

PUBLIC UTILITIES COMMISSION

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Date: March 27, 2015

To: Southern California Gas Company

From: CPUC Ex Ante Review Staff

Cc: R.12-01-005 and R.13-11-005 Service Lists

Subject: Final 2014 Efficiency Savings and Performance Incentive Ex Ante Review Performance Scores

Pursuant to Decision (D).13-09-023, Commission staff and consultants completed the 2014 Efficiency Savings and Performance Incentive (ESPI) mechanism ex ante review performance scoring as prescribed in Attachments 5 and 7 of D.13-09-023. The scores contained in this memo are final and Southern California Gas Company (SoCalGas) shall use the final total score of 69.5 out of 100 to calculate the 2014 ESPI ex ante review component award. The final score is explained in more detail in Attachment A to this memo.

Attachments B and C of this memo provide the rationale Commission staff and consultants used for the final scoring. Attachment D provides a summary of dispositions issued during the custom projects review process in 2014 and 2013. Overall, Commission staff continues to be encouraged by SoCalGas' ex ante review activities and the improved ex ante review performance score compared to 2013. The quality and completeness of SoCalGas' initial submittals, as well as coordination and collaboration with Commission staff and consultants, have shown significant improvement since the ex ante review performance incentive was put in place. SoCalGas has made concerted efforts to collaborate more fully with Commission staff, particularly on custom projects, and exhibited an increased intention to comply the Commission's ex ante review policies. There is, however, more work to be done to make SoCalGas' ex ante review activities more consistent with Commission policies.

On July 15, 2014, pursuant to D.13-09-023, Commission staff and consultants provided SCG's mid-year feedback on its ex ante activities for 2014. Qualitative feedback was provided per each of the metrics identified in Attachment 7 of D.13-09-023. At that time, Commission staff noted SoCalGas as being proactive in the workpaper activities and was encouraged that SCG proactively approached staff to exchange ideas for future workpaper updates. Staff recognized SoCalGas for being the only utility to submit its post-code update data as an Access data set. It was also noted that the mid-year workpaper assessment was based on a very limited body of work and that staff has not yet performed any Phase 2 reviews on SoCalGas' workpapers.

SoCalGas' custom project activities were good overall. Industry standard practice studies and collaboration and coordination with third party projects appeared to be going well. Staff recognizes that SCG has been incorporating staff guidance into subsequent project submittals and Commission staff was encouraged by this action.

For the 2014 ex ante activities, Commission staff finds the following:

Workpapers:

Commission staff observed continued efforts on the part of SoCalGas to improve their workpaper development processes, increase their analysis and utilization of DEER values and methods, and streamline the ex ante review process. Commission staff is concerned with SoCalGas' use of the work of the other IOUs, particularly the PG&E commercial cooking workpapers, since those workpapers do not include consideration for previously issued direction. SCG is an active participant in the California Technical Forum (CalTF) which Commission staff views as a positive mechanism positioned to contribute valuable additional review of workpapers prior to formal submission for Commission staff review. However, Commission staff notes that the utilities' submissions to the CalTF are not adequately considering previous staff comments and direction on the measures and activities included in those workpapers.

Custom Projects:

With regard to custom project activities, Staff is encouraged overall with SoCalGas' increased intention to comply the Commission's ex ante review policies. .

Although there continues to be improvement, staff reviews indicate that more progress is needed to improve the quality of documentation for project eligibility, early retirement, project and measure baselines, and program influence for projects developed by both internal staff and third party implementers. More due diligence and program changes to improve net results (reduce free ridership) are also important. Staff expects to see more progress in this area. Per Commission decision "[w]e expect the utilities to respond to Commission Staff reviews, not just by accepting altered ex ante values, but by taking steps to change program activities to improve the Net-to-Gross results. We do not expect the utilities to curtail custom measure and project activities due to low gross savings or Net-to-Gross results. They should respond to any such poor results with programmatic changes designed to improve performance."¹ Staff will watch for such expected and directed program rule and design changes in the coming year as the data for 2015 ESPI scoring is compiled.

As can be seen in the tables within Attachment D, over 88% of all custom project reviews in 2014 had issues with 89% of initial dispositions on new projects having issues and 67% of those initial new project dispositions having significant issues. CPUC staff expects SoCalGas to take additional steps to reliably implement the Commission's ex ante policies including robust due diligence but also appropriate program design changes to improve portfolio performance. SoCalGas management should take steps to ensure that the entire utility energy efficiency staff, not just the engineering review activity staff, understands

¹ D.12-05-012 at 61

these expectations and takes action to improve the portfolio performance.

In accordance with D.13-09-023, the IOUs’ ex ante activities are assessed against a set of 10 metrics on a rating scale of 1 to 5. On this scale, 1 is a low score and 5 is a high score. A maximum score will yield 100 points. The 1-5 rating scale is distinguished as follows:

1. Consistent underperformer in meeting the basic Commission expectations;
2. Makes a minimal effort to meet Commission expectations but needs dramatic improvement;
3. Makes effort to meet Commission expectations, however improvement is required;
4. Sometimes exceeds Commission expectations while some improvement is expected; and
5. Consistently exceeds Commission expectations.

SoCalGas’ final ESPI ex ante review points for 2014 are as follows:

Metric	Total Possible	Workpaper	Custom	Total Points
1a	5	2	1.5	3.5
1b	5	1.5	2	3.5
2	10	3.5	3	6.5
3	10	3	2	5
4	10	3.5	4	7.5
5	10	3.5	4	7.5
6a	5	1.5	1	2.5
6b	5	1.5	1.5	3
7	10	3.5	4	7.5
8	10	3	4	7
9	10	4	4	8
10	10	4	4	8
Total	100	34.5	35	69.5

It should be noted that in the preparation of the final 2014 ESPI ex ante review scores, Commission staff did not have all desired data available. For instance, Commission staff did not have enough time to conduct a comprehensive claims review for these scores. For custom projects, Commission staff reviewed the 2014 activities and issued dispositions. For 2014, Commission staff based the scoring on the data available and did not speculate on how a claims review would impact the final scores. Were the claims review available, SoCalGas’ scores may be significantly different.

The intention of the ESPI ex ante review component is to motivate utilities to employ a superior level of due diligence to their activities and thus reduce the need for the extensive level of oversight currently undertaken by Commission staff and consultants. The due diligence expectations include complying with the Commission’s ex ante review policies and procedures in a manner that results in the development and reporting of reliable, defensible, and accurate ex ante estimates. Commission staff finds that all of the utilities tend to rely on Commission staff

input and analysis before finalizing ex ante estimates. While collaboration and information-sharing is always encouraged, Commission staff envisions that, through the feedback provided in this ESPI component and ongoing collaboration, the utilities' internal ex ante review policies and activities will become sufficient such that Commission staff can devote more time and resources towards collaboration and less time to correcting or re-analyzing ex ante values on behalf of the utilities. Commission staff recognizes and commends the progress that has been made to date and encourages the utilities to continue to strive for excellence in this issue area.

If you have any questions or comments about the feedback or final scores, please contact Peter Lai (peter.lai@cpuc.ca.gov). Note that pursuant to D.13-09-023, Commission staff will schedule time with the utilities to discuss the final scores.

	Metric	Workpapers				Custom				Total
		Max Points	Score	Percent Score	Total Points	Max Points	Score	Percent Score	Total Points	
1a	Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11-07-030, D.12-05-015, etc.) in the pre-submittal/ implementation phase: Timing of disclosure in relation to reporting	2.5	4	80%	2	2.5	3	60%	1.5	2
1b	Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11-07-030, D.12-05-015, etc.) in the post-submittal/ implementation phase: Timing of responses to requests for additional information	2.5	3	60%	1.5	2.5	4	80%	2	1.75
2	Breadth of response of activities that show an intention to operationalize and streamline the ex ante review process	5	3.5	70%	3.5	5	3	60%	3	6.5
3	Comprehensiveness of submittals (i.e., submittals show that good information exchange and coordination of activities exists, and is maintained, between internal program implementation, engineering, and regulatory staff to ensure common understanding and execution of ex ante processes)	5	3	60%	3	5	2	40%	2	4.5
4	Efforts to bring high profile, high impact, or existing (with data gaps) projects and/or measures to Commission staff in the formative stage for collaboration or input	5	3.5	70%	3.5	5	4	80%	4	7.5

Attachment A: Final ESPI Ex Ante Review Scores

5	Quality and appropriateness of project documentation (e.g., shows incorporation of Commission policy directives)	5	3.5	70%	3.5	5	4	80%	4	7.5
6a	Depth of IOU quality control and technical review of ex ante submittals: Third party oversight	2.5	3	60%	1.5	2.5	2	40%	1	1.5
6b	Depth of IOU quality control and technical review of ex ante submittals: Clarity of submittals and change in savings from IOU-proposed values not related to M&V	2.5	3	60%	1.5	2.5	3	60%	1.5	2
7	Use of recent and relevant data sources that reflect current knowledge on a topic for industry standard practice studies and parameter development that reflects professional care, expertise, and experience	5	3.5	70%	3.5	5	4	80%	4	7.5
8	Thoughtful consideration, and incorporation, of CPUC comments/inputs. In lieu of incorporation of comments/input, feedback on why comments/input were not incorporated	5	3	60%	3	5	4	80%	4	7
9	Professional care and expertise in the use and application of adopted DEER values and DEER methods	5	4	80%	4	5	4	80%	4	8
10	Ongoing effort to incorporate cumulative experience from past activities (including prior Commission staff reviews and recommendations) into current and future work products	5	4	80%	4	5	4	80%	4	8
Total		50			34.5	50			35	69.5

2014 Efficiency Savings and Performance Incentive Ex Ante Performance – Workpaper Scores –

Southern California Gas

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
1a	Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11-07-030, D.12-05-015, etc.) in the pre-submittal/ implementation phase: Timing of disclosure in relation to reporting	<ul style="list-style-type: none"> (1) Fraction of deemed measures for which workpapers have been submitted to Commission prior to measure being offered in the portfolio; (2) Fraction of workpapers disclosed prior to or during work commencement and submitted upon completion rather than withheld and submitted in large quantity; (3) Fraction of workpaper development projects for new technologies submitted for collaboration versus total number of workpapers for new technologies submitted 	Fair	4	<p>Commission staff is not aware of any deemed measures where WPs have not been submitted. SCG often uses workpapers developed by other PAs to support programs. In the past, SCG has not kept up with revisions to workpapers developed by other PAs and have often referenced outdated workpapers. SCG has improved in this area typically using the most current versions. There was limited SCG workpaper activity in 2014 with 9 workpapers from other PAs being referenced.</p> <p>SCG developed and submitted 22 original workpapers in 2014 and referenced 9 PG&E workpapers. SCG notified Commission staff that these workpapers were either being revised as part of the code update cycle or under development as new workpapers. The referenced workpapers from PG&E were recently revised by PG&E to address requirements for data submission according to the EADB specifications.</p> <p>During 2014 SCG submitted two workpaper development projects for early collaboration. SCG has been scored down slightly here as there are four Rev0</p>

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					workpapers submitted that were not submitted for collaboration.
1b	Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11-07-030, D.12-05-015, etc.) in the post-submittal/implementation phase: Timing of responses to requests for additional information	Percentage of workpaper reviews which experience significant delay[3] due to slow response to requests for readily available (or commonly requested)[4] additional information (higher percentage = lower score)	Good (based on EADB only)	3	There were no delays for SCG. As directed for the mid-cycle code update, SCG submitted their ex ante values updates in advance of submitting workpapers. 2014 represented an important transitional year to the ex ante database as the method of submitting workpaper ex ante values for commission staff review. SCG submitted ex ante values for pre-code and post-code in June and November. This effort is an improvement over 2013. SCG has begun the transition to submit workpapers with data in a format that follows the ex ante database (EADB) specification. While most submissions still need at least some revisions to match the EADB format, there has been progress in this area. SCG's timeliness in accordance with this metric appears to be improving.
2	Breadth of response of activities that show an intention to operationalize and streamline the ex ante review process	Percentage of workpapers that address all aspects of the Uniform Workpaper Template (as described in A.08-07-021, or any superseding Commission directive)	Good (based on EADB only)	3.5	Staff has yet to develop a uniform workpaper template. At the February 26 collaboration meeting with Commission and PA staff and consultants, Commission staff made a presentation outlining objectives for developing workpaper content guidelines. Commission staff intends for these guidelines to serve as the workpaper template. One of the primary components of these guidelines is the requirement for submitting ex ante data in the EADB format. SCG has made progress toward implementing the EADB format and should be acknowledged for

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					<p>their stronger efforts compared to other IOUs. Additionally, the workpapers appear to be transitioning to discussions of the application of the EADB conventions, which ultimately should make the workpaper review easier. It is also important to note that the overall scope of workpaper development compared to other IOUs is small.</p>
3	<p>Comprehensiveness of submittals (i.e., submittals show that good information exchange and coordination of activities exists, and is maintained, between internal program implementation, engineering, and regulatory staff to ensure common understanding and execution of ex ante processes)</p>	<p>(1) Percentage of workpapers that include appropriate program implementation background as well as analysis of how implementation approach influences development of ex ante values; (2) Percentage of workpapers which, on initial submission, were found to include all applicable supporting materials or an adequate description of assumptions or calculation methods</p>	TBD	3	<p>Commission staff maintains concerns about ex ante implementations and values that use of hard-to-reach (HTR) Net-to-Gross (NTG) values.</p> <p>Workpapers typically list the available NTG values from DEER that may apply to the measures covered by the workpaper, but do not discuss the circumstances under which a particular NTG may be claimed. There are specific categories of customers for which HTR NTG values may be claimed. Commission staff has reviewed SCG’s claims and discussed them with SCG staff. Even with this seemingly superficial coverage of NTG applications, the use of HTR NTG values appears to be correct.</p> <p>As noted above there is a limited amount of original work, 22 original workpapers and 9 workpapers prepared by PG&E, on which to score. SCG assumes ROB in all examined cases and appears to select proper code baseline. Historically, this has been a generally accepted approach; however, EM&V results</p>

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					<p>such as gross realization rates, as well as more detailed ex post savings analysis, indicate the ISP may be exceeding code requirements for many technologies currently offered in downstream incentive programs.</p> <p>Submitted workpapers were reviewed briefly. As discussed above, workpapers typically have a presumptive code minimum as the appropriate baseline with little investigation of standard practice. Generally, the level of documentation in SCG workpapers has improved. A possible exception is the food service workpapers, where adjustments pursuant to previous direction from D.11-07-030 appear to have been removed (discussed in 10 below). Commission staff is also concerned that some workpapers, such as those for commercial and industrial boilers and residential appliances may not adequately consider normal progressions in customer choices that cause the standard practice to exceed minimum code requirements. Commission staff expects PAs to be proactive in identifying these shifts and updating their workpapers accordingly.</p>
4	Efforts to bring high profile, high impact, or existing (with data gaps) projects and/or measures to Commission staff	Percentage of high profile program, or high impact measure, workpapers submitted for collaboration or flagged for review	Good	3.5	SCG has made some effort to bring new projects to staff. Examples are the unit heater project recently submitted to the California Technical Forum (CaITF) for review and the commercial pool heater initiative.

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
	in the formative stage for collaboration or input				<p>SCG is in a unique position in that there are not as many opportunities for cost-effective deemed gas measures.</p> <p>SCG also collaborates with other PAs on some workpapers such as HVAC Quality Maintenance (QM) and retail plug load portfolio (RPP) and clothes washer recycling. SCE is the lead developer on HVAC QM while PG&E is the lead on RPP and has submitted this workpaper to the CalTF for review Commission staff has concerns about due diligence of third party development work discussed in item 6a below, but generally see efforts IOUs, including SCG, for early collaboration as improving compared to 2013.</p> <p>Commission staff understands the SCG may not be the primary developer of some workpapers expected for statewide implementation. Nevertheless, Commission staff urges all IOUs to monitor the workpaper efforts of other IOUs if those workpapers will be used in their own programs. Commission staff reviews of workpapers and associated ESPI scores will affect the ESPI scores of any IOUs using them.</p>
5	Quality and appropriateness of project documentation (e.g., shows incorporation of Commission policy directives)	Frequency of inappropriate or inferior quality at the time of initial Commission staff review (higher frequency = lower score)	TBD	3.5	A review of the 2014 claims data and associated workpapers show that the issues raised in the 2013 ESPI process regarding NTG values and early retirement measures appear to be mostly resolved.

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					2014 submissions and associated ex ante data were primarily to update workpapers to be consistent with the DEER 2014 code update. SCG did submit four new workpapers for new technologies.
6a	Depth of IOU quality control and technical review of ex ante submittals: Third party oversight	Quality of workpapers prepared by consultants, third parties, and local government partners submitted by IOUs	TBD	3	<p>The overall quality and detail of SCG workpapers has improved since 2013 including those that appear to be prepared by consultants (e.g. clothes washer workpapers). For example, new appliance cost research is utilized, while the use DEER cost data from 2008 is used with discretion and appears to be limited mostly to labor costs.</p> <p>A brief review of commercial cooking workpapers prepared by the consultant Fischer Nickel and PG&E's Food Service Technology Center revealed that direction from D.11-07-030 for a reduction on overall savings was removed from the savings values in subsequent workpaper revisions. D.11-07-030 directed that additional research be performed to justify the original baseline assumptions. It does not appear that this research was incorporated into workpaper revisions. In fact, savings have increased for these measures over the unadjusted values originally proposed for the 2010-2012 cycle. Even though these workpapers are developed by PG&E, they are considered here since they are used to support measures in SCG's programs.</p>

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					<p>SCG submitted a draft workpaper covering unit heaters for Commission staff review. Initial savings values appeared to be the most optimistic instead of what would likely be the typical savings from a broad program. Costs also appeared to be limited to only the difference in the material costs, but did not consider additional installation costs.</p> <p>Commission staff sees the effort of IOUs and the CalTF for early involvement in collaboration on workpaper development and review as a potential source of improved workpaper content, but is concerned that IOU developed workpapers are being submitted to the CalTF for review without any significant revisions pursuant to the previously issued Commission staff review or direction.</p> <p>Additionally, the CalTF is undertaking its own workpaper development efforts, starting with a clothes washer recycling workpaper. No CalTF developed or “approved” workpapers have been formally submitted for Commission staff review to date, therefore Commission staff has not given them weight in their scoring. However, input is provided now so that SCG may make any consider and incorporate revisions based on previous Commission staff input and direction in the event SCG chooses to submit any of these workpapers for approval.</p>

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					<p>Additionally, the CalTF is accepting workpaper submissions from non-IOU entities, such as a clothes washer recycling workpaper, for example. Commission staff provided input for the clothes washer recycling workpaper abstract. The workpaper author has included this input in the first draft of the workpaper available on the CalTF website. Meeting notes indicate that the CalTF intends to investigate Commission staff concerns about how the recycling effort will impact the secondary market for clothes washers, but the notes don't indicate how they will address other Commission staff concerns. It appears the the CalTF has approved this workpaper for one year pending investigation of only one of many Commission staff concerns. If non-IOU developed workpapers are intended to become IOU submissions for Commission staff review, SCG is expected to ensure those workpapers meet CPUC policy and previously issued guidance and address all Commission staff concerns.</p>
6b	Depth of IOU quality control and technical review of ex ante submittals: Clarity of submittals and change in savings from IOU-proposed values not related to M&V	<p>(1) Percentage of workpapers which required changes to parameters of more than 10% or required substantial changes to more than two parameters among UES, EUL/RUL, NTG, impact shape, or costs;</p> <p>(2) Percentage change from IOU-proposed values to ED-</p>	TBD	3	The most significant workpaper adjustments under (1) and (2) occurred in 2013. No complete reviews of SCG workpapers (or referenced PG&E workpapers) were performed in 2014.

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
		approved values (higher percentage = lower score)			
7	Use of recent and relevant data sources that reflect current knowledge on a topic for industry standard practice studies and parameter development that reflects professional care, expertise, and experience	Percentage of workpapers with analysis of existing data and projects that are applicable to technologies covered by workpaper	TBD	3.5	The investigation of industry standard practices and the use of timely and relevant data will be a focus of workpaper review moving forward. D.12-05-015 (at 350) emphasizes the need to determine both the ISP and code baselines and consider using ISP where it represents a more efficient baseline than code. Workpapers are developed assuming ROB savings over code baseline where applicable. There is very little if any consideration for standard practice, which may be more appropriate for measures such as appliances and cooking equipment. At this time those workpapers appear to assume the worst products available as the baseline.
8	Thoughtful consideration, and incorporation, of CPUC comments/inputs. In lieu of incorporation of comments/input, feedback on why comments/input were not incorporated	Frequency of revisions to workpapers in response to (and/or appropriate and well-defended rejection of) CPUC reviewer's recommendations	Fair	3	All SCG originated workpapers have been updated per dispositions issued in 2013. As discussed in 6a, above, Commission staff did briefly review commercial cooking workpapers prepared by PG&E FSTC and consultant Fischer Nickel.
9	Professional care and expertise in the use and application of adopted DEER values and DEER methods	Percentage of workpapers, including those covering new or modified existing measures, that appropriately incorporate DEER assumptions and methods	TBD	4	SCG identified and updated all workpapers where savings needed updates due to the 2014 DEER code update. Workpapers have been developed when the specific measures do not exist in DEER. SCG employs scaling methods based on DEER methodologies for similar types of technologies and applications. For example, DHW boiler measures employ scaling methods off of are based on DEER storage water heater impacts. Based on limited number of

Metric	Description	Workpaper Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
					<p>workpapers and limited review, Commission staff review of SCG's workpaper efforts is generally favorable in terms of incorporation of DEER methods.</p> <p>SCG has increased its efforts to provide ex ante data in the correct format, which includes references to DEER data instead of resubmitting DEER data.</p>
10	Ongoing effort to incorporate cumulative experience from past activities (including prior Commission staff reviews and recommendations) into current and future work products	Percentage of workpapers including analysis of previous activities, reviews and direction	Fair	4	<p>SCG identified and updated all workpapers that needed update per the 2014 DEER code update. These were updated to reflect that referenced weather sensitive DEER measures had been updated to incorporate recent Title 24 weather file updates. DHW workpapers covered by the initial disposition issued in 2013 were updated to reflect direction in those dispositions. Commission staff notes that food service workpapers prepared by PG&E and resubmitted by SCG do not incorporate direction from 11-07-030. Therefore, the score for this metric has not been changed. While this may not be entirely SCG's fault, it still highlights a need for each IOU to review another's work for compliance with CPUC Commission staff direction and not just accept them without review before incorporating them into their own programs.</p>

**Final 2014 Efficiency Savings and Performance Incentive – Ex Ante Performance – Custom Project Scores –
Southern California Gas Company**

Metric	Description	Custom Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
1a	Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11-07-030, D.12-05-015, etc.) in the pre-submittal/ implementation phase: Timing of disclosure in relation to reporting	(1) Percentage of projects in quarterly or annual claims that were reported in the CMPA twice-monthly list submissions; (2) Percentage of projects for which there is a two weeks or less difference between the application date and the date reported in the CMPA; (3) Percentage of tools used for calculations disclosed prior to use	Good	3	Commission staff did not complete a comprehensive claims review. This is in part due to the extensive effort required to translate the IOUs' claims into a reviewable format. Commission review staff and the IOUs need to work out a better process and content for custom claims to facilitate this review in the future. SCG appears to be disclosing its custom projects in the CMPA submission.
1b	Timeliness of action in the implementation of ordered ex ante requirements (e.g., A.08-07-021, D.11 07-030, D.12 05-015, etc.) in the post-submittal/ implementation phase: Timing of responses to requests for additional information	Percentage of projects which experience significant delay due to slow response to requests for readily available (or commonly requested) additional information (higher percentage = lower score)	Fair-improving	4	As indicated in the mid-year feedback, intermediate SCG responses to Commission staff's initial show stopper ex ante review issues were timely and included corrective actions and resolutions on both of these projects. SCG appears to be continuing to improve in this area.
2	Breadth of response of activities that show an intention to operationalize and streamline the ex ante review process	1) Percentage of custom project submissions that show standardization of custom calculation methods and tools; (2) Development and/or update of comprehensive internal (to	Good	3	The use of standardized tools should be differentiated from using the correct values in the tools. SCG largely uses standardized methods and tools. Commission staff continues to find at times that SCG is often still using incorrect assumptions or parameters in calculations. SCG should at a minimum

Metric	Description	Custom Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
		IOUs, third parties, and local government partners, as appropriate) process manuals/checklists and QC processes			upload to the CTA a list of tools it uses and maintain so that this list is current.
3	Comprehensiveness of submittals (i.e., submittals show that good information exchange and coordination of activities exists, and is maintained, between internal program implementation, engineering, and regulatory staff to ensure common understanding and execution of ex ante processes)	Number of repeated formal requests for additional documentation for project information and/or reporting claims that support ex ante review activities (fewer requests = higher score).	Fair-varies	2	Same as 1b except that this metric refers to data requests at the interim and final stages of a project reviews. SCG continues to need improvement in this area. There were 11 out of 30 projects that required additional project information following the Phase 1 review. Four of these 11 required three or more phases of review to complete. IOUs should strive for providing complete review packages for CPUC staff to review, just as the IOU's internal reviewer receive a full package for project review.
4	Efforts to bring high profile, high impact, or existing (with data gaps) projects and/or measures to Commission staff in the formative stage for collaboration or input.	Percentage of large high impact projects or measures referred to CPUC early or flagged for review	Good	4	SCG referred two projects to CPUC staff for early opinion review. The referred projects had good issues for staff to address. Whether SCG should have referred certain projects they did not refer is not possible to assess without a claims review or ex post evaluation. However, judging from baseline (seven projects) and eligibility issues (eight projects) identified in selected projects and the fact the staff only samples a small fraction of custom projects, it appears that perhaps more projects could have been referred for staff opinion.
5	Quality and appropriateness of project documentation (e.g., shows incorporation of Commission policy directives).	Frequency of inappropriate or inferior quality documentation on project eligibility, baseline determination, program influence, use of custom elements in projects,	Good	4	Out of the 30 projects reviewed, there were eight projects with eligibility issues, three projects with methodology issues, six projects with measure life issues, two projects with costs issues, and seven projects with baseline issues. SCG needs

Metric	Description	Custom Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
		assumptions and data supporting savings, and project costs (higher frequency = lower score)			improvement with its internal quality control review of project eligibility and baseline.
6a	Depth of IOU quality control and technical review of ex ante submittals: Third party oversight	Quality of custom project estimates prepared by customers, third parties, and local government partners submitted by IOUs	Fair	2	The quality of documentation of SCG's third parties and customers continues to be weak. Of the three 3 rd party projects reviewed in 2014, two had significant measure eligibility issues. SCG needs significant improvement in this area
6b	Depth of IOU quality control and technical review of ex ante submittals: Clarity of submittals and change in savings from IOU-proposed values not related to M&V	(1) Percentage of Projects requiring three reviews or re-requests for supporting information commonly requested; (2) Percentage of projects for which IOU-proposed savings and ED-approved savings differ by 20% or more (higher percentage = lower score)	Good	3	This performance is the same as 1b and 3. (1) There were four of the 30 projects that required three or more reviews or requests for supporting information. (2) The change in the IOU-proposed values can primarily occur at the final stage of review when the IOU has completed its post-installation inspection or M&V and finalized savings. Additionally the initially proposed project may also be modified because of eligibility and baseline issues that may rule out the project or some of the measures. SCG's performance on this metric has been improving. The change in the IOU-proposed savings for various reasons has been low to moderate. There were only two projects where adjustments had to be made at the final disposition level due to significant issues identified.
7	Use of recent and relevant data sources that reflect current knowledge on a topic for industry standard practice studies and parameter development that reflects	Percentage of custom projects that use data sources and methods per standard research and evaluation practices	Fair	4	As noted in the midyear feedback, ISP efforts are now being conducted by SCG. The process of conducting ISP studies is still relatively new for SCG staff, and requires coordination with account representatives. SCG needs to be more aggressive efforts in implementing ISP studies.

Metric	Description	Custom Benchmark	2014 Midyear Score	Final 2014 Score	CPUC Staff Assessment
	professional care, expertise, and experience.				
8	Thoughtful consideration, and incorporation, of CPUC comments/inputs. In lieu of incorporation of comments/input, feedback on why comments/input were not incorporated.	(1) Frequency of improved engineering/M&V methods and processes resulting from (and/or appropriate and well-defended rejection of) CPUC reviewer's recommendations; (2) Percent of projects in custom reviews that reflect guidance provided in prior reviews	Good	4	SCG's engineering and M&V methods have improved. Overall, SCG has exhibited improvement in the use of appropriate methods and reflecting guidance from prior staff dispositions. There were eight projects that had M&V plan issues. SCG resolves these issues typically after the two-phase review. There were five projects with adequate M&V plans. There was just one project with a completed M&V issues.
9	Professional care and expertise in the use and application of adopted DEER values and DEER methods.	Percentage of custom projects including, and not limited to, new or modified existing technologies or project types that appropriately incorporate DEER assumptions and methods	Good	4	The DEER methods do not apply as much to SCG's projects. Through development of a technical manual and modeling practices, SCG has been improving its engineering approaches.
10	Ongoing effort to incorporate cumulative experience from past activities (including prior Commission staff reviews and recommendations) into current and future work products.	Percentage of projects identified in claims review that were implemented per CPUC directions in previous reviews	Good	4	A comprehensive claims review was not undertaken for 2014. Commission review staff and the IOUs need to work out a better process and content for custom claims to facilitate this review in the future. The score for this metric reflects our overall view that the SCG is making an effort to meet expectations but improvement is needed, as noted in earlier metrics, in both facilitating claims review as well as ensuring that projects which have not been selected for review at the pre-agreement phase undergo similar levels of IOU review as those projects selected for staff review.

2014 Efficiency Savings and Performance Incentive Ex Ante Performance – Custom Project Dispositions – Southern California Gas

The tables on the following pages provide a summary of dispositions issued during the custom review process in 2014 and 2013. Dispositions were issued at several phases of projects activities: phase 1 is a disposition after the initial project documentation submission and before a customer agreement is in place; phase 2 is normally after a customer agreement is in place and before the project is installed; phase 3 and later is often after the project is installed and prior to the final savings estimates being “frozen”. The tables are presented in pairs with the left side of the page being a summary of dispositions issued in 2014 and the right side of the page being a summary of the dispositions issued in 2013. In this way the ratings of the content of dispositions issued in the two years may be compared. The first pair of tables cover dispositions issued for all phases; the second though fourth pairs of tables cover dispositions issued for phase 1 through 3 respectively.

There are three levels of rating when a disposition covered an area:

1. Adequate - No issues
2. Inadequate - Minor issues
3. Inadequate - Significant issues

There are twelve areas of rating (plus the weighted average rating – weighted by the number of dispositions issued for each area):

1. Project Type Assignment – an assessment of the IOU assignment of project type (New Construction, Replace-on-burnout/Normal Replacement, Early Retirement, Capacity Expansion, Add-on Retrofit)
2. Previously Requested Action – an assessment if this IOU submission appropriately follows or complies with the previously issued guidance or disposition requirements
3. Measure Description – an assessment of the accuracy and quality of the IOU description of the project and/or the measures being installed
4. Eligibility by Policy or Rules – an assessment of proper IOU assessment of application of CPUC policy and IOU program rules to the eligibility of the project and/or measure for EE incentives
5. Baseline Assessment – an assessment of the IOU proposed baseline for savings estimates
6. Costs Assessment – an assessment of IOU supplied project/measure costs and any related cost calculations or limitations on incentives
7. Measure Life Assessment – an assessment of IOU proper selection or evaluation of EUL and/or RUL values
8. Calculation Methodology m- an assessment of the appropriateness of the proposed or utilized calculation methodology
9. Pre-Install Impacts Estimate – an assessment of the appropriateness or accuracy of the pre-installation methods (the calculation assumptions or values used not the method used as that is in item above)
10. M&V Plan – an assessment of the appropriateness and quality of the proposed M&V plan
11. Completed M&V – an assessment of the quality and appropriateness of M&V executed (the actual work done exclusive of the plan covered under the item above)
12. Adjustment to Final Impacts - an assessment of the level of adjustment needed to be made to the IOU proposed post-installation final savings estimates

SCG - Percent at each rating type of issues identified based on 26 dispositions issued in 2014 at phase(s): All

Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	92%	0%	8%	13
Previously Requested Action	67%	11%	22%	9
Measure Description	79%	14%	7%	14
Eligibility by Policy or Rules	33%	6%	61%	18
Baseline Assessment	38%	13%	50%	16
Costs Assessment	82%	18%	0%	11
Measure Life Assessment	45%	27%	27%	11
Calculation Methodology	75%	8%	17%	12
Pre-Install Impacts Estimate	44%	33%	22%	9
M&V Plan	20%	50%	30%	10
Completed M&V	75%	0%	25%	4
Adjustment to Final Impacts	33%	0%	67%	3
Has rating in any Area	73%	46%	69%	26
Has a 2 or 3 rating in any area		88%		26

SCG - Percent at each rating type of issues identified based on 7 dispositions issued in 2013 at phase(s): All

Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	80%	0%	20%	5
Previously Requested Action	33%	0%	67%	3
Measure Description	100%	0%	0%	5
Eligibility by Policy or Rules	80%	0%	20%	5
Baseline Assessment	50%	0%	50%	6
Costs Assessment	17%	50%	33%	6
Measure Life Assessment	25%	25%	50%	4
Calculation Methodology	80%	0%	20%	5
Pre-Install Impacts Estimate	29%	14%	57%	7
M&V Plan	40%	20%	40%	5
Completed M&V	0%	0%	0%	0
Adjustment to Final Impacts	0%	0%	0%	0
Has rating in any Area	100%	57%	71%	7
Has a 2 or 3 rating in any area		86%		7

SCG - Percent at each rating type of issues identified based on 9 dispositions issued in 2014 at phase(s): 1

Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	100%	0%	0%	7
Previously Requested Action	0%	0%	0%	0
Measure Description	67%	22%	11%	9
Eligibility by Policy or Rules	44%	0%	56%	9
Baseline Assessment	33%	17%	50%	6
Costs Assessment	80%	20%	0%	5
Measure Life Assessment	75%	0%	25%	4
Calculation Methodology	100%	0%	0%	6
Pre-Install Impacts Estimate	50%	50%	0%	4
M&V Plan	20%	60%	20%	5
Completed M&V	0%	0%	0%	0
Adjustment to Final Impacts	0%	0%	0%	0
Has rating in any Area	100%	56%	67%	9
Has a 2 or 3 rating in any area		89%		9

SCG - Percent at each rating type of issues identified based on 4 dispositions issued in 2013 at phase(s): 1

Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	100%	0%	0%	4
Previously Requested Action	0%	0%	0%	0
Measure Description	100%	0%	0%	4
Eligibility by Policy or Rules	75%	0%	25%	4
Baseline Assessment	50%	0%	50%	4
Costs Assessment	0%	50%	50%	4
Measure Life Assessment	33%	0%	67%	3
Calculation Methodology	75%	0%	25%	4
Pre-Install Impacts Estimate	25%	25%	50%	4
M&V Plan	33%	33%	33%	3
Completed M&V	0%	0%	0%	0
Adjustment to Final Impacts	0%	0%	0%	0
Has rating in any Area	100%	75%	75%	4
Has a 2 or 3 rating in any area		100%		4

SCG - Percent at each rating type of issues identified based on 8 dispositions issued in 2014 at phase(s): 2

Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	75%	0%	25%	4
Previously Requested Action	80%	0%	20%	5
Measure Description	100%	0%	0%	4
Eligibility by Policy or Rules	17%	17%	67%	6
Baseline Assessment	50%	0%	50%	4
Costs Assessment	100%	0%	0%	3
Measure Life Assessment	20%	40%	40%	5
Calculation Methodology	60%	0%	40%	5
Pre-Install Impacts Estimate	50%	25%	25%	4
M&V Plan	25%	25%	50%	4
Completed M&V	50%	0%	50%	2
Adjustment to Final Impacts	0%	0%	100%	1
Has rating in any Area	75%	50%	100%	8
Has a 2 or 3 rating in any area		100%		8

SCG - Percent at each rating type of issues identified based on 1 dispositions issued in 2013 at phase(s): 2

Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	0%	0%	100%	1
Previously Requested Action	0%	0%	100%	1
Measure Description	100%	0%	0%	1
Eligibility by Policy or Rules	0%	0%	0%	0
Baseline Assessment	0%	0%	100%	1
Costs Assessment	0%	100%	0%	1
Measure Life Assessment	0%	100%	0%	1
Calculation Methodology	0%	0%	0%	0
Pre-Install Impacts Estimate	0%	0%	100%	1
M&V Plan	0%	0%	100%	1
Completed M&V	0%	0%	0%	0
Adjustment to Final Impacts	0%	0%	0%	0
Has rating in any Area	100%	100%	100%	1
Has a 2 or 3 rating in any area		100%		1

SCG - Percent at each rating type of issues identified based on 3 dispositions issued in 2014 at phase(s): 3

Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	100%	0%	0%	1
Previously Requested Action	33%	33%	33%	3
Measure Description	100%	0%	0%	1
Eligibility by Policy or Rules	0%	0%	100%	1
Baseline Assessment	50%	0%	50%	2
Costs Assessment	50%	50%	0%	2
Measure Life Assessment	50%	50%	0%	2
Calculation Methodology	0%	0%	0%	0
Pre-Install Impacts Estimate	0%	0%	0%	0
M&V Plan	0%	0%	0%	0
Completed M&V	100%	0%	0%	1
Adjustment to Final Impacts	100%	0%	0%	1
Has rating in any Area	33%	33%	33%	3
Has a 2 or 3 rating in any area		67%		3

SCG - Percent at each rating type of issues identified based on 1 dispositions issued in 2013 at phase(s): 3

Rating Area	Adequate - No issues	Inadequate - Minor issues	Inadequate - Significant issues	Number of relevant dispositions
Project Type Assignment	0%	0%	0%	0
Previously Requested Action	0%	0%	100%	1
Measure Description	0%	0%	0%	0
Eligibility by Policy or Rules	100%	0%	0%	1
Baseline Assessment	100%	0%	0%	1
Costs Assessment	0%	0%	0%	0
Measure Life Assessment	0%	0%	0%	0
Calculation Methodology	100%	0%	0%	1
Pre-Install Impacts Estimate	0%	0%	100%	1
M&V Plan	0%	0%	0%	0
Completed M&V	0%	0%	0%	0
Adjustment to Final Impacts	0%	0%	0%	0
Has rating in any Area	100%	0%	100%	1
Has a 2 or 3 rating in any area		100%		1