Many others were still in progress, and still others had yet to be started or were cancelled. There were three iterations of the SCE advice letter and SCE projects were not approved to begin until April 2014. This delay most likely led to fewer projects completed by the end of 2014 than if they had two years to reach completion. Of those projects in the sample, two projects were cancelled to eliminate redundant services, two were cancelled because the vendor was unable to deliver the product under development, and the last three were cancelled because the LGs did not support the effort.

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[23] In the comment period of this report, SDG&E program managers noted they have worked with the LGs to get them useful data while complying with confidentiality regulations.

[24] Broader LGP Implementer efforts are not explored in this study.

[25] Contractors needed more certainty around when they could commence work to agree to a Strategic Plan Project.

According to survey respondents, having engaged city officials is the most important factor for successful completion of a project. Staff resources, technical skills, and subject matter expertise are also very important. These observations are supported by responses about barriers. Organizations that have not completed their Strategic Plan Projects face subject matter expertise and technical skill barriers more often than those that have completed their projects. This suggests that these are particularly high barriers to completing Strategic Plan Projects.

Given their accomplishments so far, the Strategic Plan Projects have not fully reached their potential in terms of contributing to the CEESP, but much of the effort is still under way.

Strategic Plan Projects need to be better tracked to understand their full value. The full value of a project is difficult to determine given the information provided by the IOUs in the semiannual updates. While there are status updates and metrics, the information is limited and ambiguous. Additionally, while budgets are included in the semiannual updates, the updated accomplishments for each project has no data on spent-to-date to help understand if the accomplishments are tracking with the costs.

6. Findings: Administration and Management of Strategic Plan Projects

The LGP Implementers conduct most of the Strategic Plan Projects, though in some instances member governments or Non-Partner LGs without an LGP receive direct funding from the IOUs to conduct their own projects. As such, three types of organizations conduct Strategic Plan Projects: LGP Implementers, Non-Partner LGs, and member governments.

Fifty-eight unique organizations receive Strategic Plan Project funds. Repeated from the Study Scope section, Table 30 below shows the total number of unique organizations with projects and their number of projects. Thirty-nine of these are LGPs, 12 are member governments, and seven are local governments that are not part of an LGP.

Among these three organizational categories, there are similarities and differences, but in each case the IOUs provide direct oversight of projects. All of these groups also receive funding and other support services from the IOUs.

This section describes how the IOUs administer the LGPs (in relation to the Strategic Plan Projects, which is the focus of this study), as well as how the Strategic Plan Projects are managed (research questions seven and eight).

Table 30. Population of Unique Organizations with Direct IOU Funding for Strategic Plan Projects

IOU	Unique Organizations That Receive Direct Funding for Strategic Plan Projects			Strategic Plan Projects			
	LGP Implementers	Non-Partner LGs	Member Governments	# projects by LGP Implementers	# projects by Non-Partner LGs	# projects by Member Governments	Total
PG&E	19	0	0	109	0	0	109
SCE	17	0	12	115	0	66	181
SCG	19	0	0	27	0	0	27
SDG&E	5	7	0	46	7	0	54
Grand Total	39[a]	7	12	297	7	66	371

[a] Eight of the 47 unique LGPs do not conduct Strategic Plan Projects.

6.1 IOU Oversight of Organizations Running Strategic Plan Projects

Figure 7 below shows the IOU relationships with these three categories of LG entities that take on Strategic Plan projects.

1. **IOUs to LGP Implementers** (all four IOUs): Shown by the heavy black arrow, the IOUs provide several services to help LGP Implementers. These services support Strategic Plan Projects and the broader mission of the LGP Implementers. Specifically, the IOUs provide funding, technical or subject matter expertise, capacity building support, and links to other broader efforts (such as implementing energy-saving projects that fall outside of the Strategic Plan Projects) so that LGP Implementers can meet their goals and objectives.

2. **IOUs directly to Member Governments** (SCE only): Shown by a red dashed arrow, SCE provides funding and support for Strategic Plan Projects conducted by 12 member governments. SCE disburses the funding for the Strategic Plan directly to the member government (instead of through the LGP).

3. **IOUs directly to Non-Partner LGs** (SDG&E only): The thin green arrow represents the Strategic Plan Projects funded through the Emerging Cities budget line for SDG&E.[26] This is a competitive process in which Non-Partner LGs submit proposals for projects and a Peer Review Group ranks and approves them. SDG&E also provides technical support and expertise and, where required, external resources directly to these seven LGs that are not members of an LGP.

Figure 7. Structure of IOU Relationships:
Depiction of Three Organizations Running Strategic Plan Projects

Note: Percentages are the proportion of projects that receive funding through that pathway (N=371).
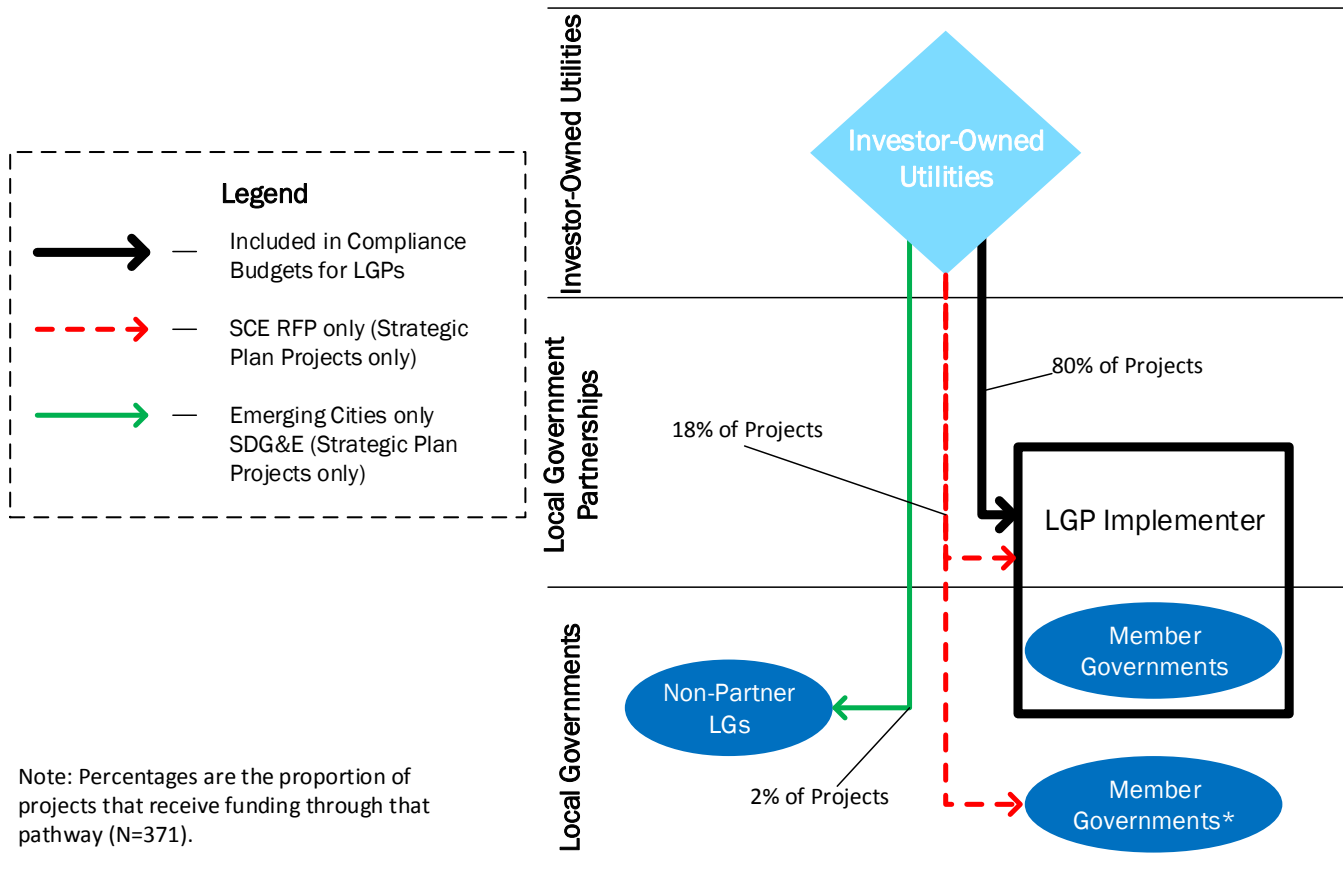
* Note that some member governments receive direct funding for Strategic Plan Projects <u>outside</u> of the LGP.

6.2   LGP Implementer Management of Strategic Plan Projects

LGP Implementers (shown in the black box in Figure 7 above) conduct the majority of Strategic Plan Projects (298 of 371, or 80%). According to survey respondents, when LGP Implementers conduct Strategic Plan Projects, most of their member governments are also involved; member governments support Strategic Plan

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[26] Emerging Cities is part of the overall LGPs' budget for SDG&E, but does not fund a partnership. The funds support Strategic Plan Projects.

activities within their cities either by receiving services or through cooperating with the LGP Implementer to conduct an activity. However, the LGP Implementer provides the bulk of dedicated staff and full-time equivalents (FTEs) for projects.

Figure 8 presents the range of member governments involved in Strategic Plan Projects across the 18 LGP Implementers interviewed that have multiple members.[27] On average, 85% of the member governments are involved in Strategic Plan activities within the LGPs. In other words, 15% of the member governments were part of an LGP, but did not conduct Strategic Plan activities under the LGP Implementer during the study period.

Figure 8. Proportion of Member Governments That Are Involved in Strategic Plan Activities
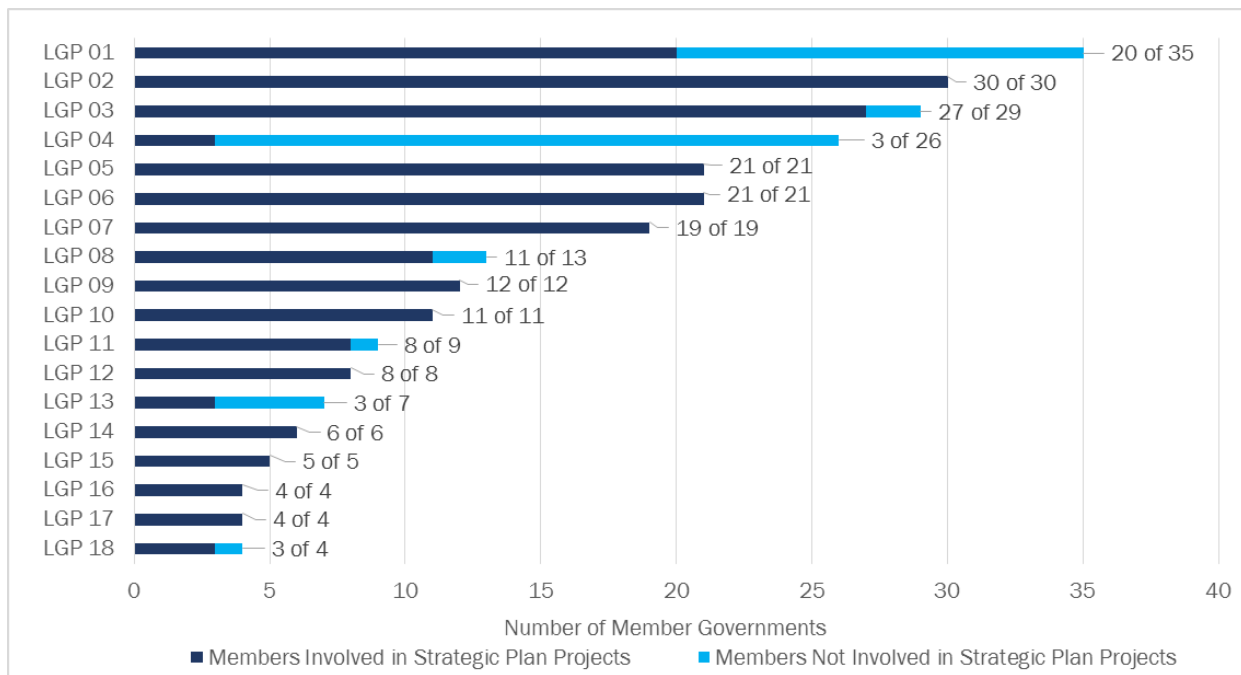
Note: Eighteen LGPs have multiple member governments and also provided valid responses to this survey question. Numbers to the right of the bars represent the proportion of member governments that conduct Strategic Plan Projects. The LGP Implementers self-report this information.

Among all organizations involved in Strategic Plan Projects (including those that receive funding directly and those that are involved in Strategic Plan Projects), an average of three staff within the organization spent time executing the Strategic Plan Projects. However, the variation across the organizations was significant. Some organizations relied on only one staff member, while the largest had nearly 20 full-time employees (FTEs). (Note that Table 31 below shows both the number of individual staff and the number of FTEs.) Because two large LGPs affected the averages, the Consultant Team also provides information without these two. Absent these two outliers, it is shown that a single staff person involved with Strategic Plan Projects spends on average 24% of his or her time at this task.

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[27] Of the 39 LGPs with Strategic Plan Projects in the population, two-thirds (26) have multiple member governments, while the remaining 13 are single city/county LGPs. Eighteen of the 26 completed the survey.

Table 31. Number of Staff and FTEs Dedicated to Strategic Plan Projects

Question	Including Outliers	Excluding Outliers[a]
"How many staff at [ORGNAME] spends any portion of their time working on Strategic Plan projects?"	(n=66)	(n=64)
Average Number of Staff per Organization	3.2	2.8
Minimum Number of Staff	1	1
Maximum Number of Staff	20	7
"When you add up the time of all the staff at [ORGNAME] in the previous question, how many Full-Time Equivalents (FTEs) does that add to?"	(n=60)	(n=58)
Average FTEs per Organization	1.1	0.9
Minimum Number of FTEs	0.01	0.01
Maximum Number of FTEs	19.2	2.5
For those with both valid staff and FTE data	(n=60)	(n=58)
Average Percent of Time on Strategic Plan Projects per Staff (FTEs/Number of Staff)	41%	24%

Note: The numbers change as not all respondents provided both staff and FTE values. In addition, the values are only for respondents who verified that their organization conducts Strategic Plan Projects.
[a] To avoid overestimation, excludes two respondents who indicated that they had 15 and 20 staff with 10 and 19 FTEs, respectively.

Compared to member governments, LGP Implementers tend to have a larger number of staff, FTEs, and time per staff dedicated to conducting Strategic Plan activities (see Table 32). This condition is somewhat to be expected given that the LGP Implementers are the contract holders for the LGPs and provide several services to member governments.

Table 32. Staff and FTEs Dedicated to Strategic Plan Projects, by Respondent Type (without outliers)

Metric	LGP Implementers	Member Governments Conducting Activities Under LGPs[a]	Non-Partner LGs with Direct Strategic Plan Project Funding
Average Number of Staff per Organization	3.5 (n=22)[b]	2.4 (n=36)	2.3 (n=3)
Average FTEs per Organization	1.01 (n=22)[b]	0.46 (n=30)	0.12 (n=3)
Average FTE for Strategic Plan Projects per Staff	0.33 (n=22)	0.21 (n=30)	0.10 (n=3)

Note: Base excludes respondents who did not provide valid responses or who did not verify that their organization conducts Strategic Plan Projects; also excludes two outliers who indicated that they had 15 and 20 staff with 10 and 19 FTEs, respectively.
[a] Does not include member governments that receive direct funds from the IOUs.
[b] Indicates a significant difference at the 90% confidence level.

6.3   Services Offered by the IOUs to Help the LGP Implementers

The Consultant Team asked the LGP Implementers about the specific services that they receive from IOUs in support of the Strategic Plan Projects and broader LGP activities. According to LGP Implementers, the most frequent services received included best practices sharing, subject matter expertise, and marketing and outreach materials (Table 33).

Table 33. Services Offered by the IOUs to the LGP Implementers

Services the IOUs Provide to LGP Implementers	LGP Implementers (n=29)
"Aside from funding, what services, if any, does IOU provide to help your LGP conduct LGP activities/conduct Strategic Plan Project activities?" (Multiple Response)	
Opportunities to share best practices with other local governments	22
Subject matter expertise	21
Marketing and outreach materials	21
Technical support for conducting projects	19
Access to contracted resources (i.e., contractors)	17
Additional internal staff resources	15
Internal staff training/skill-building	14
Technical support for procurement	8
Software or similar tools	7
Other	3
"How important are these additional services to your LGP's ability to conduct LGP activities/conduct Strategic Plan Project activities?" (0–10 scale, where 0 is "not at all important" and 10 is "extremely important")	
Average Importance Score and (standard deviation)	8.5 (1.4) (n=28)[a]

Note: This table includes LGP Implementers with and without Strategic Plan Projects. For the 25 LGP Implementers with Strategic Plan Projects, the services remain in the same order and the importance value is indistinguishable.
[a] Average excludes one person who indicated he received no services from the IOUs.

The most common service that LGP Implementers mentioned, sharing best practices, is in part delivered through the Statewide Energy Efficiency Collaborative (SEEC). The SEEC holds an annual forum and offers several resources, tools, and workshops to support LGs' climate and energy projects.

Other services, such as providing subject matter and technical expertise, appear to address barriers to completing projects. As noted in Section 5.3, organizations that have not yet completed or will not complete their Strategic Plan Projects more frequently encounter barriers due to insufficient subject matter expertise and technical skills. This suggests that these are particularly large barriers to completing Strategic Plan Projects. Given that providing subject matter and technical expertise are the second and fourth most common IOU services, respectively, the IOUs appear to have aligned their services with the greatest needs.

Note, however, that even when LGP Implementers ask for support, the IOUs do not always provide it or have the needed experts. Those that lack technical advice spend time and effort trying to find outside expertise.

LGP Implementers felt that the services received from the IOU are important, and gave an average score of 8.5 on a 0–10 scale, where 10 is extremely important.

6.4   Services Offered by the LGP Implementers to Help Their Member Governments

The LGP Implementers also provide services to their member governments. According to member governments, the most frequent services received included subject matter expertise and technical support for conducting Strategic Plan Projects, followed closely by opportunities to share best practices with other LGs (Table 34). These services are similar to those that IOUs provide LGP Implementers.

Table 34. Services Offered by the LGP Implementers to Members

Services LGP Implementers Provide to Members	Mentions by Members (n=67) (Multiple Response)
"Aside from funding, what services, if any, does your LGP provide to help you to conduct LGP activities/conduct Strategic Plan project activities?"	
Subject matter expertise	53
Technical support for conducting projects	49
Opportunities to share best practices with other local governments	42
Marketing and outreach materials	35
Access to contracted resources (i.e., contractors)	24
Internal staff training/skill-building	23
Additional internal staff resources	20
Technical support for procurement	16
Software or similar tools	11
Other	4
None	3
"How important are these additional services to your organizations ability to conduct LGP activities/conduct Strategic Plan Project activities?" (0–10 scale, where 0 is "not at all important" and 10 is "extremely important")	
Average Importance Score and (standard deviation)	7.7 (2.0) (n=63)

About one-third of the respondents (22) provided additional information within the survey to explain why the LGP Implementer services were important. Of these, 17 (77%) mentioned that they had limited staff. For example, one respondent indicated, "*As a small community with very limited staff resources, [City] would have been unable to complete its Energy Action Plan, or begin implementing it, without the additional services provided by [the LGP Implementer]*".

6.5   Frequency of Communications between the IOU and the LGP Implementer and between the LGP Implementer and Member Governments

Among the IOUs, PG&E appears to have the most frequent communication with the LGP Implementers. When asked specifically about the frequency of communication, respondents reported PG&E communicates more frequently with its LGP Implementers than other IOUs (see Table 35).

Table 35. LGP Implementer and IOU Communication Frequency

Communication Frequency		All Types of Communication (Phone, Email, In-Person)					Percent of All Responses
		PG&E	SCE	SCG	SDG&E	All LGP Implementers	
More Frequent ⬇ Less Frequent	Multiple times per week	20	11	2	4	37	29%
	Once per week	10	4	3	2	19	15%
	Multiple times per month	5	11	5	3	24	19%
	Once per month	3	12	14	0	29	23%
	Less than once per month	0	4	7	0	11	9%
	During quarterly or bi-annual LGP meetings	1	0	5	0	6	5%
Total Number of Responses[a]		39	42	36	9	126	–
Number of Respondents		13	14	12	3	42	–

[a] Total number of responses includes communication across modes (phone, e-mail, in-person) for each IOU. Each implementer represents up to nine interactions because they were asked how often they communicate for each of the three modes, for up to three IOUs. In addition, the same implementer may communicate differently with SCE and SCG if they have contracts with the two IOUs.
Note: Gray box indicates highest percent of responses.

LGP Implementers, on the other hand, communicate relatively often, but they tend to communicate less often with their member governments who undertake Strategic Plan Projects than they do with the IOUs, as shown in.Table 36.

Table 36. Frequency of Communication regarding Strategic Plan Projects between LGP Implementers and Member Governments

Communication Frequency		Types of Communication (n=50 each)			All Types (n=150)	Percent of All Types
		Phone	Email	In-Person		
More Frequent ⬇ Less Frequent	Multiple times per week	1	1	0	2	1%
	Once per week	2	4	0	6	4%
	Multiple times per month	6	15	1	22	15%
	Once per month	14	7	7	28	19%
	Less than once per month	16	12	14	42	28%
	During quarterly or bi-annual LGP meetings	6	3	17	26	17%
	Never	1	2	5	8	3%
	Don't know	4	6	6	16	11%
Total		50	50	50	150	–

Note: Percentages do not add to 100% due to rounding.
Note: Gray box indicates highest percent of responses.

6.6   LGP Implementer Satisfaction with IOU Processes

Through the in-depth interviews early in the study research process, the Consultant Team learned that the LGP Implementers tend to have a strong relationship with their point of contact within the IOU, regardless of their location. Some noted that the strength of the relationship is somewhat driven by the personality and approach of the current contact. Further, LGP Implementers mentioned that LGP Implementer staff tends to have longer tenure than their IOU counterparts in their respective positions.

While the overall relationships appear strong, the LGP Implementers did note that they had some issues with the "IOU" (in a more generic sense) related to finding and using resources or guidance apart from those provided by their point of contact (i.e., technical services). They also mentioned an inability to obtain data in a timely manner and bureaucratic processes. The preliminary findings are further substantiated by our Internet survey efforts.

LGP Implementers' overall satisfaction with their IOU is moderate to high. The Consultant Team asked 29 LGP Implementers contacted about their satisfaction with the IOUs. This question included the following elements: satisfaction with the relationship overall, with the frequency of communications, and with the IOUs' support for capacity building. Average satisfaction with the overall relationship was 8.1 (generally high on a 0–10 scale). LGP Implementers were also satisfied with the <u>frequency</u> of communications. Notably, LGP Implementers who worked with PG&E gave much higher scores compared to those working with SCE (9.2 compared to 7.6, see Table 37).

Note that in most cases the number of responses was too small to provide any meaningful statistical analysis by IOU.

Table 37. Satisfaction with IOUs

"Using a rating scale of 0 to 10 where 0 is 'very dissatisfied' and 10 is 'very satisfied,' how satisfied are you with…."	All LGP Implementers (n=29)[a]
Overall relationship with the IOUs Mean and (standard deviation)	8.1 (2.1)
Specific Component Satisfaction	
The frequency of communication with partner IOU/IOUs? Mean and (standard deviation)	8.3[b] (2.1)
The capacity building provided by partner IOU/IOUs? Mean and (standard deviation)	7.2 (2.5)

[a] One respondent stated "Not Applicable" to the above satisfaction questions. This person is not included in the averages.
[b] The Consultant Team found a significant difference at the 90% confidence level between the satisfaction of PG&E-administered LGP Implementers (9.2 out of 10) and SCE-administered LGP Implementers (7.6 out of 10)

Asked why they gave these ratings, LGP Implementers responded that they want additional opportunities for communication and sharing of best practices. (Note that the sharing of best practices is one of the services most often provided by IOUs.) According to one respondent, "*It is apparent that LGPs are very 'siloed' at the utility level; i.e., it can be difficult to motivate the utility to sponsor cross-partnership channels of communication. It is unclear why there is not more regular sharing of best practices.*"

6.7 Member Government Satisfaction with LGP Implementer Processes

Member governments provided similar scores regarding their satisfaction with LGP Implementer processes (see Table 38).

Table 38. Satisfaction of Member Governments with their LGP Implementer

"Using a rating scale of 0 to 10 where 0 is 'very dissatisfied' and 10 is 'very satisfied,' how satisfied are you with…."	Member Governments
Your relationship with your LGP Implementer? (n=65) Mean and (standard deviation)	**8.3** (1.9)
Specific Component Satisfaction	
The capacity building provided by your LGP Implementer? (n=58) Mean and (standard deviation)	7.7 (2.1)
The work product (e.g., CAP, EAP) provided by your LGP Implementer? (n=62) Mean and (standard deviation)	7.9 (1.8)
The frequency of communication with your LGP Implementer? (n=66) Mean and (standard deviation)	7.8 (2.0)

Note: LGP Implementers may be very involved with helping the member government create a CAP or EAP (i.e., the work product). In addition, these data are from all member governments. For those member governments that were involved with Strategic Plan Projects, the results are indistinguishable from data in the table.

6.8 LGP Implementer Suggestions for Improvements

While LGP Implementers were generally satisfied with their relationship with the IOU, a little more than half (15 out of 25) had suggestions on ways that the IOUs could improve their support (Table 39). Typically, their suggestions involved more resources and support, data access, and communication from the IOUs.

Specific examples included *"IOUs could provide more internal staff expertise in some areas of strategic planning, than they do"* and *"more one-on-one training opportunities to learn the tools that SEEC has made available."* One respondent indicated that more IOU communication on other activities by the IOUs that support CEESP-related activities would be beneficial. *"For example, the Energy Code ACE program[28] was kept under wraps, but knowing about that program concept would have allowed us to utilize [Strategic Plan Project] funds and resources on other items if we had known such a project was in the works."*

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[28] The Energy Code Ace website is developed and provided by the California Statewide Codes & Standards Program, which offers free energy code training, tools, and resources for those who need to understand and meet the requirements of Title 24, Part 6. http://energycodeace.com/content/about/.

Table 39. Suggestions for how IOUs Could Better Support LGP Implementers
in Conducting Strategic Plan Projects

Suggestions	Percentage of LGP Implementers (Multiple Response: n=25)[a]
No suggestions	10
Additional Resources/Support	
More funding	6
More technical support/training	2
More staff resources	1
More/Better Data Access	
Increased data access	2
Access to better data	1
Streamlined access to data	1
More/Better Communication	
Regular updates on all LGP activities	1
More transparency of IOU activities	1
More transparency in decision-making processes	1
Other Suggestions	
Expedite project approval process	2
More flexibility in measures/rebates LGP Implementers can offer	1
More flexibility in project activities	1
Longer-term contracts	1
Less staff turnover at IOUs	1
Other	1

[a] Does not include four LGP Implementers that do not conduct Strategic Plan Projects.

Some LGP Implementers also indicated that they need more support from the CPUC. One LGP Implementer commented on the contracting periods with a desire to see additional certainty of future funding and a preference to align the CPUC funding cycle with their local government fiscal period. This LGP implementer stated: "*the CPUC decision ordered that programs be continued until 2015 or until CPUC releases new policies to apply for new programs … as [local governments], we cannot commit to longer term strategic planning until there are contracts (or similar commitments) provided that show we will have an LGP after 12/31/2015. There is a tremendous administrative time commitment to continuously work on short term contracts that function on a different time period than government fiscal years.*" Appendix B includes additional feedback on LGP Implementer interactions with the CPUC.

6.9   Summary of IOU Administration and Management

The Consultant Team reviewed the survey data to determine whether the IOU administrative structure is "sufficient, beneficial, equitable, and well implemented."

■ **The IOU administrative structure is beneficial but not sufficient.** The IOUs are providing technical assistance and resources that are aligned with mitigating against the barriers encountered for completing Strategic Plan Projects. But two LGP Implementers indicated that they were not able to obtain the specific type of support they sought for their projects. This usually concerned expertise in

specific technical areas, such as ZNE or agriculture. That is, while the IOUs may have some knowledge, they did not have a dedicated expert from whom the LGP Implementers could receive needed guidance. Thus, they sought this expertise elsewhere. While the LGP Implementers reported eventually receiving guidance through these external experts, obtaining that help forced them to shift their focus, and funds, away from project execution.

- ◼ **The IOUs overall provide quality oversight of the Strategic Plan Projects with some room for improvement.** LGP Implementers are highly satisfied with IOU administration overall, and they felt that the overall level of communication was very good. They were less satisfied, however, with the funding processes (specifically the transparency of the effort) and the IOUs' ability to help with capacity building. Overall, LGP Implementers gave moderate to high satisfaction scores for capacity building services from the IOUs (average score of 7.2 out of 10).

- ◼ **Remaining challenges to successfully completing Strategic Plan Projects include access to data.** Specifically, many Strategic Plan Projects required data support from the IOUs (to complete GHG inventories or benchmarking, for example). However, obtaining the required data often required months, further consuming what time was available to complete the project; this made it difficult for LGP Implementers' to provide their consultants certain information about project cycles, funding, contracts, and requested data, leading to the consultant not committing to a project.

7.   Conclusions and Recommendations

7.1   Conclusions

Since 2010, California has invested about $40 million in 371 Strategic Plan Projects. The IOUs fund close to 80% of these projects through LGP Implementers. SCE and SDG&E also provided funding directly to LGP Member Governments and Non-Partner LGs, respectively. Upon review of the 2013-2014 round of awarded Strategic Plan Projects, many appear to fit the criteria of being small grant awards that help LGP Implementers initiate projects and ramp up to achieving energy savings within local agency facilities or their communities. It was difficult to determine the exact number that supported these types of efforts, but 40% of the projects are operating under an award amount of under $50,000.

The Consultant Team found that the Strategic Plan Project tracking through the semiannual updates is insufficient for fully understanding the value of these projects. The success criteria reported in the updates primarily focused on activity tracking, rather than metrics that measure value or accomplishments. The available tracking data and survey data together, however, did provide some important findings on the value and effectiveness of the Strategic Plan Projects (discussed below).

The Value of Strategic Plan Projects

Strategic Plan Projects are providing value to California's overall energy efficiency and greenhouse-gas-reduction efforts. LGs indicated that the funding was valuable to help them start projects and ramp up to where they can save energy in local facilities or communities. This funding enabled them to establish trainings, workshops, and policies needed to design programs and projects and get stakeholders on board. As such, activities taken through Strategic Plan Projects are a needed early step in building LG abilities to meet CEESP goals. Additionally, from in-depth interviews with LGP Implementers, it is clear that without this funding they would have taken fewer actions towards meeting California's long-term goals.

While all the Strategic Plan Projects support the broad CEESP goals, some projects do not align with the specific Strategic Plan Menu items. Based on a review of the IOU managed semiannual updates, about 15% of all projects fall outside of the Strategic Plan Menu items, which reflect the guidelines for funding from the CPUC. Because the CPUC required the Strategic Plan Menu to help ensure projects have a clear trajectory towards realizing CEESP goals, this misalignment creates uncertainty about whether all projects are achieving the expected outcomes laid out in the Menu. Alignment was difficult to assess well, though, as the current Strategic Plan Menu data tracking tool (a Microsoft Excel® sheet) has limited information. While there are status updates and metrics, the information is ambiguous and difficult to fully understand. Strategic Plan Projects need to be better tracked to understand their full value.

At the time of this study, projects were not "fully" contributing to CEESP goals because many had not been completed. The Consultant Team interviewed local governments regarding the status of their projects. Of the sampled projects, one-third were complete and many were still in-progress (46%), cancelled (7%), or not yet started (5%).[29] Completed project efforts include workshops, trainings, CAP templates, EAPs, and engagement of LG decision makers, code inspectors, and plan checkers. Organizations that have not completed their Strategic Plan Projects face subject matter expertise and technical skill barriers. These are activities that the IOUs support, but could do a better job of providing as some LGP Implementers indicated they were not able to get the type of support they sought for their projects, typically expertise in specific technical areas such as ZNE or Agriculture.

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[29] The LGs indicated that they would not start 2% or projects and 9% of the LGs did not know the status of the project.

The Effectiveness of IOU Administration

The administrative structure appears to be beneficial and well implemented (according to LGs), although there are still areas for improvement. Survey responses from LGP Implementers suggest that the IOUs provide quality oversight of Strategic Plan Projects. LGP Implementers indicated high satisfaction with their relationship with the IOUs, giving an average score of 8.1 out of 10 (with 10 being "very satisfied"). They were similarly satisfied with the frequency of communication with the IOUs (8.3 average score). LGP Implementers who worked with PG&E gave much higher scores compared to those working with SCE (9.2 compared to 7.6), but there was no clear evidence to indicate why this utility was different from other IOUs.

LGP Implementers felt that IOU support services are important to conducting Strategic Plan Projects (8.5 average score, where 10 is "extremely important"). IOU services target the greatest needs, although not as effectively as desired by the LGP Implementers. The second and fourth most common IOU service provided to the LGP Implementers align with barriers of having sufficient subject-matter expertise and technical support, which the Consultant Team noted previously are areas of improvement.

The LGs specifically mentioned a desire to better understand the Strategic Plan Project funding process and criteria. Three SCE LGP Implementers also mentioned that the SCE funding process was long and difficult.

Data access was also a challenge for the LGP Implementers. Many Strategic Plan Projects required data support from the IOUs but obtaining the required data often took months. These delays reduced the amount of time available to complete projects and made it difficult for LGP Implementers' to provide their consultants certain information about project cycles, funding, contracts, and requested data, leading to the consultant not committing to a project.

In addition, there remains room for improvement in communication with and providing data to the LGP Implementers. The IOUs are less effective in providing broad types of information to the LGP Implementers as the LGP Implementers suggested they would like to know more about other IOU efforts that support CEESP-related activities. LGP Implementers were also interested in additional opportunities for sharing of best practices.

There is no evidence that IOU program administration affected LGs' ability to meet Strategic Plan goals. The quantitative data did not support any comparisons across IOUs (given the small sample sizes).

CPUC Policy Questions around Funding and Award of Strategic Plan Projects

To guide future policy decisions, the Energy Division of the CPUC sought to better understand whether prior energy efficiency program performance—such as an energy efficiency savings threshold or the adoption of related enabling policy language—should be used as a prerequisite to making Strategic Plan Projects funds available to LGs. Using prior performance as a prerequisite to funding does not always make sense. LGP Implementers indicated that the funding was valuable to help them start projects and ramp up to where they can save energy in local facilities or communities. This funding enabled them to establish trainings, workshops, and policies that they needed to design programs and projects and get stakeholders on board. As such, this is an early step in building LG abilities to meet CEESP goals. Because much of the funding (46%) supports these key early efforts (i.e., projects within Goals 2 and 3), it does not make sense to use prior performance as a prerequisite to funding in all cases. For those organizations that commonly participate, past performance could be considered. It is worth noting, too, that several SCE projects funded in the 2013–2014 cycle built on incomplete work from the previous cycle. Only 33% of activities from 2013–2014 program cycle have been completed, so the timing of projects appears to span more than one cycle.

Additionally, the CPUC was interested to learn whether any data pointed to the ability to predict which LGP Implementer would make good use of the Strategic Plan Projects funds and successfully complete projects.

With the current information, it is not possible to develop a predictive tool that ties past success and present experience to prospects for project outcome. This is due in part to the small number of projects completed as of the date of this study, as well as the quality and completeness of the data provided on these projects.

7.2 Recommendations

There are several specific recommendations based on the report findings.

Improvements to Enhance the Funding Award Process

- **The CPUC and IOUs should strengthen the language in the Strategic Plan Menu and more clearly define the types of activities that are appropriate for Strategic Plan Project funding.** The current definitions are not always clear about the activities that qualify as supporting the Strategic Plan. Additionally, the Menu includes both a short and long label. Small changes to the shorter labels may facilitate categorization of projects in the future.

- **The CPUC should consider discontinuing the competitive solicitation requirement that triggers the request for proposals (RFP) procurement process for Strategic Plan Projects under SCE, and to a lesser extent, SDG&E.** The report findings suggest that the process is onerous and costly and adds considerable time to the process with little added benefit demonstrated. The SDG&E procurement process was a small component of this research and the Consultant Team did not look deeply into it. However, if the CPUC removes the RFP process for SCE, there is no need for SDG&E to continue this process either. This recommendation ties in with the strengthening of the Strategic Plan Menu language. If the language is sufficiently detailed, then the need for the added oversight of the competitive solicitations is reduced.

- **The IOUs should increase transparency of the funding process for Strategic Plan Projects.** The LGs specifically mentioned this recommendation. Options to improve the timely flow of information to the LGs might include:

  - Adapting existing forms of communication (or any newly created mechanisms such as an e-mail blast) to include specific dates for when the next round of Strategic Plan Projects will be occurring.

  - Creating a simple flowchart that shows the specific steps within the funding process and approximate time within each stage.

  - Updating the flowchart on a regular basis (such as monthly) when in a new funding cycle, to show the completed steps and show which organization is currently taking action. Identify when the organization expects to complete the next step. This update should include vital status information such as Strategic Plan Project funding award timelines, milestones, and responsible parties to identify completed and next-steps and to make it clear which party is responsible for keeping the process moving. This information should be publicly accessible.

Improvements to Enhance the Effectiveness of IOU Administration

- **The IOUs should find ways to connect local governments to additional technical resources within the IOUs.** The largest barriers to Strategic Plan Project completion are 1) a lack of subject-matter expertise, and 2) technical support for projects. While the IOUs generally provide this service directly to LGs, there remains an unmet need for greater access to technical staff and resources.

- **The IOUs should improve communication with LGP Implementers around broad topics.** This may include creating a mechanism (such as an e-mail blast) that provides information regarding related IOU efforts that support CEESP-related activities. In addition, the IOUs should document best practices

at an LGP Implementer to share with other LGs. (We note that California has a Statewide Local Government Energy Efficiency Best Practices Coordinator. Since LGP implementers requested this type of information, they may be unaware of the available information from this coordinator or the information provided is insufficient.)

■ **The IOUs should determine a process to overcome the noted data transfer challenges.** This would help facilitate the transfer of information when the local governments request customer usage data in support of Strategic Plan Projects.

Improvements to Better Track and Understand the Value of Strategic Plan Projects

■ **The IOUs should improve reporting practices in the semiannual updates.** The IOUs should work with the CPUC and their LGP Implementers to determine better labeling, tracking, and reporting for the Strategic Plan Projects. Improvements to the semiannual update will facilitate analysis and on-going oversight with a reduced time commitment. Specifically, it will be important to clearly document the value of the projects, in addition to counts of activities.

Some specific improvements for the IOUs and LGP Implementers to consider are as follows.

■ Ensure that the LGP Implementers do not create duplicate line items when updating the report. (The Consultant Team found 18 duplicate items.)

■ Match projects directly with funding assigned. Some Strategic Plan Projects have multiple line items according to their activities, but note that are all part of a single budget. This separation may be beneficial to allow each activity to align with a single Strategic Plan Menu item, but then each activity should have an associated project budget.

■ Add expenditures-to-date as a required metric. This would help determine if the accomplishments of projects are on-track with the costs. This would improve the transparency and accountability of Strategic Plan Project spending.

■ Ensure that the "Project Description" field aligns with tracking information such as the "Deliverable/Metric", "Goal", and "Accomplished to Date" fields. In some cases, it appears that the LGP Implementers need to update these fields to reflect current activities.

The IOUs are currently undertaking a process evaluation of the Strategic Plan Projects. The Consultant Team recommends that the process evaluation explore these areas in more detail.

Appendix A. Potential Future Research Questions

As is typical for evaluation, inquiry often uncovers additional and unexpected questions. This study brought up several policy questions outside the scope of the planned research. The questions fell loosely into two categories – questions about Strategic Plan Projects and questions about Local Government Partnership program design. Below are the questions that arose from the current study for reference in potential future research.

Strategic Plan Projects

1. Are consequences or penalties for Strategic Plan Project failure appropriate?

2. Does using Strategic Plan Projects as an incentive to advance to a higher tier of energy savings payments and partner ranking put pressure on LGs to take on projects prematurely?

3. Would a local agency funding match to put skin in the game be appropriate?

4. How can Strategic Plan Projects continue to serve both as vehicle for small grants and large innovative pilots, and should pilots funding require a higher level of proficiency and experience?

5. Would pilots would be advisable without an RFP?

6. What should replace the RFP process and would SCE fair well without a competitive solicitation call for projects?

7. If the Strategic Plan Menu is updated, does the change decrease the number of funded projects that appear to be outside of the menu items?

8. How much flexibility is there in allowing LGs to change their selected SP activity based on changed city priorities?

9. How do misaligned projects move forward and is there flexibility where LG need is identified?

LGPs Program Design

10. Is it appropriate to make Strategic Plan Projects available to non-partner LGs?

11. Are non-resource program projects inherent to Strategic Plan Projects (addressing indirect savings, climate change, and data management among others) as important or inferior to achieving direct energy savings?

12. Do IOUs which treat their LGPs as non-resource programs (SDG&E and SoCalGas) enjoy any competitive advantage to advancing and funding Strategic Plan Projects?

Appendix B. Satisfaction with the CPUC

Energy Division Satisfaction

The LGP Implementers are moderately satisfied with the Energy Division's activities to support LG efforts. While there are differences in the values shown in Table 40, none is statistically different (meaning that the Consultant Team cannot be confident that these are actual differences in the population).

Table 40. LGP Implementer Satisfaction with Energy Division Activities by Level of Engagement with CPUC Activities

	Level of Engagement with CPUC Activities				
	Satisfaction by Level of Engagement with CPUC Activities				Satisfaction
"Please indicate your level of satisfaction with various factors"	Not Engaged (n=2)	Somewhat Engaged (n=7)	Moderately Engaged (n=9)	Very Engaged (n=11)	All LGP Implementers (n=29)
Average Scores: 0–10 scale, where 0 is "not at all satisfied" and 10 is "very satisfied" and (standard deviation)					
CPUC oversight of the IOUs' LGPs	10.0	5.6	6.1	6.6	6.1 (2.5)
Energy Division staff efforts to raise the profile of LGPs within the California energy efficiency community and the CPUC	3.0	5.6	5.4	7.2	6.0 (2.5)
The frequency of communication offered by Energy Division staff as it pertains to supporting the efforts of the LGPs	3.0	4.9	5.6	7.4	5.9 (2.4)
Energy Division staff efforts to promote a transparent process	5.0	5.1	6.2	6.4	5.9 (2.2)

About half of the LGP Implementers believe that the Energy Division is moving in the right direction.

Table 41. LGP Implementers' Opinion of Energy Division Support by Level of Engagement with CPUC Activities

"Which best describes the support that the Energy Division of the CPUC provides to help local governments achieve their energy efficiency and climate change goals?"	Level of Engagement with CPUC Activities				
	Not Engaged	Somewhat Engaged	Moderately Engaged	Very Engaged	All LGP Implementers
They are moving in the right direction	1	3	3	7	14
There has been no change	0	2	2	3	7
They are moving in the wrong direction	1	0	2	1	4
Don't know	0	2	2	0	4
Total	2	7	9	11	29

Volume II has thirteen supplemental appendices which are:

- **Appendix C**: Findings by Research Question
- **Appendix D**: Stakeholder Comments on Draft Report and Evaluator Responses
- **Appendix E:** List of Local Government Partnerships
- **Appendix F:** Description of Local Government Partnerships
- **Appendix G:** List of All Surveyed Organizations
- **Appendix H**: Strategic Plan Project Descriptions, Goals, and Budgets
- **Appendix I:** Bibliography of Materials Reviewed
- **Appendix J**: Excerpts from Past CPUC Decisions Relevant to LGPs
- **Appendix K:** IOU Staff Interview Guide
- **Appendix L:** LGP Implementer Staff Interview Guide
- **Appendix M:** LGP Survey Data Collection Instrument
- **Appendix N:** LGP Survey Disposition
- **Appendix O**: LGP Survey Banner Table (Frequencies)