Response to Recommendations (RTR) in Impact, Process, and Market Assessment Studies

Study Title: Assessment of Local Government Partnerships CPUC Contract Group B: Deliverable 22A Year 3 Study
Program: Local Government Partnerships
Author: Opinion Dynamics / Tierra
Calmac ID: CPU00355.01
ED WO: 17PS5017
Link to Report: Group_B_LGP_YR_3_Assessment_Final_Report_2023-04-26.pdf (calmac.org)

MANAGEMENT APPROVAL AFTER REVIEWING ALL IOU RESPONSES		
	Name	Date
PG&E	Michelle van Tijen, Manager	July 5, 2023

					PG&E (if applicable)	
Item #	**Page #**	**Findings**	**Best Practice / Recommendations (Verbatim from Final Report)**	**Recommendation Recipient**	**Disposition**	**Disposition Notes**
				If incorrect, please indicate and redirect in notes.	Choose: Accepted, Rejected, or Other	Examples: Describe specific program change, give reason for rejection, or indicate that it's under further review.
1	69	Based on the non-resource data tracking and reporting assessment of select LGPs' non-resource activity data, the evaluation team saw improvements in the quality and completeness of the non-resource program data provided by the IOUs compared to the Year 1 and 2 studies, with many of the datasets containing fields mergeable with CPUC resource databases (e.g., contact name, address, phone number, email). The organization of the data was also improved, with the IOUs primarily providing the non-resource data via Excel workbooks rather than text documents (e.g., PDFs). However, the quantity of data provided continued to be quite low compared to the wide range of non-resource activities these LGPs conduct. The evaluation team finds the current non-resource tracking data does not fully reflect the full range of services and value being delivered by these programs.	The evaluation team reiterates our previous recommendation from the Year 2 study, which is even more important now that all PAs', including IOUs', non-resource data will be more heavily scrutinized through the new market support and equity metrics and targets. The transition away from the old model of LGPs and into new third-party implemented public sector programs should be leveraged to improve non-resource data collection protocols and reporting. Newly selected public sector implementers, especially those running market support and equity programs, should adopt processes that facilitate the collection of non-resource participant information including, at a minimum, tracking customer names, phone numbers, email addresses, service addresses, dates of participation in the non-resource activity, and type of non-resource activity participated in (e.g., audit, technical assistance, benchmarking, etc.). We also recommend the collection of any associated customer IDs used by the IOUs in their data-tracking systems. As data quality and completeness improve, evaluators can more fully capture the attributable energy savings from non-resource activities. Analysis of this sort will go far to demonstrate to the CPUC the benefits of formerly non-resource activities and is necessary for tracking market support and equity targets in an evaluable way. Additionally, we recommend designing data systems to track market support and equity participants over a multi-year time frame to better understand how ongoing engagement with LGPs drives program participation. This is especially important in the public sector, as these projects typically take longer to install than similar projects in the commercial sector.	PG&E	Accepted	Since the evaluation began, partnerships updated KPIs in their recent contract change order to better reflect the value of their work. Some partnerships are also tracking indicators (e.g. KPIs with no target) to better understand what should be collected and tracked in the future. We have also implemented annual breakouts of metrics.

					PG&E (if applicable)	
Item #	Page #	Findings	Best Practice / Recommendations (Verbatim from Final Report)	Recommendation Recipient	Disposition	Disposition Notes
2	69	In the beginning of 2021, PG&E completed custom dashboards within their IOU-centric and standardized Customer Relationship Management (CRM) platform, Energy Insight, for each LGP as well as a cumulative dashboard to show the portion of resource acquisition from leads developed and nurtured from LGP support and activities PG&E's LGPs are now required to report leads from their non-resource activities into their Energy Insight database. The recently built dashboard is capable of tracking how much resource acquisition activity is coming from leads that were developed and nurtured from LGPs non-resource activities. This is in addition to the LGP implementing partner's independent systems. Although a limited set of PG&E LGPs had non-resource data for us to assess in this study, the evaluation team expects these significant and standardized improvements to data collection and reporting will be able to be captured in any future assessments of PG&E non-resource data. The evaluation team is pleased to report that these new systematic changes appear to make significant progress on many of our Year 2 study recommendations, including (1) recommending the IOUs leverage the transition to third-party implementation to improve non-resource data collection protocols and reporting, (2) improving data quality and completeness, and (3) designing data systems to track non-resource participants over a multi-year timeframe to better understand how ongoing engagement with LGPs drives program participation.	PG&E should continue to refine their Energy Insight platform and the data collection protocols they have put in place. Once they have been able to collect a full year or two of data within the system, an evaluation of their process and data tracking should be conducted to distill insights for non-LGP public sector programs as well as other IOUs' market support and equity programs. In the meantime, other IOUs with public sector non-resource programs should pursue the development of similar platforms and protocols to improve the accuracy of matching non-resource and resource databases, as well as tracking key performance indicators.	PG&E	Accepted	No notes.
3	70	The majority of the LGP portfolio has consolidated into new regional programs that serve all types of public agencies and cover the entirety of each IOU's service territory, except for PG&E's revamped portfolio of third-party LGP programs. Based on the evaluation team's IOU interviews, the leading reasons for these changes were the difficulty of meeting cost-effectiveness thresholds and the desire to refresh the LGP model, which had seen minimal change since its inception in the early 2000s. This portfolio of new public sector programs replacing the old model of LGPs consists of a blend of resource acquisition, market support, and equity segmented programs. PG&E and SCG's LGP and LGP-like programs are designated as market support, while SCE and SDG&E's LGP-like programs are designated as resource acquisition. SCE also has proposed a Public Equity Program designated as an equity offering. This regional structure does not require local governments to be under contract with a specific LGP in order to participate in program offerings that target the public sector. This is a departure from the standard LGP program offerings operating since 2006, such as the PG&E's Energy Watch or SCE's Energy Leader programs that required a local government to sign up with a specific program. The intent of this 'open'	We agree that the new regional programs should increase participation by local governments in EE, including jurisdictions that never participated in the previous LGP programs. However, we also recommend that these new regional programs ensure that their regional offerings do not inadvertently dilute activities that build and maintain trust with local governments, but which do not directly or immediately lead to EE projects. As our interviews with implementing partners found that these types of services, such as offering easily accessible EE technical and planning support specific to the local community, go a long way in establishing the credibility of the program as one that local governments can rely on, which overtime creates a natural project pipeline for new EE project opportunities.	PG&E	Accepted	No notes.

Item #	Page #	Findings	Best Practice / Recommendations (Verbatim from Final Report)	Recommendation Recipient	PG&E (if applicable) Disposition	Disposition Notes
		regional design is to eliminate barriers, such as administrative costs and potential limitations imposed by needing to comply with a standard program design that doesn't fit local needs.				
4	70	The evaluation team finds the IOUs have done a good job laying out their initial segmentation strategies and metrics in their business plan filings for their LGP and LGP-like programs. Additionally, during in-depth interviews each of IOUs discussed their ongoing efforts to update and strengthen their data collection protocols and practices to ensure they can capture the required baselines to set segmentation metric targets and report on their resource acquisition, market support and equity metrics by 2024. PG&E has established a set of standardized key performance indicators across their partnerships, but each individual LGP has different targets based on their community's unique needs. Since SCE's Local Public Sector Program and SDG&E's Local Government Customers Program will be resource acquisition programs, they are heavily leveraging their existing resource data collection and tracking processes for these programs, which are more advanced than previous LGP non-resource data tracking given their frequent use in reporting. SCG staff reported that the development of their segmentation metrics revealed the degree to which their LGP tracking varied across their implementers and are now actively working to standardize tracking across their Regional Energy Pathways program managers, to ensure they are accurately capturing the full span of market support activities.	SCG's Regional Energy Pathways program, as well as any other future public sector market support or equity program administrators should consider collaborating with PG&E and mimicking their key performance indicator data collection practices and reporting dashboard. Key features of PG&E's Energy Insight that should be considered for adoption by other program administrators include the capability to request utility data for customers directly through Energy Insight, the ability to chat directly with the technical reviewer of a potential project, and the provision of a detailed log of past and active projects, including active project records and financing records, which can be reviewed in real time. Program administrators must also pair these improved dashboard capabilities with requirements for implementing partners to at a minimum enter leads from market support activities, as this enables the tracking of leads from initial market support activity through to installation.	SCG	Other	Recommendation is geared towards SCG's Regional Energy Pathways program. PG&E is happy to collaborate with SCG or other future public sector market support or equity program administrators to share best practices in this area.
5	71	Based on our interviews with implementing partners throughout the last three LGP studies, it has become apparent that the commercial programs, which historically served municipalities, were unable to fully serve their unique needs. There is a gap in coverage for these customers due to a variety of reasons including, but not limited to: • Extended contracting processes, including longer timeframes for completion of inspections and verification, that result in longer EE project time horizons. • Understaffed municipalities lack the capacity to engage in the process of identifying the right EE measures, programs and rebates within their agency's capital planning cycle. • Higher price points in the municipal sector than the commercial sector due to prevailing wage requirements, union contracts, public procurement process requiring larger contracts resulting in the grouping of multiple measures, and additional oversight and transaction costs. • Travel distances between rural municipalities and EE	*No recommendation was provided. Per the report, "Note that not all findings have an associated recommendation." (pg. 69).*	PG&E	N/A	No recommendation was provided. Per the report, "Note that not all findings have an associated recommendation." (pg. 69).

Item #	Page #	Findings	Best Practice / Recommendations (Verbatim from Final Report)	Recommendation Recipient	PG&E (if applicable) Disposition	PG&E (if applicable) Disposition Notes
		implementers, which reduces access by often requiring the municipality to group multiple site visits and/or projects to make it cost-effective for the implementer.				
6	71	Based on our in-depth interviews with implementing partners, the evaluation team identified several best practices and lessons learned that are broadly applicable to both LGPs as well as other public sector programs, including: • The value of LGPs goes far beyond channeling non-resource customers into resource acquisition programs and this value is not always captured in the data. The primary value proposition is having someone knowledgeable about the EE portfolio, who works at or with a public agency and help them navigate the complex and often siloed energy marketplace as well as helping them overcome the many unique problems that emerge along the path to project completion. • The key to successfully converting projects in the public sector is taking a long-term perspective. Projects originate from the time spent building and maintaining relationships with public agencies. Credibility with public agencies is the currency LGPs use to convince these agencies to pursue EE opportunities. • Although the CPUC definition of hard-to-reach (HTR) does not currently apply to the public sector, counties that meet the hard-to-reach geography criteria4 face significant barriers to getting municipal projects completed. In these rural areas it takes more effort to identify the right trade professionals and third-party implementers for each project. It is not uncommon for the initial meetings to go well but end in the contractor backing out a few steps into the process because of logistical challenges. It often falls on the LGP to find the right match between a municipal project and trade professional capable and willing to perform the audit or upgrade. The LGP must also assemble a compelling value proposition for both parties to make the project work. • Local governments are increasingly looking for fuel substitution measures to help them hit their climate targets. This has led to the Government and K–12 resource acquisition program being popular for municipalities, especially their direct install gas water heater replacement option. Expanding the menu of fuel substitution options is a highly requested feature of the program by LGPs.	*No recommendation was provided. Per the report, "Note that not all findings have an associated recommendation." (pg. 69).*	PG&E	N/A	No recommendation was provided. Per the report, "Note that not all findings have an associated recommendation." (pg. 69).
7	72	Our funding analysis of locally focused programs shows that residents and businesses in counties with warmer climate zones pay more in public purpose program funds (PPP) than constituents in cooler climate zones primarily	*No recommendation was provided. Per the report, "Note that not all findings have an associated recommendation." (pg. 69).*	PG&E	N/A	No recommendation was provided. Per the report, "Note that not all findings have an associated recommendation." (pg. 69).

Item #	Page #	Findings	Best Practice / Recommendations (Verbatim from Final Report)	Recommendation Recipient	PG&E (if applicable) Disposition	Disposition Notes
		because they use more energy and air conditioning as confirmed by California's 2019 residential appliance saturation study. For example, our analysis shows that in recent years Fresno County has 2,026 annual cooling degree days (CDD) and residents in that county pay roughly $58 per capita in PPP funds for residential electricity usage. In contrast, Monterrey County has 519 CDD annually and residents there pay roughly $32 per capita in public purpose funds for residential electricity use during this same timeframe. Most of California's warmer counties are located in the Central Valley and these counties also tend to have higher poverty rates. For example, 46.3% of households in Fresno County, located in the Central Valley, are eligible for California's Alternative Rate for Energy (CARE), compared to 35.5% of Monterrey County households, a coastal county. How PPP funds are remitted to these counties may be a useful indicator of how these funds are addressing equity issues. Consider that direct installation programs often target low-income residents or hard to reach businesses, and energy savings and PPP funds paid for direct installation labor costs can be determined from data in the California Energy Data and Reporting System (CEDARS). Our analysis of annual data shows that, on average, in recent years Fresno County had per capita gross first year electricity savings of 8.73 kWh through direct installation programs, and PPP funds paid $6.65 per capita for direct install labor cost. This is in contrast with Monterrey County where direct installation programs realized gross first year savings of 1.76 kWh while $1.69 in per capita funding from PPPs was paid for direct install labor cost. This example indicates that a higher poverty area is engaging in more direct installation activity, and that PPP funds are being received to cover additional labor costs. Energy use in these hotter counties will also grow more rapidly over time because of climate change, potentially widening the difference in energy use for HVAC and the economics of how PPP funds are collected and remitted. Continuing our previous example, according to Cal-Adapt, Fresno County will increase from 2,026 CDD in 2020 to 2,503 CDD in 2050, an addition of 477 CDD. In contrast, Monterrey County will increase from 519 CDD in 2020 to 752 CDD in 2050, an addition of 233 CDD or roughly 49% of the increase forecasted for Fresno. Examples of funding metrics that might be useful for tracking progress on equity and market support issues include: • The number of households eligible for CARE compared to average public purpose funds paid per household by residential customers. • Climate change indicators, such as changes in cooling degree days (CDD) or heating degree days (HDD), at the regional, county or city level, compared to HVAC				

Item #	Page #	Findings	Best Practice / Recommendations (Verbatim from Final Report)	Recommendation Recipient	PG&E (if applicable) Disposition	Disposition Notes
		installation savings and end user rebate payment reported in CEDARS. • County (or zip code) level analysis of direct install labor costs paid compared to poverty metrics found in CalEnviroScreen (CES) such as average poverty rates or average of housing burden. • Annual budgets for locally focused programs compared to CARE eligibility or CES poverty measurements occurring within a program's service territory.				