PACIFIC GAS AND ELECTRIC COMPANY

CHAPTER I

ENERGY SAVINGS ASSISTANCE PROGRAM PLAN

AND BUDGET
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ENERGY SAVINGS ASSISTANCE PROGRAM PLAN AND BUDGET

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CHAPTER I
ENERGY SAVINGS ASSISTANCE PROGRAM PLAN AND BUDGET

I. ESA Program Plan and Budgets

A. ESA Program Context [WITNESS: O’DRAIN]

1. History: Provide a brief history of the Energy Savings Assistance (ESA) Program and how it helps low-income households; how it is funded and how the program has changed over the years, including any relevant prior guidance given by the California Public Utilities Commission (CPUC or Commission).

Pacific Gas and Electric Company (PG&E, the Company, or the Utility) has offered free Energy Efficiency (EE) programs to qualified low-income customers in its territory since 1983 through the ESA Program. The ESA Program’s objective is to help income-qualified customers reduce their energy consumption and costs while increasing their health, comfort, and safety (HCS). The ESA Program uses a prescriptive, direct install approach to provide free home weatherization, energy efficient appliances, and energy education services to income-qualified PG&E customers throughout PG&E’s service area.

The ESA Program is ratepayer funded through the Public Purpose Program (PPP) fund. It is available to PG&E customers living in all housing types, regardless of whether they are homeowners or renters. To qualify for the ESA Program, the total customer household income must be equal to or less than 200 percent of the Federal Poverty Level (FPL) Guidelines, with income adjustments for family size.1

Since 1983, PG&E has treated approximately 2.14 million homes through the end of 2018. In aggregate, between 2001 and 2018, ESA participants have saved over $902 million on their energy bills, reduced

1 200 percent FPL income qualification for California Alternate Rates for Energy (CARE) is mandated by California Public Utilities Code (Pub. Util. Code) Sections 718, 739.1, and 2790. The ESA income guidelines at 200 percent FPL are linked to the CARE guidelines through Decision (D.) 05-10-044, Ordering Paragraph (OP) 7. All statutory references refer to the California Pub. Util. Code unless expressly stated otherwise.
electric use by over 634,117,000 kilowatt-hour (kWh), and reduced
natural gas use by over 28.8 million therms.\(^2\) Relevant guidance
documents for PG&E’s ESA Program, such as Commission Decisions,
are included and briefly summarized in Table I-1.

Workpaper_2019-06-10rev_10-08.
<table>
<thead>
<tr>
<th>No.</th>
<th>Date</th>
<th>Key Decisions (D.)/Guidance</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1983-2000</td>
<td>Various Decisions</td>
<td>Low-income Energy Efficiency (LIEE) Program was marketed to customers as the Energy Partners program. It provided free home weatherization, energy efficient appliances, and energy education services to income-qualified PG&amp;E customers throughout PG&amp;E’s service area.</td>
</tr>
<tr>
<td>2</td>
<td>2001-2003</td>
<td>D. 01-05-033</td>
<td>Instituted a &quot;rapid deployment&quot; strategy to mitigate the impacts of rate increases and energy burden on low-income customers during the energy crisis. Appliances were introduced into LIEE.</td>
</tr>
<tr>
<td>3</td>
<td>2004-2006</td>
<td>D.03-11-020</td>
<td>LIEE Program coordination and standardization among the investor-owned utilities (IOU) expanded. LIEE Program cost-effectiveness tests that included non-energy benefits (NEB) were developed and authorized.</td>
</tr>
<tr>
<td>4</td>
<td>2007-2014</td>
<td>D.07-12-051</td>
<td>Directed the development of a Strategic Plan for LIEE programs through 2020. Established that the program goal (or &quot;Strategic Initiative&quot;) should be to provide all eligible customers the opportunity to participate in LIEE programs and to offer participants all cost-effective EE measures in their residences by 2020.</td>
</tr>
<tr>
<td>5</td>
<td>July 2008</td>
<td>California Long-Term EE Strategic Plan (a)</td>
<td>Commission's blueprint for achieving maximum energy ongoing, statewide strategic planning effort.</td>
</tr>
<tr>
<td>7</td>
<td>2017-2020</td>
<td>D.16-11-022</td>
<td>Issued on November 21, 2016. Program cycle extended to include the entire final segment of the low-income Strategic Initiative—2017 through 2020. Included significant program changes e.g., removing restrictions on re-treating customer homes that had been treated since 2002, removing the 3-measure minimum requirement for participation in ESA, establishing the common area measure initiative for qualifying deed-restricted multi-family buildings, and leveraging data sharing goals with the California Department of Community Services and Development (CSD).</td>
</tr>
<tr>
<td>9</td>
<td>December 21, 2017</td>
<td>Conforming AL Resolution PG&amp;E G-3531</td>
<td>Resolution authorized an additional $155,248,408 in unspent funds in order to implement D.16-11-022 directives, including: additional measures, in-home energy education only. Multi-family (MF) Single Point of Contact (SPC), EE Goals and Potential Study, MF Common Area Measures (CAM), leveraging activities (inc: Marin Clean Energy Low Income Families and Tenants pilot and CSD Low-Income Weatherization Program (LWIP)), general admin (My Account enrollment page, Mult-family Working Group (MFWG) facilitation, tribal outreach), Regulatory Compliance for 2017 Audit and Energy Division (ED) Data Transfer needs.</td>
</tr>
<tr>
<td>10</td>
<td>December 2017</td>
<td>D.17-12-009 (Petition For Modification (PFM) of D.16-11-022)</td>
<td>Addressed IOU’s PFM C.16-11-022 regarding facilitating IOU-CSD customer data exchange, clarifying the requirement for an IOU CSD statewide database, removing the 8 percent unspent funds reporting trigger, data on additional data beyond SPOC reporting, clarifying that Tier 1 power steps are still allowed, approving High Efficiency Forced Air Unit on Burnout scenarios, modifying Southen California Edison Company’s (SCE) Air Conditioning (AC) replacement policy, a reversible cooler replacement policy, second refrigerator policy, correction to refrigerator policy data, correction to EE Potential Study budget, clarification of the date for coordination plans with water agencies and companies, clarification of timing of Programmable Communicating Thermostat (PCT) pilot, reporting of jointly treated households, correction to OP 79 (household treatment goals table), correction to reference of adoption of Energy Savings Assistance Cost Effectiveness Test (ESACET), Lifeline coordination efforts, clarification of CARE Information Technology (IT) budget, cooling center funding correction, removing CARE expansion eligibility to dead-restricted MF Properties, correction to CARE budget table, directive to create end-use customer profiles, Request for Proposal (RFP) for 2019 Low-Income Needs Assessment (LINA) Study, clarification of mobile version vs request to develop applications, clarification of marketing and outreach deadline for filing plans, RFPs for remote load monitoring and end-use profile development/Demand Response Auction Mechanism (DRAM) integration, allowing Monthly and Annual reporting in lieu of creating new balancing accounts</td>
</tr>
<tr>
<td>11</td>
<td>July 16, 2018 (and Supplemental September 14, 2018, and October 8, 2018)</td>
<td>PG&amp;E Mid-Cycle AL 3990-G/5329-E, 3990-G/A/5329-E-A, and 3990-G/B/5329-E-B</td>
<td>D.17-12-009 required filing a Mid-Cycle AL to: adjust energy savings targets; propose, retire and refine new measures; update penetration goals; update cost effectiveness test results; describe expanded water-leaving plans; describe tribal penetration and consultation plans; describe CSD coordination; propose edits to the Statewide ESA Policy and Procedures Manual; request budget for the Statewide End-Use Load Profile vendor and internal IT startup costs; describe California Lifeline data sharing plans; discuss the merit of adding common area meters of deed-restricted multi-family properties to the CARE rate; address the necessity of changing the CARE Green Tariff Shared Renewables (GTSR) program; propose modifications to authorized budgets; and change the ESA electric/gas revenue allocation.</td>
</tr>
<tr>
<td>12</td>
<td>January 4, 2019</td>
<td>Non-Standard Disposition Letter (NSDL)</td>
<td>On July 16, 2018 PG&amp;E filed AL 3990-G/5329-E pursuant to D.16-11-022 detailing out the Mid-Cycle update. The AL provided updated budgets, new measures, recalculations of cost-effectiveness and energy savings, leveraging programs and other program elements for the 2018-2020 ESA and CARE Program Years (PY). On September 14, 2018 PG&amp;E filed supplemental AL 3990-G/A/5329-E to correct errors and submitted a second supplemental AL 3990-G/B/5329-E-B on October 8th, 2018 pursuant to D.18-06-013. The ED approved PG&amp;E AL 3990-G/5329-E and supplemental ALs 3990-G/A/5329-E-A and AL 3990-G/B/5329-E-B filed pursuant to authority granted in D.16-11-022, in part, with the modifications to home treatment goals, program budgets, program measures, and energy savings targets, effective January 4, 2019.</td>
</tr>
</tbody>
</table>
2. **Accomplishments and Challenges:** Provide a status update on the household treatment numbers and whether you are on track to meet the household treatment goal for the PY 2017-2020 cycle. Provide a status update on portfolio metrics such as percent of authorized budget spent, gross annual energy savings, etc. Clearly identify any unmet PY 2017-2020 annual targets and briefly explain the challenges or barriers. (More detail is required later in the guidance).

PG&E’s ESA treatment goals for PY 2017-2020 are shown in Table I-2. These goals were based on the primary objective to achieve the Commission’s Programmatic Initiative as adopted in D.07-12-051, D.08-11-031, and the Commission’s Long-Term EE Strategic Plan.

<table>
<thead>
<tr>
<th>Line No.</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Households</td>
<td>90,030</td>
<td>94,532</td>
<td>99,258</td>
<td>104,221</td>
<td>388,041</td>
</tr>
</tbody>
</table>

PG&E is on track to meet the PY 2017-2020 household treatment goal. See Table I-3 below.

In addition, PG&E is on track to meet the 2020 Programmatic Initiative (also called the Strategic Initiative). The 2020 Programmatic Initiative includes all low-income customers living in homes that have not been treated by ESA since 2002 as eligible to count towards the 2020 goal. In addition to establishing the Programmatic Initiative baseline, D.08-11-031 also established that a percent of customers that were unwilling or infeasible to treat could be deducted from counting towards the total for the 2020 Programmatic Initiative, and also allowed the IOUs to deduct the number of customers treated by the CSD's

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3 D.08-11-031 established 2002 as the baseline for the 2020 Programmatic Initiative.
4 Individually, the four California IOUs are: PG&E, SCE, SoCalGas, and SDG&E.
weatherization programs since 2002. PG&E has treated 1,381,162 households from 2002 through the end of 2018, and is on track to meet the final 2020 Programmatic Initiative to provide ESA services to all eligible and willing customers for which treatment is feasible by the end of 2020.

Table I-3 shows the status towards PG&E’s 2017-2020 portfolio metrics.

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5 D.08-11-031, p. 111.
6 In D.08-11-031, Section 12.3.2, the Commission established 2002 as the baseline for the 2020 Programmatic Initiative, thus including all low-income customers living in homes that have not been treated by ESA since 2002 as eligible to count towards the 2020 goal. D.08-11-031 also established that a percent of customers that were unwilling or infeasible to treat could be deducted from the total, and also allowed the IOUs to deduct the number of customers treated by CSD’s weatherization programs since 2002. The percent of customers deemed unwilling to participate was updated to 40 percent in D.16-11-022 (as modified in D.17-12-009).
<table>
<thead>
<tr>
<th>Line No.</th>
<th></th>
<th>2017 Actual(a)</th>
<th>2018 Actual(a)</th>
<th>2019 Forecasted(b)</th>
<th>2020 Forecasted(b)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Budget</td>
<td>Authorized</td>
<td>$154,671,971</td>
<td>$142,898,913</td>
<td>$205,483,865</td>
<td>$185,123,470</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Expensed/</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Forecast</td>
<td>$122,778,059</td>
<td>$122,110,739</td>
<td>$205,483,865</td>
<td>$185,123,470</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of Spend</td>
<td>79%</td>
<td>85%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>Homes Treated</td>
<td>Goal</td>
<td>90,030</td>
<td>94,532</td>
<td>99,258</td>
<td>111,822</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Actual/Forecast</td>
<td>87,052</td>
<td>85,168</td>
<td>104,000</td>
<td>114,801</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of Target</td>
<td>97%</td>
<td>90%</td>
<td>105%</td>
<td>107%</td>
</tr>
<tr>
<td>3</td>
<td>Gigawatt/Hour</td>
<td>Target</td>
<td>47</td>
<td>47</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Actual/Forecast</td>
<td>59</td>
<td>60</td>
<td>102</td>
<td>104</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of Target</td>
<td>126%</td>
<td>128%</td>
<td>196%</td>
<td>200%</td>
</tr>
<tr>
<td>4</td>
<td>MM Therms</td>
<td>Target</td>
<td>2.0</td>
<td>1.9</td>
<td>1.9</td>
<td>2.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Actual/Forecast</td>
<td>1.7</td>
<td>1.9</td>
<td>(0.4)</td>
<td>(0.4)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% of Target</td>
<td>85%</td>
<td>100%</td>
<td>(21%)</td>
<td>(20%)</td>
</tr>
</tbody>
</table>

(a) 2017 and 2018 actuals are from 2017 and 2018 ESA Annual Reports (filed on May 21, 2018 and May 21, 2019); 2017 and 2018 authorized budgets, targets and goals are from D.17-12-009, Attachment 1 (Modifying D.16-11-022), pp. 49-50 and p. 276, and does not include 2009-2016 unspent funding authorized.

(b) 2019 and 2020 authorized budgets, homes treated goals, and energy savings targets are from the Non-Standard Disposition partially approving PG&E AL 3990-G/5329-E, 3990-G-A/5329-E-A, and 3990-G-B/5329-E-B, January 4, 2019 and does not include 2009-2016 unspent funding authorized. 2019 authorized budget also includes carryover from 2017, and fund shifting per AL 3977-G/5298-E. The 2020 Authorized budget does not include benefits burden. 2019 and 2020 forecasts are from PG&E AL 3990-G-A/5329-E-A (Supplemental filing replacing AL 399-G/5329-E), filed September 14, 2018. PG&E’s energy savings forecasts were based on the 2015-2017 ESA Impact Evaluation preliminary results, and PG&E proposed them even though it knew the differences were much greater than the maximum 5 percent plus/minus target adjustments Energy Division was authorized to approve in D.17-12-009.

As shown in Table I-3, there are several unmet annual targets relating to budgets, homes treated, and therms as discussed further below.

**Budgets**

As shown in Table I-3 above, PG&E’s actual expense budget did not meet its authorized budget for 2017 and 2018.

The 2017 underspend was due to multiple factors. For instance, one factor was the delayed receipt of the final decision regarding PG&E’s 2015-2017 Low-income Application as shown in Table I-1 above. This decision was issued in November 2016, which provided

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7 D.16-11-022.
no transition time to begin the roll out of any new ESA Program measures and initiatives before 2017. Typical transition activities include, but are not limited to, updating databases, preparing installation specifications, and training contractors.

Second, D.16-11-022 included many new directives that were not contemplated in PG&E’s 2015-2017 ESA Application. The decision also directed the IOUs to file a Conforming AL to propose budgets for the new directives in April 2017 and also directed PG&E to use the uncommitted unspent 2009-2016 funds to budget for all new ESA activities in its Conforming AL. The updated ESA budgets proposed in PG&E’s Conforming AL filings were not authorized until December 21, 2017. Not having all ESA funding authorized until the end of 2017 contributed to PG&E’s underspend for that year.

Additionally, PG&E and the other IOUs filed a Joint PFM of D.16-11-022 on March 24, 2017 to clarify, correct, and modify program components as described in Table I-1. The PFM was not resolved until December 2017, in D.17-12-009. PG&E was unable to begin work on various ESA Program initiatives (i.e., the multi-family common area initiative) while awaiting resolution of the PFM and Conforming AL. The assumptions used in determining the measure counts for the ESA EE budget over-forecasted for the year. Finally, PG&E’s transition to a new program database, which moved spend from 2017-2018, began in 2017 and was completed in 2018 also contributed to the lower spend in 2017.

The 2018 underspend was primarily due to requirements for planning and contractor selection prior to implementation. These planning activities related to the initiation of multi-family common area

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11 PG&E’s (U 39 M), SDG&E’s (U902M), SCE’s (U 338-E), and SoCalGas’ (U 904G) Joint PFM of D.16-11-022, March 24, 2017. This was resolved in D.17-12-009, issued on December 20, 2017.
12 D.17-12-009, issued on December 20, 2017.
initiatives, PCT/Smart Thermostat Time-of-Use (TOU) pilots, and remote
disaggregation/non-obtrusive load monitoring.

As required in D.17-12-009, PG&E filed a Mid-Cycle AL in July 2018
to assess and adjust energy savings targets, budgets, measures, and
other program parameters.\(^{13}\) The Commission’s NSDL was not issued
until January 2019, further delaying some program activities expected to
begin in 2018.\(^{14}\) Also, the assumptions used in determining the
measure counts for the ESA EE budget over-forecasted the budget
requirements.

**Homes Treated**

As shown in Table I-2 above, PG&E’s actual number of homes
treated did not meet its goals for 2017 and 2018 ("shortfall"). PG&E is
currently on track to meet its 2019 homes treated goal.

PG&E’s 2017 shortfall is immaterial because PG&E achieved almost
97 percent of its stated goal. Nevertheless, the variance was due to a
slow ramp-up as contractors transitioned to implement the new ESA
rules authorized in D.16-11-022.\(^{15}\)

PG&E’s 2018 shortfall was mainly due to the implementation of a
new program database. There were several challenges to
implementation which included: user set up, data capture, data
migration, staff and contractor training, and modification of existing
reporting processes.

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\(^{13}\) PG&E Mid-Cycle AL 3990-G/5329-E (July 16, 2018), 3990-G-A/5329-E-A
(September 14, 2018), and 3990-G-B/5329-E-B (October 8, 2018). D.17-12-009
required the IOUs to file these Mid-Cycle ALs to: adjust energy savings targets;
propose, retire and refine new measures; update penetration goals; update cost
effectiveness test results; describe expanded water leveraging plans; describe tribal
penetration and consultation plans; describe CSD coordination; propose edits to the
Statewide ESA Policy and Procedures Manual; request budget for the Statewide
End-Use Load Profile vendor and internal IT start-up costs; describe California LifeLine
data sharing plans; discuss the merit of adding common area meters of deed-restricted
multi-family properties to the CARE rate; address the necessity of changing the CARE
GTSR; propose modifications to authorized budgets; and change the ESA electric/gas
revenue allocation.

\(^{14}\) NSDL, partially approving PG&E Mid-Cycle AL 3990-G/5329-E, 3990-G-A/5329-E-A,

\(^{15}\) D.16-11-022.
To address the cycle shortfall before the end of 2020, PG&E continues to address and make updates to the following:

1. Identify and implement key improvements to the program database system to influence production and streamline processes;
2. Expand the ESA workforce by increasing ESA contractor headcount;
3. Offer additional training classes for new hires to perform work in the field in a safe and timely manner; and
4. Update analysis tools and reporting to monitor production data more closely to track performance progress against forecasts.

Energy Savings

PG&E’s therm savings realized in 2017 and 2018 did not meet the target set in D.16-11-022. In its Mid-Cycle AL, PG&E filed new energy savings forecasts for 2019 and 2020 based on updated savings values from the preliminary results of the 2015-2017 ESA Impact Evaluation. However, D.16-11-022 only authorized Energy Division to adjust the energy savings targets by 5 percent. Accordingly, Energy Division increased PG&E’s previously adopted annual electric energy savings targets by 5 percent and decreased gas savings by 5 percent. PG&E does not anticipate making up this difference in 2019 or 2020, as the therm savings used to calculate and report current ESA impacts are much lower than previous savings, as described in Section B.2.a. The therm savings currently realized are lower than the savings from the previous 2011 ESA Impact Evaluation that were used to forecast savings for PG&E’s 2015-2017 ESA Program Application, and are much lower than the 2015-2017 ESA Impact Evaluation savings, which were used to update the 2019-2020 ESA targets in its MCAL. These

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17 PG&E Mid-Cycle AL 3990-G-A/5329-E-A (Supplemental), filed September 14, 2018, p. 6.
18 D.16-11-022, OP 5.
markedly decreased energy savings are also seen in the energy savings projected for the portfolio proposed in this application.

3. **Looking Forward: [WITNESS: LEIVA JUNGBLUTH]** Summarize:
   (a) the significant need\(^{20}\) (deeper energy savings, treatment goals, etc.) for low-income energy efficiency services beyond 2020 in your service territory, taking into consideration both the cost-effectiveness of the services and the policy of reducing the hardships facing low-income households, and (b) your overarching proposed strategy given the historic and projected accomplishments, the remaining opportunity areas for addressing a significant need, and (c) the appropriate Program design and structure to effectively provide services and comply with statute. (More detail is required later in the guidance.)

   a. **The significant need (deeper energy savings, treatment goals, etc.)** for low-income energy efficiency services beyond 2020 in your service territory, taking into consideration both the cost-effectiveness of the services and the policy of reducing the hardships facing low-income households.

   PG&E’s data analysis shows that there is a significant need for income-qualified EE services beyond 2020 for CARE customers who (1) have not been treated by ESA or (2) would miss out on getting treated if the program did not exist.\(^{21}\) PG&E’s newly-designed ESA Plus Program aims to more effectively impact household hardship by (1) identifying certain conditions of hardship, (2) better aligning measures to address those conditions, and (3) more precisely targeting the individual households that could benefit from ESA services.

   As shown in Table I-4 below, at the end of June 2019, out of the approximate 1,311,000 individually-metered PG&E CARE customers, about 833,000 (64 percent) of CARE customers were not treated by ESA. Based on their CARE-enrolled status, PG&E

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\(^{20}\) Section 2790(a) states that the Commission is to consider cost effectiveness of services and the policy of reducing the hardships facing low-income households when determining “significant need.”

\(^{21}\) Table I-4 below, and CARE Chapter II, Section B.3.
assumes this population is eligible for ESA. PG&E intends to primarily target this population to overcome any barriers to servicing these households. For example, under the new ESA Program design, PG&E would prioritize the longer tenured CARE customers for personalized, relevant outreach using custom energy reports created from their load disaggregated profile. (See Section B.2.L. Load Disaggregation Project).

### TABLE I-4
CARE CUSTOMERS NOT TREATED BY ESA
DATA AS OF JULY 1, 2018 – JUNE 30, 2019

<table>
<thead>
<tr>
<th>Years on CARE</th>
<th>Non-ESA Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 1 Year</td>
<td>195,783</td>
</tr>
<tr>
<td>1</td>
<td>132,824</td>
</tr>
<tr>
<td>2</td>
<td>95,964</td>
</tr>
<tr>
<td>3</td>
<td>72,908</td>
</tr>
<tr>
<td>4</td>
<td>65,228</td>
</tr>
<tr>
<td>5</td>
<td>44,317</td>
</tr>
<tr>
<td>6</td>
<td>36,570</td>
</tr>
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<td>7</td>
<td>36,964</td>
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<td>8</td>
<td>28,297</td>
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<td>9</td>
<td>29,939</td>
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<tr>
<td>10</td>
<td>18,660</td>
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<td>11</td>
<td>12,353</td>
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<tr>
<td>12</td>
<td>8,280</td>
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<tr>
<td>13</td>
<td>11,600</td>
</tr>
<tr>
<td>14</td>
<td>7,775</td>
</tr>
<tr>
<td>15</td>
<td>7,766</td>
</tr>
<tr>
<td>16</td>
<td>9,723</td>
</tr>
<tr>
<td>17</td>
<td>17,938</td>
</tr>
<tr>
<td>18</td>
<td>1,415</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>833,604</strong></td>
</tr>
</tbody>
</table>

As part of PG&E’s new ESA Plus Program design, PG&E is also proposing a pilot for customers enrolled in CARE for 10 or more years must agree to receive ESA treatment or provide a valid reason for not participating.\(^{22}\) PG&E plans to contact the customer multiple times. If the customer does not respond, the customer risks removal from the CARE Program. PG&E proposes to pilot this

\(^{22}\) Similar to High-Use Post-Enrollment Verification requirements, valid reasons for not participating in ESA could include: landlord refusal, newly-constructed or renovated home, previously treated home under a different customer name.
proposal with a test group of customers not to exceed 10,000 to
assess the impact on CARE attrition, as well as the cost associated
with communications and outreach. The goal is to get long-term
CARE discount recipients participating in ESA to maximize the EE
of their homes. This pilot is discussed in Section D.10.c.

Looking at the forecast for new CARE customers in the CARE
Chapter II, Section B.3., the expectation for newly-enrolled CARE
customers on an annual basis is estimated at 255,000. These new
CARE customers should be targeted for participation in ESA Plus
services.

There is still significant need for low income energy efficiency
services post-2020, and PG&E’s new proposed program design will
include new resource and non-resource measures. These new
measures are expected to allow the program to treat households
where specific hardship situations exist and provide further relief
while keeping cost effectiveness in check. The new measures go
through evaluation as part of the ESA Cost Effectiveness Test,
which is performed on the entire portfolio to ensure overall costs
remain reasonable. The proposed ESA design can help improve
customers’ EE and in-home environment, while working towards
California’s environmental goals.

b. Your overarching proposed strategy given the historic and projected
accomplishments, the remaining opportunity areas for addressing a
significant need.

PG&E’s overarching proposed strategy for the next program
cycle considers (1) the opportunity for first time treatments in
relation to PG&E’s progress in meeting the 2020 homes treated
goal; and (2) the hardship or need states of PG&E’s low-income
customer population, who continues to struggle with affordability of
energy bills. To that end, PG&E’s ESA Plus Program proposes to
(1) overcome barriers to treatment for those existing and
newly-enrolled CARE customers, and (2) increase customers’
energy affordability while reducing hardship with more customized
measures and complete solutions based on their need state and load profile.

The first part of PG&E’s overarching proposed strategy is to target CARE customers who have not participated and attempt to overcome the barriers to their participation. The reasons for non-participation are summarized in Table I-5 below, which shows data from the 2018 ESA Annual Report. Most of the untreated households are classified as unwilling or unavailable. PG&E will propose new ways to address these barriers in the Program Design, Section D.
<table>
<thead>
<tr>
<th>Line No.</th>
<th>County</th>
<th>ESA Program</th>
<th>Customer Unwilling/Declined Program Measures</th>
<th>Customer Unavailable/Scheduling Conflicts</th>
<th>Hazardous Environment (Unsafe/Unclean)</th>
<th>Landlord Refused to Authorize Participation</th>
<th>Household Income Exceeds Allowable Limits</th>
<th>Unable to Provide Required Documentation</th>
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<td>17</td>
<td>–</td>
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<td>Total</td>
<td>16,897</td>
<td>47,139</td>
<td>254</td>
<td>4,208</td>
<td>1,094</td>
<td>–</td>
<td>11,975</td>
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</table>

Note: The data in this table shows the number of households that did not qualify or declined to participate at the referral pre-assessment stage. Households that did not qualify or declined to participate at the time of the physical home assessment are not included.
The second part of PG&E’s new program strategy identifies customers who have significant needs or hardships and provides them with both standard EE measures and more specific measures aimed at addressing their hardship or need state. It will not matter if these customers had been previously treated by ESA since there will be new measures available to them that provide additional benefits.

PG&E reviewed available data in customer records from July 1, 2018 through June 30, 2019 and determined there were five need states indicative of hardship. PG&E then identified where ESA measures or services could contribute to reducing hardship. See Table I-6.

<table>
<thead>
<tr>
<th>Line No.</th>
<th>High Usage</th>
<th>Medical Baseline</th>
<th>Disconnections</th>
<th>Disadvantaged Communities (DAC)/Tribal/Rural</th>
<th>Wildfire Threat</th>
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<tr>
<td>1</td>
<td>Problem</td>
<td>Level of usage incurs surcharge</td>
<td>Device or condition requires extra energy</td>
<td>Payments are missed and power is turned off</td>
<td>Environmental conditions impact energy use</td>
</tr>
<tr>
<td>2</td>
<td>Possible Solution Measures</td>
<td>Additional enclosure measures to reduce use, referral to solar program</td>
<td>Additional Heating, Ventilation and Air Conditioning (HVAC) measures to reduce hardship, possible air purifier</td>
<td>Education on tools to help control use/cost and payment reminders</td>
<td>Increase in home repair to allow for more energy efficient measure installation</td>
</tr>
<tr>
<td>3</td>
<td>Customer Counts (a)</td>
<td>48,000</td>
<td>88,000</td>
<td>55,000</td>
<td>697,000</td>
</tr>
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</table>

(a) Approximate, as of June 30, 2019.

For the identified need state of high usage, HVAC tends to be the primary driver of energy use and more intensive enclosure measures may help reduce HVAC needs. However, in some
circumstances, the best solution may be a referral to a solar program for low-income customers to reduce the utility bill and avoid the high usage surcharge on the bill.

There are two solar programs available. They are: Single-Family Affordable Single Homes (SASH) and Disadvantaged Communities Single-Family Affordable Single Homes (DAC-SASH).

A customer on the Medical Baseline Program may have a medical condition that requires equipment or needs device(s) that use extra energy. For certain cooling requirements, there may be HVAC options to assist in reducing energy use or providing health and comfort benefits. In other cases, in-home appliances like air purifiers could help improve air quality and provide NEBs.

A customer who has experienced energy utility disconnections may need education or access to tools to assist with energy management to lower their bill.

A customer residing in a geographic area designated as a DAC, Tribal, or Rural community may need more home repair services before EE products may be installed.

And lastly, a customer living in a high wildfire threat area, especially those with medical and/or functional needs may benefit from a cold storage unit to help keep food items or medication from spoiling.

c. The appropriate program design and structure to effectively provide services and comply with statute.

For PG&E, the appropriate design and structure to effectively provide services and comply with statute is one that builds on past successes and modifies the rules of operation to more effectively address the goals of decreasing energy consumption and reducing household hardship. Beginning in August 2018, PG&E dedicated resources to assessing opportunities for an appropriate program design by holding discussions with numerous stakeholders.
(including contractors) and soliciting comments and feedback about PG&E’s current ESA Program and changes for the future.\textsuperscript{23}

In addition to stakeholder meetings, PG&E conducted ethnographic research with ESA customers in their homes, benchmarked with other utilities across the United States (U.S.), and collaborated with the other California IOUs.

Based on PG&E’s analysis and discussions, the key themes influencing changes to the program design were:

1) Increasing the eligible customer base;
2) Targeting and treating customers with the greatest need;
3) Providing deeper measures for targeted households to realize greater savings; and
4) Testing the use of incentives or rewards for increased customer engagement.

PG&E used these four themes to help develop the new design for submission in this application. The changes proposed for the new design consist of:

1) Overcoming trust issues by partnering ESA more closely with the CARE Program in ways not done in previous efforts. This would make ESA the next step in the CARE customer’s energy journey with PG&E;
2) Easing enrollment requirements by allowing self-certification as CARE for the basic ESA Program;
3) Removing the property owner approval requirement for installation of simple measures (e.g., LED A-lamps and power strips);
4) Focusing outreach on those who have not participated in ESA and newly-enrolled CARE customers;
5) Targeting low-income, high usage customers to help achieve greater savings potential;
6) Offering unique measures for customer groups that have the greatest need for hardship reduction; and

\textsuperscript{23} See Appendix A for list of stakeholders.
7) Producing load disaggregation profiles that include customized solutions around energy, such as rate plans, other savings programs, behavioral tips, and EE measures.

PG&E recognizes there is opportunity for energy and bill savings if customers more fully understand the tools and programs available to them to help make their home more energy efficient. Customers also need education and encouragement to adjust their usage behavior. Therefore, PG&E is proposing a “virtual energy coach” pilot to test customized energy management solutions delivered with consistent and frequent communications to help customers make the appropriate decisions about their own EE.  

B. ESA Program Proposal Summary

In the ESA Proposal Summary section of the application include:

1. Proposal Summary: Provide a concise description of the proposed ESA Program, not to extend beyond 2026, including a brief description of:

A concise description of the proposed ESA Plus Program is shown in the Figure I-1.

FIGURE I-1
CONCISE DESCRIPTION OF PG&E’S PROPOSED ESA PLUS PROGRAM FOR PY 2021-2026

Brief Description:

a. New program strategy (e.g., deeper energy savings and reduced hardships);

The new program strategy proposes the following to deliver on both energy savings and reduced hardships in the most cost-effective ways:

1) Maximize participation for homes previously not treated. It is presumed a non-treated home is likely to be less efficient and poses greater energy savings opportunities;

2) A focused effort to reach and treat high energy usage households, assuming a high usage household has greater savings potential;

3) Needs-based approach to customer segmentation to identify those with the greatest hardship and offer an extended number of unique measures that address the specific needs states; and

4) Test a “virtual energy coach” where customized energy management solutions are delivered with consistent and frequent communications with the intent to help customers improve their household EE and ease their burden.
b. **New program goals and metrics for evaluating success;**

Program goals and metrics for evaluating success should center around how well the ESA Program is delivering energy savings and reducing hardship for those with the greatest need in the most cost effective way. Details can be found in Chapter IV Table A-5 Portfolio Goals and Target Populations. This table shows Savings, Hardship Reduction, Resource and Non-Resource Measures, and Participation Goals by Targeted Populations.

c. **A description of the participants receiving services due to their significant need, and;**

As listed in Table I-6 above, the participants receiving services due to their significant need are comprised of five groups:

1) **High Usage:** CARE customers whose electricity usage exceeds 400 percent of baseline and have received a High Usage Surcharge on their bill, or a CARE customer who has gas usage exceeding 300 percent in any one month;

2) **Medical Baseline:** Customers with a medical condition that requires device(s) using extra energy. These devices are validated by a doctor and typically increase energy usage;

3) **Disconnections:** Customers who, despite receiving the CARE discount, continue to have difficulty paying their energy utility bill and have had their service turned off for non-payment within the past 12 months;

4) **Geographic Areas:** Customers who reside in areas such as Disadvantaged, Tribal, and Rural communities. It is anticipated these households may need more home repair before certain EE measures can be installed; and

5) **High Wildfire Threat Zone:** Customers residing in areas defined as extreme danger zones and are most likely to be turned off in the event of high fire danger.

It is possible that a customer may fall into more than one of the five need states. PG&E would classify that customer as having the

greatest need and PG&E would offer the customer the opportunity
to receive the greatest number of services.

d. Proposed changes to the ESA Program design and delivery.
   PG&E’s proposed changes to the ESA Program design and
delivery include:
   1) Self-certification of income to enroll in the ESA Program for
      basic measures only, if the customer is already enrolled
      in CARE;
   2) Simultaneous enrollment of a targeted, interested ESA
      customer for ESA and CARE;
   3) Redefine “getting started” as a free home assessment, energy
      education, and simple measure installation. This is the Basic
      level of ESA;
   4) Remove Property Owner Authorization (POA) requirement for
      “getting started” in the ESA Program;
   5) Revise the ESA home assessment form to a more whole home
      approach that includes the additional measures and services
      available for a customer who is within a particular need state.
      This is the Comprehensive Plus level of ESA;
   6) Update the ESA Workforce Education & Training (WE&T)
      program administered by PG&E’s Technical Specialists for ESA
      contractors with requirements for new measures, customer
      need states and customer education;
   7) Update contractor job skills to complete the new assessment
      form with need states and perform installation of simple
      measures during the first visit;
   8) Improve contractor efficiency, such as bundling contractor visits
      with crews who can perform as much of the work as possible in
      one visit;
   9) Produce quarterly load disaggregation usage profiles with
      customized energy savings solutions for every CARE customer.
      The profile would be available for contractors and customers;
   10) Include the offer of a “virtual energy coach” during the Energy
        Education session with the customer; and
11) Pilot the virtual energy coach for 24 months to
determine impact.26

2. Describe most recent available results from the 2015-17 Impact
Evaluation; 2019 Potential and Goals Study; 2016 LINA; preliminary
2019 LINA results; 2019 Non Energy Benefits Study; recommendations
of the LIOB and the Cost Effectiveness, Mid-Cycle and Multi-family
Working Groups; historical tracking efforts (such as the IOUs’ monthly
and annual reports); and general observations about challenges and
successes in meeting ESA Program goals. Explain how these results
and observations led to the changes proposed. [WITNESS: O’DRAIN]

PG&E is an active participant in ESA studies and ESA working
groups. As part of the most recent ESA studies and working groups,
PG&E highlights the available results below.

a. 2015-17 Impact Evaluation: Results, Observations, and Changes
Proposed

In 2017, under the direction of the Energy Division, the IOUs
began a statewide impact evaluation of the 2015-2017 ESA
Program Years. Det Norske Veritas – Germanischer Lloyd
(DNV-GL) conducted the Study, which was completed in 2019.27

This evaluation used a billing analysis approach to assess ESA
Program impacts for the 2015-2017 PYs and followed standard
evaluation protocols while maintaining the fundamental requirement
of billing analysis: weather normalization and a comparison group to
account for non-program related change over time. The evaluation
was divided into two phases. Phase 1 used program data from
2014-2016. The Phase 1 results established the modeling
framework and provided results for use in the IOU’s ESA mid-cycle
program update AL filings submitted in the summer of 2018 (and
discussed in Section A.2). Phase 2 incorporated the first six months
of 2017 program data into the model and refined the modeling

approach. Phase 2 results are used for determining energy savings in this application.

The Phase 2 evaluation produced results at the household level across the years evaluated but did not allocate savings at the measure level. The ex-ante savings estimates, based on prior 2011 impact evaluation results from the 2009-2011 cycle, were higher than the evaluated (ex-post) savings for all four IOUs. PG&E’s evaluated electric savings ranged from 90 kWh to 149 kWh per household (a 24-38 percent savings per household as a percentage of ex-ante estimates). PG&E’s evaluated gas savings ranged from 7 therms to 9 therms per household (a 28-39 percent savings per household as a percentage of ex-ante estimates).

The reported energy savings consisted of positive energy savings, as well as negative energy savings from program treatments. The impact evaluation did not attribute causes for the specific negative values realized, and some of the measure results were not clear or logical: for example, attributing negative savings values for duct repair measures that do not draw load. However, other negative energy savings may result from ESA equipment repairs leading participating households to use services that they were not using before, thus generating more energy usage. Negative savings resulting from equipment repairs may also promote and produce favorable HCS benefits for the program participants.

Key recommendations in this report were for the IOUs to refine program planning assumptions and improve program tracking data. The report recommended that ESA Program planners fully account for potential consumption-increase assumptions for measures that are installed for non-energy related benefits. For example, flagging fixes to heating or cooling units where the unit was not working or not used prior to the visit would segregate off installations that increased consumption and improve overall program savings projections. ESA Program administrators were encouraged to use standardized data fields such that information readily rolls up to
program totals and matches the values reported to the CPUC and to
better align program data, definitions and requirements with billing
information. Because the evaluation methodology did not produce
consistent savings at the measure level, the evaluation
recommended that program administrators explore other statistical
methods to understand program savings in the next evaluation.

PG&E worked with the other IOUs to allocate savings at the
measure level as required for program reporting and planning.
The lower realized savings affects PG&E’s ability to meet
2017-2020 ESA Program savings targets (discussed previously in
Section A.2). It also makes it more challenging to design and
propose a cost-effective program (discussed in Section D.6). PG&E
plans to explore other protocol-compliant evaluation methods that
may provide more consistent results at the measure and household
level to use for the next ESA Impact Evaluation.

Both the Impact Evaluation and the Potential and Goals (P&G)
Study (discussed below) show decreasing opportunities for energy
savings. PG&E’s proposed ESA Program addresses this challenge
by changing the balance of benefits between energy savings and
hardship reduction (other than financial). The program proposed in
this application explores new opportunities to achieve energy
savings in addition to providing valuable NEBs for participating
customers.

b. 2019 Potential and Goals Study Results, Observations, and
Changes Proposed

For the first time, low-income energy potential was included in
the 2019 P&G Study conducted by Navigant. Aligning with the
decreased ESA energy savings identified through the Impact
Evaluation, the 2019 P&G study identified fairly low ESA savings
potential. PG&E believes the estimates of energy savings potential
identified for the low-income sector in the 2019 P&G Study may not

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(See: https://www.cpuc.ca.gov/General.aspx?id=6442461220.)
accurately reflect the ESA Program’s potential given some of the inputs and calculations used do not apply to the low-income market or policies and methodologies required by the CPUC for delivering ESA.

However, since PG&E is proposing changes to ESA Program design, delivery and measures offered, savings potential forecasted in the 2019 Navigant P&G Study may not be relevant for 2021-2026 ESA Plus planning. PG&E looks forward to working with Energy Division’s research Consultant further on low-income specific issues in the next P&G study.

c. 2016 and 2019 LINA Studies: Results, Observations, and Changes Proposed

Assembly Bill (AB) 327 (incorporated into Section 382(d)) mandated the completion of a LINA Study every three years. The purpose of the study is to broadly assess: the effectiveness of ESA and CARE measures and services, the specific needs of low-income customers, and how CARE and ESA Programs can better meet customer needs.

The LINA studies have been designed to accommodate changing markets and implementation strategies by allowing each study to examine low-income needs and key research questions aligned with Section 382 that are both timely and relevant to evolving program and policy needs.

d. 2016 LINA Study: Results, Observations, and Changes Proposed

The 2016 LINA study was completed in December 2016. This Study, conducted by Evergreen Economics, included several key objectives associated with understanding customers’ energy burden and insecurity, identifying beneficial EE measures, and assessing potential participation barriers including the need to provide income documentation.

The 2016 Study assessed energy burden using the common metric which calculates burden as a ratio of household income to energy costs, as well as several additional metrics. These included:

1) **Modified Energy Burden**: Includes estimates of non-cash government assistance in conjunction with reported household income;

2) **Energy Insecurity**: Reflecting customers’ self-reported challenges paying energy bills; and

3) **Material Hardship**: Which reflects overall household financial challenges (independent of the energy bill).

As measured by the ratio of reported household income to energy bill, the 2016 Study found that California’s low-income customers’ mean average burden (total energy bills/income) is 5.6 percent, with a median burden of 3.9 percent. These results are low compared to energy burden across the U.S.\(^{31}\)

The research also found different levels of burden across and between various subgroups of the low-income population depending on the metric and calculation used. For example, when several non-cash benefits (housing, medical and food subsidies) are considered with reported income, the energy burden for some groups of low-income households, such as the very poor and multi-family dwellers drops significantly, thus highlighting the role other subsidies play in reducing energy burden.

The 2016 Study also found that households that consistently engage in low cost energy saving practices are less likely to be delinquent in payments or to receive disconnection notices. This suggests there is opportunity for more educational and behavioral interventions to assist customers in reducing their energy burden, results PG&E considered in designing its 2021-2026 program proposals.

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\(^{31}\) Ariel Drehobl and Lauren Ross. Lifting the High Energy Burden in America’s Largest Cities: How Energy Efficiency Can Improve Low-income and Underserved Communities. ACEEE and Energy Efficiency for All. April 2016. Figures 1, 4, 5, and E7 all show California cities have the lowest average median energy burden on average and by sectors.
The 2016 Study results broadened PG&E’s understanding of hardship and burden among low-income households. PG&E’s 2021-2026 ESA Program proposes customized approaches to meet unique and unmet needs of the low-income customers, as described in this application.

e. 2019 LINA Study: Results, Observations, and Changes Proposed

The 2019 LINA study will be the fourth study to be completed. Research Into Action (now merged with Opinion Dynamics) was selected and began to conduct research in January 2018. The draft report was completed in October 2019, and a public workshop has been scheduled for November 14, 2019 to review the results and solicit stakeholder input. The 2019 LINA study will be completed in December 2019. Given the potential value of the results for the design and planning of the new 2021-2026 CARE and ESA Programs, PG&E reviewed preliminary results to provide timely results-based suggestions regarding program design and strategy.

The preliminary 2019 Study offered some insights on conditions, processes, and measures that are relevant to ESA Program NEBs. For example, the preliminary 2019 Study found that households that received (or recall receiving) HCS advice from ESA contractors reported having received relatively more benefits with respect to HCS from ESA Programs. This finding was consistent with the in-home customer interviews done by PG&E. It also appears those who receive these targeted measures (e.g., heating and cooling measures) tend to have higher energy burden, greater health hardships, and lower incomes than those who do not participate in ESA.

PG&E is using these preliminary results and insights on hardship, energy burden, and customer values to help design the

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new customized program delivery strategies proposed in this application that better address customer need states and barriers to participation.

f. **ESA Non-Energy Benefits Study: Results, Observations, and Changes Proposed**

Negative energy/bill savings in the ESA Program are offset with an increase in savings from other areas of the customers’ total household expense budget and by greater understanding of energy management or usage behaviors. This effect of the ESA Program has been recognized since 2002, when quantified NEBs were first included in ESA Program cost effectiveness testing.\(^{35}\) The purpose of this statewide study was to: update the current NEB estimates used in ESA cost effectiveness tests; recommend new NEBs appropriate for ESA and missing from the current framework; and design workbook of spreadsheets to calculate NEBs.

The scope of work for the ESA 2019 NEBs Update Study (NEBs 2.0) was developed in consultation with the ESA Cost Effectiveness Working Group in 2017, as directed in D.16-11-022.\(^{36}\) Skumatz Economic Research Associates, Inc. (SERA) was chosen as the study contractor. The draft report was posted on July 26, 2019 and a public webinar was held on August 2, 2019 to share the draft study findings, recommendations with stakeholders, and to gather feedback on the results. The Final NEBs 2.0 Study was completed on August 30, 2019.\(^{37}\)

The study provided modifications to the calculations of the existing ESA NEBs. These modifications include input values taken from secondary research (e.g., an estimated percentage of a reduced hardship or cost which the program is expected to provide)

\(^{35}\) D.02-08-034 adopted cost effectiveness tests for LIEE programs that included non-energy benefits weighted from the participant and no-participant perspectives.

\(^{36}\) D.16-11-022, Section 3.10.2.

and, in some cases, modified calculation structure (e.g., the addition of new input values not previously used). \( ^{38} \) In doing this work, the study exposed the limitations of secondary research to provide updated values relevant to the ESA Program. In many cases, the most recent estimated values found were from studies over ten years old, and in some cases 15 years old. \( ^{39} \) Furthermore, many of these studies involved programs in states with different climates (e.g., Wisconsin, Connecticut) or different measure mixes that diminished their relevancy for the ESA Program.

The NEBs 2.0 Study added 24 new NEBs into an updated NEBs 2.0 model, and eliminated six NEBs from the 2001 NEBs 1.0 model. \( ^{40} \) The updated NEB 2.0 model discussed in the NEBs Study consists of 46 NEBs for consideration for IOU calculations. The newly-created NEB concepts require additional research and verification to ensure accuracy, reliability, and confidence. After review, a total of 20 were accepted for inclusion in the NEB 2.0 model, as shown in Table I-7. \( ^{41} \) The 20 accepted NEBs are described in Table I-8. \( ^{42} \) ESACET does not include Societal NEBs, thus the societal water savings values were not included in PG&E’s 2021-2026 ESACET.


\( ^{39} \) SERA. Non-Energy Benefits and Non-Energy Impact (NEB/NEI) Study for the California ESA Program, Vols. 1 and 2, Final. August 2019, Section 4.1, Figure 4.1, p. 62. (See: https://pda.energydataweb.com/#!/documents/2295/view.)

\( ^{40} \) SERA. Non-Energy Benefits and Non-Energy Impact (NEB/NEI) Study for the California ESA Program, Vols. 1 and 2, Final. August 2019, p. 3. (See: https://pda.energydataweb.com/#!/documents/2295/view.)

\( ^{41} \) SERA. Non-Energy Benefits and Non-Energy Impact (NEB/NEI) Study for the California ESA Program, Vols. 1 and 2, Final. August 2019, Figure 2.12, pp. 45. (See: https://pda.energydataweb.com/#!/documents/2295/view.)

\( ^{42} \) SERA. Non-Energy Benefits and Non-Energy Impact (NEB/NEI) Study for the California ESA Program, Vols. 1 and 2, Final. August 2019, Figure 2.14, pp. 46-47. (See: https://pda.energydataweb.com/#!/documents/2295/view.)
<table>
<thead>
<tr>
<th>Line No.</th>
<th>NEB Type</th>
<th>Number of NEBs in Inventory</th>
<th>Included in ESA 2001 NEB 1.0 Model</th>
<th>Accepted for Inclusion in C/E 2001 NEB 1.0 Calculations</th>
<th>Included for Modeling in ESA NEB 2.0</th>
<th>Accepted for Inclusion in NEB 2.0</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Utility NEBs</td>
<td>32</td>
<td>11</td>
<td>8</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>Societal NEBs</td>
<td>32</td>
<td>4</td>
<td>–</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Participant NEBs</td>
<td>72</td>
<td>12</td>
<td>11</td>
<td>27</td>
<td>15</td>
</tr>
<tr>
<td>4</td>
<td>Total NEBs</td>
<td>136</td>
<td>27</td>
<td>19</td>
<td>46</td>
<td>20</td>
</tr>
</tbody>
</table>
### TABLE I-8
**NEBS 2.0 FOR INCLUSION IN ESACET**

<table>
<thead>
<tr>
<th>Line No.</th>
<th>NEB</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Utility NEBs</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Reduced Carrying Cost on Arrearages (Interest)</td>
<td>The utility and its ratepayers have lower revenue requirements because the carrying cost on arrearages is lower when the program achieves (bill) savings and improves bill payment behavior by participants.</td>
</tr>
<tr>
<td>3</td>
<td>Fewer Shutoffs</td>
<td>The utility and its ratepayers have lower revenue requirements because the carrying cost on arrearages is lower when the program achieves (bill) savings and improves bill payment behavior by participants.</td>
</tr>
<tr>
<td>4</td>
<td>Fewer Reconnects</td>
<td>The utility and its ratepayers have lower revenue requirements because the reconnection costs are lower when the program achieves (bill) savings and improves bill payment behavior by participants.</td>
</tr>
<tr>
<td>5</td>
<td>Fewer Notices</td>
<td>The utility and its ratepayers have lower revenue requirements because the cost of issuing notices is lower when the program achieves (bill) savings and improves bill payment behavior by participants.</td>
</tr>
<tr>
<td>6</td>
<td>Societal NEBs</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Water/Sewer Savings</td>
<td>Measures that are installed under the program save water and energy use. Society receives benefits from deferral of investment in water infrastructure.</td>
</tr>
<tr>
<td>8</td>
<td>Participant NEBs</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Water/Sewer Savings</td>
<td>Measures that are installed under the program save water and energy use. Participants receive direct savings in water and wastewater bills from the lower water use.</td>
</tr>
<tr>
<td>10</td>
<td>Fewer Calls to the Utility</td>
<td>Lower energy bills and associated improvements in bill payments lead to fewer calls to and from the utility on billing issues and lower time spent by participants on these calls, valued at participant value of time.</td>
</tr>
<tr>
<td>11</td>
<td>Property Value Benefits</td>
<td>Repairs to the home improve the property value for the household.</td>
</tr>
<tr>
<td>12</td>
<td>Fewer Fires</td>
<td>The program’s onsite activities and older equipment replacement reduces the risk of fires and associated costs to participants including property damage, injury, and deaths.</td>
</tr>
<tr>
<td>13</td>
<td>Indoor Air Quality (Carbon Monoxide (CO)‐Related)</td>
<td>The installation of CO monitors reduces the potential for sicknesses or deaths from CO poisonings to household members.</td>
</tr>
<tr>
<td>14</td>
<td>Health and Safety (H&amp;S) Asthma Symptoms</td>
<td>The ESA Program installs measures that can improve indoor air quality by controlling the flow of outdoor allergens and particulate matter into the home, resulting in reduced incidences and occurrences of asthma symptoms and resulting out‐of‐pocket costs for households.</td>
</tr>
<tr>
<td>15</td>
<td>H&amp;S Allergy Symptoms</td>
<td>The ESA Program installs measures that can improve indoor air quality by controlling the flow of outdoor allergens and particulate matter into the home, resulting in reduced incidences and occurrences of allergy symptoms and resulting out‐of‐pocket costs for households.</td>
</tr>
<tr>
<td>16</td>
<td>H&amp;S Cold Symptoms</td>
<td>The ESA Program installs measures that can improve indoor air quality by controlling the flow of outdoor allergens and particulate matter into the home, resulting in reduced incidences and occurrences of allergy symptoms and resulting out‐of‐pocket costs for households.</td>
</tr>
<tr>
<td>17</td>
<td>H&amp;S Hot Water Scalding</td>
<td>The thermostatic shower valves and water heater temperature checks provided by the program can prevent hot water scalding and reduce out‐of‐pocket medical costs to households from accidental tap water scalding by children and elderly residents.</td>
</tr>
<tr>
<td>18</td>
<td>Thermal Comfort</td>
<td>Program measures improve the conditioning of households and reduce drafts, leaks and improve resident thermal comfort. Residents receive and value benefits from the improved indoor environment from these changes.</td>
</tr>
<tr>
<td>19</td>
<td>Noise Internal</td>
<td>New equipment installed by the program may operate more quietly, reducing inside‐generated noise. Residents receive and value benefits from the improved indoor environment from these changes.</td>
</tr>
<tr>
<td>20</td>
<td>Noise External</td>
<td>Installation of shell / enclosure measures may reduce street noise experienced by residents. Residents receive and value benefits from the improved indoor environment from these changes.</td>
</tr>
<tr>
<td>21</td>
<td>Customer Operations and Maintenance</td>
<td>The program installs new measures that presumably have fewer repairs and residents have savings from lower out‐of‐pocket repair costs than they experienced with the replaced equipment.</td>
</tr>
<tr>
<td>22</td>
<td>Aesthetics/Appearance/Ability to Sell</td>
<td>The installation of new equipment provides benefits in equipment and the home looking cleaner, newer, and more fashionable. Residents receive and value benefits from the improved indoor environment from these changes.</td>
</tr>
<tr>
<td>23</td>
<td>Reduced Detergent Use</td>
<td>The program installs new high efficiency washers which, in addition to using less water (measured in another NEB), require less detergent per load. These are out‐of‐pocket savings for the household.</td>
</tr>
</tbody>
</table>
The study proposed a new method of allocating NEB results across program measures using a set of factors that relate to how the measures contribute to NEBs (e.g., energy savings, expenditures, etc.) The new method improves the existing allocation method of using energy savings as a basis for allocation since the latter does not control for measures where the average energy savings is not correlated with NEBs.

The study highlighted the need for additional work to improve the reliability, validity, and relevance of the estimates and the usability of the model. In particular, additional research was recommended for all NEBs to strengthen the calculations and to establish linkages to the ESA Program.

IOUs used the current NEB model (NEB 1.0) with selected updates from this NEBs 2.0 Study and additional updates from utility-specific data in the ESACET in this application. Follow-up research to adapt the NEB 2.0 Study’s model for use will occur in late 2019-2020.

A California specific NEBs study is proposed for the 2021-2026 cycle. (See Section D.10.c.) In addition to conducting California specific primary research, this proposed NEBs 3.0 Study will consider and address 2019 NEBs 2.0 Study recommendations.

The updated values from the NEBs 2.0 Study have a major impact on the overall cost effectiveness of the ESA Program. With cost effectiveness tied to energy savings and energy savings decreasing, the expectation is that cost effectiveness of the ESA Program will also decrease to unacceptable levels without NEBs.

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43 SERA. Non-Energy Benefits and Non-Energy Impact (NEB/NEI) Study for the California ESA Program, Vols. 1 and 2, Final. August 2019, Figure ES.2, p. 2 and Section 3.2. (See: https://pda.energydataweb.com/#/documents/2295/view.)


factored into the equation. This Study reexamines prior NEBs and attempts to better define and quantify them. NEBs are becoming more valuable to the ESA Program portfolio, and PG&E’s program portfolio balances energy savings measures with measures providing HCS benefits.

g. Recommendations of the LIOB: Results, Observations, and Changes Proposed

The Low-Income Oversight Board (LIOB) ESA subcommittee identified areas of primary focus to guide the drafting of ESA post-2020 goals; these were discussed and affirmed by the LIOB at the December 6, 2018 meeting and documented in an LIOB White Paper, sent to the Commission on December 20, 2018.46 LIOB recommendations include: stepping away from a “template-oriented energy saving program effort” and developing a more flexible “need-based” formula to maximize low-income energy program efficiency opportunities that may also help customers with the highest need in reducing or better managing their energy bills; minimize disconnections and foster affordable energy rates enabled by increased energy education and demand side management technologies.47

PG&E’s 2021-2026 program proposed in this application addresses many of the LIOB’s key initiatives:48

1) Identify and help low-income customers who are overburdened by high energy bill costs.

PG&E identifies and targets customers with the greatest needs using hardship indicators discussed in Section B. This includes: customers that have never participated in ESA before, customers with high energy usage, and customers with specific

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needs states. PG&E’s proposed ESA Program design simplifies eligibility and enrollment requirements to make it easier for customers to participate, proposes new energy savings and HCS safety measures, and a virtual energy coach pilot delivering customized energy management solutions to help customers improve their household energy efficiency and ease their energy burden.

2) Reduce Greenhouse Gas Emissions.

The ESA Program mandate is to increase EE opportunities for low-income customers and provide HCS benefits. Although greenhouse gas (GHG) reduction is not a primary ESA directive, increased EE contributes to GHG reductions.

3) Develop a “needs-based” approach to maximize low-income energy program efficiency opportunities with customers experiencing the greatest need.

PG&E’s proposed ESA Plus prioritizes five groups of customers based on their need states that may require additional assistance. PG&E is also proposing a “virtual energy coach” pilot to help customers reduce and better manage bills, minimize disconnections, improve energy affordability.

4) Determine who has not been served by ESA and how new program designs and approaches could better reach them.

PG&E plans to target new CARE customers and CARE customers that have not been previously treated by ESA.

5) Identify more health, comfort, safety, and resilience objectives and guidelines.

PG&E’s proposals include both resource and non-resource measures. Non-resource measures provide HCS benefits. Updated NEBs from the 2019 NEBs Study increase the value of non-resource measure benefits in the ESA portfolio, increasing its overall cost-effectiveness.

6) Introduce high-value energy saving measures.

PG&E has explored the addition of potential measures, including changing criteria and climate zones on existing
measures. PG&E’s proposed program portfolio adds measures that have more potential for energy savings and cost effectiveness. For example, PG&E is adding pool pumps and removing the household minimum occupancy for second refrigerators. In addition, PG&E is proposing floor insulation and diagnostic air sealing as a new measure provided to qualifying customers in the high usage needs state. (See Section C.3.).

7) **Low-income multi-family housing: innovation, holistic design.**

   PG&E proposes to issue an RFP for the administration of ESA multi-family, and plans to solicit innovative proposals and new perspectives. (See Section D.9.)

8) **Educate communities and building owners about energy use and energy assistance programs available to them.**

   PG&E proposes to request in its Multi-family Whole Building (MFWB) Program solicitation that bidders include in their proposals how they will integrate offering existing demand response tools, technology or education to help multi-family households shift load to off-peak times in their MFWB Program. (See Section D.9.c.i.)

9) **Encourage local workforce development opportunities that promote hiring from within local communities.**

   ESA contracts encourage contractors to hire locally and require contractors to provide advance notice of job opportunities in local communities. Other workforce strategies are discussed in Section D.2.d.i.

10) **Streamline income eligibility and expand categorical enrollment through partnerships with other need-based state programs.**

   Ensure income eligibility, especially for multi-family housing—which currently has separate regulations for common area and in-unit programs, is simplified and aligned with other assistance programs.

   IOUs are proposing a new study to update Categorical Eligible Programs. (See Section D.10.c.)
11) Measures and policies that reduce utility costs.

PG&E’s proposals include the cost-effective measures providing energy savings and NEBs, and leveraging referrals to programs providing smart technologies and solar. (See Sections D.5 and D.6.)

12) Health, safety and comfort provisions (deliverables) within the statute must be made more effective and clearer. Ambiguity leaves unacceptable living and health conditions in place. Create clear goals here to address deferred maintenance issues through referrals, partnerships, cost-sharing, or other mechanisms.

PG&E has included measures providing both resource and non-resource benefits in its ESA portfolio, and describes its household hardship indicator in Section C.1.

h. Working Groups:

D.16-11-022 re-convened the Cost Effectiveness and Mid-Cycle Working Groups (MCWG) and convened a new Multi-family Working Group. Working Group activity is summarized below.

i. Cost Effectiveness Working Group: Results, Observations, and Changes Proposed

D.16-11-022 instructed the Cost Effectiveness Working Group (CEWG) to reconvene and provide recommendations on remaining ESA cost effectiveness issues required to inform the next program cycle. The members participating in this Working Group included representatives from the following organizations: CPUC Energy Division, Public Advocates Office at the California Public Utilities Commission (Cal Advocates), Natural Resources Defense Council (NRDC), The Utility Reform Network, The East Los Angeles Community Union (TELACU)/Association of California Community

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49 The Cost Effectiveness and MCWG were originally authorized by D.12-08-044 to make recommendations for refinements to improve, wherever possible, the design, administration, delivery and ultimate success of the ESA and CARE Programs.

50 D.16-11-022, OPs 54-57, and Section 3.10.
and Energy Services (ACCES)/Maravilla, Synergy Companies, SCE, PG&E, SoCalGas, and SDG&E.

Cost effectiveness issues remaining to be addressed by the CEWG included:

1) Identify measures to include/exclude in the adjusted ESACET;  

2) Determine how to exclude administrative costs and NEBs associated with excluded measures from the adjusted ESACET including program costs not tied to a specific measure;  

3) Determine how to allocate administrative costs and NEBs across program measures;  

4) Determine how to incorporate revised NEB values into the adjusted ESACET;  

5) Determine if and how to incorporate into the ESACET benefits and costs for ESA investment in other programs such as demand response;  

6) Work with the IOUs who will be conducting a NEB study.

The CEWG met regularly in June 2018. Final recommendations were submitted by e-mail to all parties on the Application 14-11-007, et al. service list on June 13, 2018. The CEWG’s recommendations are summarized below:

- Not to adopt the Adjusted ESACET, as it has minimal value beyond the already adopted ESACET;
- Change the name of the Resource TRC test to the Resource Test and excluding from it non-resource measures which include those having less than 1 kWh or 1 therm of annual energy savings;

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51 D.16-11-022, OPs 54, 56, and 57, and p. 219.  
52 D.16-11-022, OPs 54, 56, and 57, and p. 219.  
54 D.16-11-022, OP 54, 56, and 57, and p. 219.  
56 D.16-11-022, OP 55, and p. 221.  
57 Recommendations of the ESA Program CEWG, June 1, 2018, p. 9.
• Provide the results of the allocation exercise for NEBs and administrative costs to the 2018 NEB study and that the study is tasked with recommending an allocation method and the results of this exercise will inform that effort;
• Not to include any potential net benefit for providing enrollment leads to other programs in the cost effectiveness calculations at this time; and
• Continue the HCS Evaluation periodically as needed to inform program planning and NEB updates. (The HCS Evaluation is discussed in Section D.6.b.)

The CEWG also discussed and provided guidance for the NEB Study (described above). The 2018 NEB study included the following CEWG objectives:58
• Review and update the current set of NEBs;
• Evaluate which NEBs can be estimated directly and which can be a function of energy savings or an alternate adder;
• Review and assess the results of the HCS Evaluation;
• Recommend any missing NEBs or negative non-energy impacts (NEI);
• Provide a set of calculations in a workbook that can replace the current workbook used to calculate NEBs and be easily updated in future program cycles;
• Include sensitivity analysis around the calculations;
• Recommend an allocation method for NEBs and administrative costs to the measure level; and
• Recommend an approach for updating NEBs in the future.

Finally, the CEWG recommended that membership and participation protocols for the CEWG be reviewed and refined in the event that future work is assigned to this group.59

58 Recommendations of the ESA Program CEWG, June 1, 2018, p. 9.
59 Recommendations of the ESA Program CEWG, June 1, 2018, p. 9.
j. Mid-Cycle Working Group: Results, Observations, and Changes Proposed

D.16-11-022 tasked the MCWG with four deliverables:60

1) Make recommendations for updates to the ESA Statewide Policy and Procedure Manual, California Installation Standards Manual, and monthly and annual reporting criteria to align it with D.16-11-022;

2) Provide recommendations on the adoption of online data reporting systems (ODRS) for the ESA Program to help the IOUs and Commission better understand how these systems collect and report workforce data. This assessment should help determine the value of adopting ODRS for the ESA Program into IOU operations, its cost benefits, and identify any administrative burdens to implement by either contractor or utility;

3) Make recommendations for the household retreatment prioritization models, implementation and outreach strategies, and other aspects of the ESA Program; and

4) Investigate and make recommendations on how the ESA Program may be used to deploy tools to enable greater EE and Demand Response participation by CARE and ESA participants in recognition of the increased state goals detailed in SB 350.

MCWG member organizations were: CPUC Energy Division, Cal Advocates, California Housing Partnership Corporation (CHPC), SCE, PG&E, SoCalGas, SDG&E, Energy Efficiency Council, TELACU, and Proteus.

The Working Group submitted initial recommendations on April 3, 2017. A public webinar on updating the ESA manuals and reporting criteria was held on January 31, 2018. The MCWG Interim Report was submitted on March 19, 2018, providing the MCWG’s recommendations for updates to the ESA Statewide Policy and Procedure Manual, California Installation Standards Manual, and

60 D.16-11-022, OPs 67 and 137, and Section 3.13.2., p. 241.
monthly and annual reporting criteria to align it with Modified Decision (Task A). These changes were adopted in Administrative Law Judge Colbert's Ruling on May 8, 2018.

The MCWG filed its final recommendations on the remaining deliverables (Tasks B-D) on June 29, 2018. These recommendations are summarized below:

- **Task B**: Based on the research conducted and MCWG participant discussions, the MCWG does not recommend the implementation of ODRS for the ESA Program for the reasons identified above.

- **Task C**: MCWG participants updated their ESA household retreatment prioritization models presented to the MCWG in April 2017. Following presentation and review of these initial proposals, the MCWG found that significant variations in retreatment prioritization models relate to best practices within each service territory, and the specific measures offered by each utility. Rather than developing a new retreatment prioritization model, there was consensus within the MCWG for the utilities to continue to prioritize ESA retreatments following their current models, document best practices and challenges, and update their retreatment prioritization proposals as needed in their Mid-Cycle Update ALs, due in July 2018.

- **Task D**: MCWG participants reviewed current utility Demand Response offerings, and discussed how to integrate these offerings into the ESA Program. Parties were encouraged to provide additional recommendations for best practices to enable greater EE and Demand Response participation in response to the IOU's July 2018 Mid Cycle Update ALs.

PG&E proposes a working group similar to the MCWG as part of an ongoing process to address updates to the ESA Installation Standards and Policies and Procedures Manuals, revise Monthly and Annual ESA-CARE Reporting criteria, and discuss other program modifications, adjustments, and technical issues.
throughout the program cycle. This new working group is discussed
in Section E.4

k. Multi-family Working Group: Results, Observations, and
Changes Proposed

The MFWG was established to support the integration of CAMs
for deed-restricted MF properties into the ESA Program and other
MF directives as specified in D.16-11-022, and modified by
D.17-12-009. PG&E participated in the MFWG throughout 2017
to date.

MFWG member organizations include: CPUC Energy Division,
Cal Advocates, SCE, PG&E, SoCalGas, SDG&E, CHPC, NRDC,
National Consumer Law Center, Community Housing Opportunities
Corporation, TELACU, and Proteus.

The MFWG detailed its 2018 activities in the MFWG 2018
Annual Report.

l. Load Disaggregation Project: Results, Observations, and
Changes Proposed

Per D.17-12-009, OP 94-98, a statewide load disaggregation
project began in 2019. Phase one of the project included taking a
sample of CARE customers from each electric IOU and producing a
segmentation schema based on load profiles and Advanced
Metering Infrastructure (AMI) usage data. Each of the segments
should have a specific set of recommendations unique to the
disaggregated load profiles.

Recommendations will include EE measures, other program
participation, rate plans, and behavioral changes.

PG&E anticipates the IOUs will need to validate the schema,
solicit stakeholder comments, and provide feedback on the

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61 D.16-11-022, OP 45 and Section 3.9.3. (p. 194), and D.17-12-009, OPs 41.a, 62, 63, 64, and (p. 187).
63 D.17-12-009, December 14, 2017, OP 94-98 (p. 488).
64 D.17-12-009, December 14, 2017, OP 94-98 (p. 488).
recommendations before assessing whether to continue with Phase Two or to revise the Phase Two scope based on lessons learned and usability of results from phase one.

Phase Two will continue the project with the following tasks and is expected to be completed through 2020:

- Continue to produce load disaggregation profiles and segmentation reports for remaining eligible CARE and ESA eligible customers. The frequency will be determined at the beginning of phase two;
- Discuss how to best incorporate results into marketing and outreach plans;
- Integrate the results into online platform(s) accessible by customers and ESA contractors;
- Augment the results with additional educational recommendations for customers;
- Aggregate results into a format appropriate to provide to potential DRAM bidders in 2019. However, due to unanticipated delays with data processing requirements and data transfer, the IOUs have submitted a Request for Extension to provide aggregated results to DRAM bidders in 2020; and
- Provide a final project report detailing overall results, lessons learned, and recommendations for continued work.

While the results of the statewide program are still outstanding, PG&E is proposing to extend and enhance the use of these load profiles in a Pilot called virtual energy coach during the 2021-2026 program cycle with CARE and ESA customers. The Pilot will test the impact of the personal profile information on driving energy savings, residential rate selection, participation in other programs and changes in behavior.

\textit{m. Programmable Communicating Thermostat (PCT)/Smart Thermostat Time-of-Use (TOU) Pilot: Results, Observations, and Changes Proposed}

\footnote{Approval for Extension was granted October 29, 2019.}
The PCT/Smart Thermostat TOU Pilot was required in D.16-11-022 as modified by D.17-12-009, and will not be completed until 2020. This Pilot utilizes treatment and control groups to assess if PCTs are a valuable tool to help low-income customers adjust to TOU rates. Both groups were moved onto the TOU rate in the beginning of 2019, and the treatment group received a PCT and education on how to use it.

The first of three surveys was distributed in December 2018 and January 2019. This survey was intended to provide a baseline to assess whether having a PCT changes the way that low-income customers react to the TOU rates. Two additional surveys are anticipated.

Several issues created challenges for the Pilot: fewer customers than anticipated were recruited to participate despite incentive payments offered, and PCT equipment defects resulted in data collection issues.

Initial results of the Pilot highlighted a few issues associated with implementing smart technologies in the low-income customer segment, including:

- Customers were generally disinterested in the device contributing to lower participation than anticipated; acceptance and satisfaction were found to be lower than expected; and
- Low-income housing stock and equipment tend to be older than those found in the general population, making installation feasibility and device compatibility challenging.
- These factors need to be taken into careful consideration for future technology offerings.

In addition, smart technologies have yet to prove they deliver robust energy savings. As a result, PG&E is not proposing to add any additional smart technology devices other than Smart Thermostats to the ESA portfolio at this time. (See Section D.6.d.i.)

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66 D.17-12-009 (Attachment 1 modifying D.16-11-022), OP 147.
n. Historical tracking efforts (such as the IOUs’ monthly and annual reports)

PG&E worked with Energy Division and the MCWG to revise monthly and annual reporting templates to better represent new decision goals and compliance reporting requirements.

o. General observations about challenges and successes in meeting ESA Program goals

Successes and challenges meeting the 2020 and portfolio cycle goals are described in Section A.2.

p. CEC SB 350 Barriers Study

The California Energy Commission (CEC) completed the Barriers Report required by SB 350 in 2016. This study identified and discussed barriers limiting access to clean energy for low-income customers, including structural barriers inherent to the conditions of poverty in California and barriers stemming from policy and program decisions. Structural barriers discussed included: low home ownership rates; complex needs, ownership, and financial arrangements for low-income multi-family housing; insufficient access to capital; building age; and remote or underserved communities. Policy and program barriers include: market delivery methods; program integration; data limitations; and unrecognized NEBs.

Many of the solutions identified in the study have already been included in PG&E’s ESA and CARE programs. For example, PG&E currently coordinates with other programs providing services to low-income customers to increase collaboration, standardization, streamlining, integration, and co-funding opportunities with other programs. PG&E works with the other IOUs to share best practices, better align the ESA Program to make it easier for customers to participate, and report metrics and goals in standardized,

comparable reports. Together with the other IOUs, PG&E has established common definitions of NEBs to include in ESA cost effectiveness testing and developed standards to measure them. PG&E has been working with CSD to leverage ESA with the Low Income Home Energy Assistance Program (LIHEAP) and LIWP programs throughout the current 2017-2020 cycle. PG&E continues to leverage with water agencies in its service area to provide water savings measures to income qualifying customers. These successful strategies were refined and included in this application.

(See Sections B.2.a.; D.5.e.; D.5.f; E.4a.i.)

C. ESA Program Goals and Budgets [WITNESS: LEIVA JUNGBLUTH]

Goals are necessary to set expectations for the measurable and meaningful benefits to the customer and society obtained from the ratepayer funded ESA Program. In the ESA Program Goals section of the application, describe the goals including a brief description of how they are achievable and linked to the CPUC’s 2019 Potential and Goals Study. At a minimum your goals should include the following:

**Depth of Energy Savings Goal:** Propose two quantitative goals per household; 1) average annual Resource measures energy savings per household; and 2) another quantitative goal to reflect benefit to customer’s health, comfort, and safety resulting from Non-Resource measures. These two goals aim to encourage deep energy savings per household through Resource measures, while also encouraging the installation of Non-Resource measures that promote health, comfort and safety. IOUs will meet the two goals on average across the IOU’s ESA portfolio of households treated. On an individual basis, households may fall above or below the Resources measure energy savings goals or the Non-Resource quantitative goal. IOUs may desire to subdivide the two goals by housing

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68 The terms “Resource” and “Non-Resource” have a different meaning under income qualified ESA Program vs. the general Energy Efficiency programs, where in ESA, Resource references measures that are offered for the purpose of saving the customer energy, and Non-Resource references measures that are offered for purpose of reducing customer hardship by improving HCS.
type or by customer segment, for example by the Multi-family Sector,\textsuperscript{69} Disadvantaged Communities,\textsuperscript{70} Tribal Communities, and Hard-to-Reach customers.\textsuperscript{71}

Before proposing two quantitative goals per household based on a distinction of Resource Measures providing energy savings and Non-Resource Measures providing HCS benefits, PG&E clarifies that Resource Measures in some instances, can provide both energy savings and HCS benefits. See Table I-9 below.

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Category</th>
<th>Energy Savings only</th>
<th>Energy and HCS Benefits</th>
<th>HCS Benefits only</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Resource</td>
<td>Some Resource Measures such as LED lighting</td>
<td>Others, such as, water heater repair and replacement</td>
<td>N/A</td>
</tr>
<tr>
<td>2</td>
<td>Non-Resource</td>
<td>N/A</td>
<td>N/A</td>
<td>All Non-Resource measures fall here</td>
</tr>
</tbody>
</table>

Non-Resource Measures have clear HCS benefits. However, Resource Measures, while installed for the purposes of energy savings, may also have HCS benefits. This fact is taken into consideration with the NEBs Study, which applies a dollar value to all benefits, regardless of the Resource/Non-Resource designation for measures.

PG&E’s proposal for goals consists of: (1) average annual energy savings per household from Resource measures displayed as bill savings in dollars, and (2) additional benefits to customers from the NEBs results, also displayed in dollars. The NEBs results in this case would be the sum of the current NEB values and would not include societal benefits.

These two monetary values work together to demonstrate how PG&E’s ESA Program encourages energy savings through resource measures,

\textsuperscript{69} For the purposes of this application, consider a multi-family building has at a minimum five or more attached units.

\textsuperscript{70} As designated by California Environmental Protection Agency using their CalEnviroScreen Tool.

\textsuperscript{71} For the application filing only use the definition of “Hard-to-Reach” found in D.18-05-041.
while also encouraging the installation of measures that promote HCS and other NEBs. These two values can quantify both energy and NEBs that help to reduce household hardship.

Based on the forecasted installation of measures submitted in this application, Table I-10 provides an example of possible goals for (1) average annual Resource Measures energy savings per household and (2) quantitative reflection of benefit to customer’s HCS resulting from Non-Resource Measures:

<table>
<thead>
<tr>
<th>Line No.</th>
<th>GOALS</th>
<th>PY 1 (2021)</th>
<th>PY 2 (2022)</th>
<th>PY 3 (2023)</th>
<th>PY 4 (2024)</th>
<th>PY 5 (2025)</th>
<th>PY 6 (2026)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Resource Measure: HH Savings</td>
<td>$923.54</td>
<td>$1019.30</td>
<td>$1070.49</td>
<td>$1069.38</td>
<td>$1069.46</td>
<td>$1073.44</td>
</tr>
<tr>
<td>2</td>
<td>Non-Resource Measure: Value from NEBs</td>
<td>$95.13</td>
<td>$89.78</td>
<td>$91.36</td>
<td>$93.80</td>
<td>$96.02</td>
<td>$98.15</td>
</tr>
</tbody>
</table>

More detailed information is available in Chapter IV Table A-4, Planning Assumptions and Table A-5, Portfolio Goals and Target Populations

1. **Household Hardship Reduction Indicator:** Propose a per household metric that accounts for both Resource and Non-Resource measures installed in that it reflects overall net benefit or hardship reduction to the customer, for example average annual net energy savings and average annual bill savings.

   Provide as applicable:

   a. The methodology that identified the metric’s baseline quantity for the household metric

   b. The potential for customer household hardship reduction (estimated opportunity improvement over baseline per this proposed metric.)

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72 The term “indicator” here is similar to general EE programs where it refers to a unit of measures that is tracked but does not have threshold goals or targets associated with the unit of measure, the indicator simply means the value is tracked and reported.

73 The term “metric” here refers to the common definition as simply a unit of measure, and not the connotation of general Energy Efficiency programs, where metric implies a threshold target is set for the unit of measure.
PG&E’s proposal for a per household metric that accounts for both Resource and Non-Resource measures installed and reflects the overall net benefit or hardship reduction is reflected in the following table:

**TABLE I-11**
**PER HOUSEHOLD METRIC FOR RESOURCE AND NON-RESOURCE MEASURE INSTALLATIONS**

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Area</th>
<th>Quantitative Indicator</th>
<th>Method for Determining Quantitative Indicator</th>
<th>Baseline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Depth of Energy Savings Goal</td>
<td>(1) Average annual energy savings per household treated</td>
<td>Reduced annual energy usage associated with ESA treatment during reporting year (and bill savings in $)(^{(a)})</td>
<td>2021 values could be used as the baseline for the new program</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(2) HCS benefits per treated household</td>
<td>NEBs</td>
<td>2021 values could be used as the baseline for the new program</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Option for consideration: isolate sub-set of participant NEBs that directly address HCS (in $)(^{(a)})</td>
<td></td>
</tr>
</tbody>
</table>

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\(^{(a)}\) The household hardship reduction indicator (HHRI) would be the average household value from the valuation of (1) and (2) above, i.e., the dollar ($) value from the two indicators.

PG&E proposes use of the current total NEB value to quantify additional benefits received by customers (above and beyond reducing energy bills). This approach uses existing data that is available to the program team. PG&E will consider isolating the participant benefits (removing utility and societal benefits) to understand HCS benefits to ESA households.\(^{74}\) The benefits captured within both NEB participant and utility values have the potential to reduce hardship for ESA customers.

NEBs are reported as a dollar value (similar to bill savings). As such, the monetary value of the NEBs can be combined with the bill savings to provide a total benefit value. This total benefit value can serve as an indicator for HHRI when measured on an average annual basis, year-over-year (Yoy).

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\(^{74}\) PG&E plans to include participant and utility NEBs for both Non-Resource and Resource measures. Societal benefits are not included due to limitations of the existing model, but may be in the future.
PG&E notes that the IOUs are proposing to conduct additional NEB research that could be used to refine this indicator in the future, based on updated measures, benefit values and model construct.

a) *Addressing Baseline Quantity and Baseline Methodology*

PG&E proposes to calculate the value of the indicators as described above in 2021 to serve as a baseline quantity for the new ESA Plus Program. This timing allows for the NEBs model to be updated before being committed to use. As the NEBs values change and are updated, the baseline may need to be adjusted accordingly.

b) *Addressing Potential or Estimated Opportunity*

The potential for household hardship reduction (estimated opportunity improvement over baseline) will be the difference between the YOY forecasts for deployment of measures or installation rates of each, with the associated savings and benefits broken out by the number of participants from the targeted populations.

2. **Participation Goals:** *Briefly summarize the proposed criteria and process to identify and prioritize households, such as by building type, with a significant need for energy efficiency services. Propose specific ESA Program participation goals for program years beginning in 2021 and continuing no longer than 2026. In what ways can new program design and approaches identify and serve households not yet served by the ESA Program and/or where a significant need for services exists?*

   The proposed criteria and process to identify and prioritize households with a significant need for EE services is based on data available within the PG&E customer database and can be interpreted as indicators of hardship. PG&E recognizes low-income customers can experience hardship by virtue of their situation, but when combined with other indicators such as experiencing a high usage surcharge, having been disconnected, belonging to medical baseline program, residing in a disadvantaged, rural or tribal community, or a high wildfire threat zone, these customers become a priority due to their increased need state. See Table I-12 below for Participation Goals by PY and need state.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DAC, Tribal, Rural (includes California Air Resources Board (CARB))</td>
<td>40,701</td>
<td>36,639</td>
<td>28,110</td>
<td>25,524</td>
<td>24,630</td>
<td></td>
<td>23,767</td>
</tr>
<tr>
<td>2</td>
<td>Need States</td>
<td>15,100</td>
<td>13,593</td>
<td>11,174</td>
<td>10,146</td>
<td>9,790</td>
<td></td>
<td>9,447</td>
</tr>
<tr>
<td>3</td>
<td>All Others</td>
<td>20,849</td>
<td>18,768</td>
<td>30,992</td>
<td>28,139</td>
<td>27,154</td>
<td></td>
<td>26,203</td>
</tr>
<tr>
<td>4</td>
<td>Total Participation (Homes Treated)</td>
<td>76,650</td>
<td>69,000</td>
<td>70,276</td>
<td>63,809</td>
<td>61,574</td>
<td>59,417</td>
<td></td>
</tr>
</tbody>
</table>

Additional detail can be found in Chapter IV Table A-5, Portfolio Goals and Target Populations.

The new program design and approaches identify and serve households not yet served by ESA and/or where a significant need for services exist are as follows:

1) For those not yet served by ESA, PG&E extracted the list of CARE customers who did not have an ESA participation flag on their record. Given the eligibility criteria is the same for both programs, this group is a primary target for participation.

2) For those not yet enrolled in ESA or CARE, PG&E proposes to continue to conduct outreach to the areas with the highest propensity for enrollment. The outreach effort should leverage both CARE and ESA offers together.

3) For those where a significant need exists, PG&E identified the indicators that represent a greater need and developed the list for targeting with messaging and outreach. The ESA Program has also added new measures specifically to address the need states.

For each of the three target segments above, PG&E proposes modifications to the outreach approach and enrollment processes that makes it easier for qualified customers to participate. Like CARE that allows for self-certification of income, PG&E proposes ESA follow the same self-certification for simple measures—which will not require a renter to get approval from the property owner either. These changes
are expected to make ESA enrollment faster, easier, and less intimidating. ESA customer outreach could partner with the CARE Program and enrollment would mirror the CARE approach to get the best results.

3. **Portfolio Energy Savings Goal:** Propose annual energy savings goals based on impact evaluation results, the proposed measure portfolio, budget, and participation projections. Include quantitative analysis of the opportunity for savings to support the proposed goal and differentiate, as appropriate, the savings for the Multi-family Sector, Disadvantaged Communities, Tribal Communities, and Hard-to-Reach customers. Discuss alignment with California’s Greenhouse Gas Emission Reduction targets. In ESA tables A-1 and A-1a provide estimated energy savings with avoided greenhouse gas emissions, kWh, therms, and combination of electric and gas savings in equivalent BTUs for the applicable years (Attachment B). Summarize the connections between the energy savings from different Program elements with your Program goals, for example which activities result in the highest savings or where savings are less assured.

Annual energy savings goals can be found in Chapter IV, Table A-5, Portfolio Goals and Target Populations.

Quantitative analysis of the opportunity for savings to support the proposed goal starts with a review of the results of the most recent Impact Evaluation, EE Workpapers, and manufacturer estimates of savings to determine the best possible options for products or measures that can produce energy savings. Once potential products/measures are selected, the costs are taken into consideration along with installation requirements and the level of difficulty. Customer acceptance and satisfaction is also assessed.

After the measures savings and costs are finalized—including any values from NEBs—the ESACET score is calculated and the total annual savings goal can be determined.

The alignment with California’s GHG Emission Reduction targets is an important by-product of the ESA Program. Any EE Resource Measure will positively contribute to a reduction in GHG, but the
Non-Resource Measures may not. In the name of HCS, some Non-Resource measures may have negative savings which will reduce the extent of GHG reduction. However, the ESA Program’s goal is to manage a portfolio of measures that when taken as a whole, will provide overall energy savings and therefore a reduction in GHG.

The connections between energy savings from ESA Program elements with ESA Program goals, and the activities for savings are explained further.

The sources for ESA energy savings are: (1) savings validated from ESA Impact Evaluations, (2) workpapers validating the opportunity for deemed savings, or (3) engineering or manufacturer savings estimates. Measures having any energy savings are marked as Resource Measures and PG&E considers these to be the priority for the ESA Program. However, installation rates for those measures impact the total savings opportunity due to feasibility requirements. The measures and savings values are listed in Chapter IV, Table A-4, Planning Assumptions.

In the new ESA Plus Program design, the expectation is energy savings will be realized for both the Basic and the Comprehensive level of services due to the degree of Resource Measures available. (See details in Section 6, ESA Measures and Portfolio Composition.)

For the Comprehensive Plus package, the savings may not be as great, depending on what is installed for the need state. For example, the high usage need state customers will have access to two new Resource Measures: Diagnostic Driven Air Sealing and Floor Insulation. These Resource Measures are being proposed based on the energy savings opportunity with this need state. It is anticipated this group has the greatest savings potential due to the level of usage. If EE measures cannot impact their savings based on lifestyle choices, the next step would be to leverage the income-qualified solar program.

There are new Non-Resource measures in the ESA Plus packages for which no savings or negative savings are associated, such as the cold storage units for customers in the high wildfire threat zones. This measure mitigates the hardship of loss of food and medication requiring
refrigeration for the customers most likely to have their power shut-off, but does not provide any energy savings.

With air purifiers for customers on the Medical Baseline Program or living in DAC/Rural/Tribal areas, there may be negative savings associated with the product since it is a new plug load item. However, the value the air purifier brings in the way of improved in-home air can help offset the use of other plug load items these customers may have been using, such as fans, humidifiers, etc. The next LINA study and Impact Evaluation can help validate this theory.

PG&E is proposing to offer a Portable A/C as a Non-Resource measure, as it has the potential to increase energy use. The Portable A/C will be available if the existing central A/C is inoperable or a central A/C is not installed to help address HCS issues with customers in the Medical, DAC, Rural or Tribal need states in climate zones with high cooling degree days; climate zones 11-14.

Minor Home Repair PLUS will allow for additional budget and repair work on a premise and is being proposed as a Non-Resource Measure only for DAC, Rural, and Tribal Communities based on the issues presumably facing these customers regarding premise feasibility. See Table I-4 in Section A.3.b., ESA Homes Unwilling or Unable to Participate.

A Non-Resource Measure being proposed and assumed to provide no savings is Furnace Repair/Replacement for renters. The assumption is once the equipment is repaired or replaced, energy usage will increase and no savings will be gained. PG&E considers these Non-Resource Measures: (1) as having a positive impact on HCS, and (2) supports their deployment in addressing a hardship situation.

With LED lightbulbs—which are a Resource Measure—PG&E is proposing a limit on the number offered to a household, due to a 93 percent reduction of energy savings in moving the baseline for replacement from incandescent to Compact Fluorescent Lamps (CFL). This reduced savings amount negatively impacts the cost effectiveness of the portfolio and should be mitigated.
The other activity assumed to have a positive impact on savings and hardship is the energy education session utilizing the custom energy solutions reports generated from the Load Disaggregation Project. It is anticipated that customers will take action on the personalized recommendations for rate plans, demand response programs, other savings opportunities and behavioral tips.

4. **Additional Metrics:** Discuss whether goals associated with additional metrics such as energy burden, public health indicators or climate change for the ESA Program are worthwhile. Why or Why not?

For each proposed additional metric, provide as applicable:

- **a. the methodology that identifies the metric’s baseline quantity for the targeted participant population,**
- **b. the potential for customer and/or societal benefit (estimated opportunity improvement over baseline per this proposed metric),**
- **c. evaluation of tradeoffs, i.e., consideration of the cost to ratepayers to realize the potential benefits.**

PG&E does not believe goals associated with additional metrics such as energy burden, public health indicators, or climate change are worthwhile at this time for the reasons discussed below.

Regarding energy burden, which is defined as the percent of the household’s income spent on energy bills, the ESA Program influences one part of the equation. ESA attempts to install efficient products and services designed to help reduce energy use which should lead to a reduction in bills. However, as mentioned in the Studies section and Lessons Learned, the savings from ESA measures is declining which means the positive financial impact is lessening. In addition, PG&E’s new proposed ESA Plus Program includes more Non-Resource Measures that help with overall hardship, not necessarily with energy costs; therefore, in some cases, may increase use and drive negative

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75 For these purposes, we define “energy burden” as the percentage of household income spent on energy bills.
savings. This would conflict with reducing energy burden. A reduction in energy burden as a goal for ESA could be incomplete and misleading.

Public health indicators are beyond the scope of the ESA Program. At its core, ESA is focused on a mix of energy savings and HCS improvements of the customer’s home. Some of the ESA measures may have incidental societal impacts for public health. PG&E’s ESA Program should balance energy savings and cost effectiveness for all.

Climate change or reduction in carbon or GHG is a by-product of the ESA Program. EE products and services will positively contribute to reductions in GHG due to the reduced energy use but to make it a goal would mean changing the focus and implementation model of the ESA Program.

In the ESA Program Budget section of the application:

[WITNESS: BENASSI]

5. **Budget:** Present and justify detailed budgets in ESA tables A-2, A-2a, A-3, and A-3a for years post-2020 but not beyond 2026 (Attachment B). Describe how the distribution or balance of funding achieves deeper energy savings and hardship reductions for prioritized low-income households.

   a. The proposed budget must clearly outline the cost of each program and administrative category and break it into specific components. For example, for multi-family households, clearly show what portion will go to whole-building, in-unit, and/or communal areas/shared energy systems.

   PG&E’s proposed budget for 2021-2026 clearly outlines the cost of each program and administrative category and is detailed in Table A-1 in Chapter IV.

   b. Identify which components of the budget are for services that increase health, comfort and safety (i.e., Non-Resource measures) vs. those that provide quantifiable energy savings (i.e., Resource measures).

   Components of the budget for measures that increase HCS (i.e., Non-Resource measures) versus those that provide
quantifiable energy savings (i.e., Resource measures) are provided in Tables A-8 and A-9 in Chapter IV.

c. Include a table on the 2017-2020 authorized budget, comparing the costs with the proposed 2021-2026 budget. List and indicate the reasons for any increase or decrease in proposed allocations for any budget lines that are synonymous between the two cycles.

The comparison of PG&E's 2017-2020 authorized budget with PG&E's proposed 2021-2016 budget is provided in Table A-10, Chapter IV, along with reasons for increases or decreases in the proposed for budget lines that are synonymous between the two cycles. As illustrated in Table A-10, PG&E's administrative cost remains under 10 percent for both program cycles.

6. **Project Planning and Tracking Program Expenditures [WITNESS: BENASSI].**

Provide a spend plan, with quarterly expenditure projections. Correlate projected expenditures with performance milestones by clearly stating the targeted date for each performance milestone in a Gantt chart, and the anticipated amount of expenditure required to achieve each performance milestone. Include at least one milestone per year. Include a description of each performance milestone. Include a discussion on requested budget flexibility, including potential fund shifting. The intent of this section is to allow the IOUs to propose enough Program Planning and Tracking practices to allow the Commission oversight beyond 2020 to occur at a higher level (closer to programmatic or portfolio level than at the measure and units treated level).

PG&E's Gantt chart illustrating annual performance milestones and quarterly budget is in Attachment D. The Gantt chart indicates contract budget in support of each activity. PG&E tracks labor spend by regulatory budget category, not by activity, and currently does not have systems to track at the activity level. As a result, the quarterly budget provided in the Gantt chart is for the entire General Administration category.

Budget flexibility and fund shifting is discussed in Section D.7.
7. **Unspent Funds [WITNESS: O’DRAIN]:** Discuss unspent funds, and any failure to meet household treatment goals, for each completed year of the prior budget cycle. Explain (1) the reasons for these unspent funds and/or failure to meet goals and (2) how you will track progress in a timely manner to meet approved performance and spending milestones. Discuss how these unspent funds, accrued over 2017-2020, should be handled. Discuss how you will more accurately budget upfront for activities through 2026 and take actions, where necessary, to mitigate performance shortfalls before the end of the annual period to avoid failing to meet annual performance targets.

PG&E allocated ESA 2009-2016 unspent funds to cover new ESA 2017-2020 activities as directed by D.16-11-022.\(^{76}\) New program costs included: new approved measures that were not in PG&E’s application, new penetration goals, and costs for other new directives. PG&E committed $123.9 million of its unspent funds from the ESA PY2009-2016 to the ESA 2017-2020 program cycle through the Conforming and Mid-Cycle AL authorizations.\(^ {77}\) By June 30, 2019, $5.96 million of $123.9 million funding had been spent leaving $117.9 million for the remaining 2017-2020 ESA Program cycle as shown in Table I-13. These remaining funds are planned to be used for the following 2019-2020 efforts; MF CAM installations, CSD LIWP leveraging, and the introduction of new measures from the Mid-Cycle AL.

As of June 30, 2019, PG&E has $67.3 million remaining uncommitted unspent 2009-2016 funding as shown in Table I-13.

PG&E’s remaining uncommitted unspent 2009-2016 funding will be

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\(^{76}\) D.16-11-022, pp. 41-42, p. 392.

\(^{77}\) PG&E filed Conforming Advice Letter 3830-G/5043-E on April 3, 2017. PG&E filed a supplemental advice letter (Advice 3830-G-A/5043-E-A) on June 20, 2017 to address additional items requested by Energy Division. PG&E’s ESA budgets were approved in Commission Resolution G-3531, issued on December 21, 2017.

used to offset collections that would otherwise have been required in the 2017-2020 program cycle, as directed by D.17-12-009, OP 137. PG&E plans to deplete these unspent funds by the end of 2020.

**TABLE I-13**

<table>
<thead>
<tr>
<th>Line No.</th>
<th>PY 2009-2016 ESA Unspent Funding</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Authorized Unspent Funding (2017-2020)(^{(a)})</td>
<td>$123,878,724</td>
</tr>
<tr>
<td>2</td>
<td>Year-to-Date (YTD) Authorized Unspent Funding Expenditures (2017-2019)(^{(b)})</td>
<td>$5,957,871</td>
</tr>
<tr>
<td>3</td>
<td>Remaining Authorized Unspent Funding (2017-2020)</td>
<td>$117,920,853</td>
</tr>
<tr>
<td>4</td>
<td>Remaining Uncommitted 2009-2016 Unspent Funding(^{(c)})</td>
<td>$67,321,717</td>
</tr>
</tbody>
</table>

\(^{(a)}\) The amount of 2009-2016 unspent funds authorized in Conforming AL Resolution and Mid-Cycle AL Disposition.

\(^{(b)}\) 2017-2018 expenses from 2017-2018 ESA-CARE Annual Reports, filed May 1, 2018 and 2019. 2019 is YTD through June 30, from ESA-CARE Monthly Report for June 2019, filed July 21, 2019. These funds are shown in ESA Table 1A of PG&E’s Monthly and Annual ESA-CARE Reports.

\(^{(c)}\) PG&E’s remaining uncommitted unspent 2009-2016 funding will be used to offset collections that would otherwise have been required in this program cycle, as directed by D.17-12-009, OP 137. This funding is through June 30, 2019, and includes interest. The average interest rate from January 1-June 30, 2019 was 2.5 percent.

a. Discuss unspent funds, and any failure to meet household treatment goals, for each completed year of the prior budget cycle.

Table I-14 shows ESA 2017-2019 expenditures, through June 30, 2019. As discussed in Section A.2. above, for the period of 2017 through 2019, PG&E’s authorized ESA budget was underspent primarily due to: (1) not meeting the total homes treated goal in 2017 and 2018, and (2) measure installation rates were lower than estimated. PG&E has updated its measure forecasts based on more recent data. PG&E is working with its implementers to make up the delta in homes to be treated in 2019 and 2020, and is currently on target to meet the ESA Programmatic Initiative household treatment goals by the end of 2020, as discussed in Section A.2.

Two main delays contributed to PG&E underspending its 2009-2016 unspent funds committed and authorized through...
Conforming and Mid-Cycle ALs. These delays involved the launch of new measures and installation of Multi-Family CAM. These delays were based on: (1) the timing of 2018 Mid-Cycle AL Filing Resolution on January 4, 2019; and (2) transitioning from PG&E’s originally authorized modelled savings approach to a deemed measure savings program based on ESA CAM delivery options provided to PG&E by Energy Division. PG&E plans spending in these areas will be shifted across 2019 and 2020.

Table I-14
2017-2019 ESA Budgets and Expenditures

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Year(c)</th>
<th>Authorized Budget (Table 1)(a)</th>
<th>Authorized Budget from Unspent 2009-2016 Funding (Table 1A)(b)</th>
<th>Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>Percentage</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>2017</td>
<td>$154,671,971</td>
<td>$122,778,059</td>
<td>$125,155,822</td>
</tr>
<tr>
<td>2</td>
<td>2018</td>
<td>$142,898,913</td>
<td>$122,110,739</td>
<td>$124,587,853</td>
</tr>
<tr>
<td>3</td>
<td>2019 YTD</td>
<td>$205,483,865</td>
<td>$76,125,243</td>
<td>$77,228,237</td>
</tr>
</tbody>
</table>

(a) Authorized funding in Conforming AL Resolutions, and Mid-Cycle AL Dispositions, not including 2009-2016 unspent funding. This is the amount shown in IOU ESA Table 1 in Monthly and Annual ESA-CARE Reports.

(b) 2009-2016 unspent funds authorized in Conforming AL Resolutions and Mid-Cycle AL Dispositions. This is the amount shown in IOU ESA Table 1A in Monthly and Annual ESA-CARE Reports.


b. Explain 1) the reasons for these unspent funds and/or failure to meet goals and 2) how you will track progress in a timely manner to meet approved performance and spending milestones.

1) See discussion in Section A.2. above.

2) To track ongoing progress in a timely manner in the 2021-2026 program cycle, PG&E plans to develop a detailed project plan of all initiatives and actions approved in the next decision with assigned accountabilities and interdependencies. PG&E’s proposed holistic project planning and monitoring will be performed by a project manager included in the budget proposal for the program cycle. The project manager’s role will include managing progress on deliverables, critical path planning, interdependencies, proactive problem solving, including
recommendations to program leadership for work and resources reprioritization for any program milestones at risk with the objective of mitigating milestone delays.

c. *Discuss how these unspent funds, accrued over 2017-2020, should be handled.*

Unspent authorized 2017-2018 budget has been shifted forward to 2019 and 2020, according to D.17-12-009 fund shifting rules.\(^\text{79}\)

In its 2021 6-month bridge funding AL\(^\text{80}\), PG&E proposed that any unspent budget remaining at the end of 2020 be used to off-set bridge funding collections. If there is no bridge funding period required, or if any 2017-2020 funds remain after the bridge period, PG&E proposes to use these funds to offset 2021-2026 collections.

d. *Discuss how you will more accurately budget upfront for activities through 2026 and take actions, where necessary, to mitigate performance shortfalls before the end of the annual period to avoid failing to meet annual performance targets*

To more accurately budget upfront for activities through 2026 and to take actions to mitigate program shortfalls, PG&E expects to rely more heavily on upfront holistic project planning, detailed accountability assignments, and proactive project monitoring as described above in Section C.7.b.2.

This project planning will support:

- A fundamental change in approach as budget is no longer driven by a homes treated goal;
- Planning of activities and interdependencies as new program partners are identified after solicitation;

\(^\text{79}\) Fund shifting is reported in ESA-CARE Program ARs (ESA Table 12), as allowed by ESA fund shifting rules (D.17-12-009, Section 5.1.3.) Carry-forward from 2018-2019 is reported on ESA Tables 1 and 1A of PG&E’s ESA-CARE Monthly Report for August 2019 (September 23, 2019), and will be included in PG&E’s 2019 Annual Report Table 12 on May 1, 2020. Also see: PG&E AL 3977-G/5298-E (May 21, 2018); Approved by Energy Division as of June 20, 2018. And: PG&E’s Mid-Cycle AL 3990-G/5329-E (July 16, 2018), AL3990-G/5329-E-A (September 14, 2018), 3990-G/5329-E-B (October 8, 2018). Approved in Energy Division NSDL on AL3990-G/5329-E-A, 3990-G/5329-E-B, (January 4, 2019).

\(^\text{80}\) PG&E AL 4131-G/5614-E, filed August 12, 2019.
D. ESA Program Design and Delivery

1. Proposed Program Design [WITNESS: LEIVA JUNGBLUTH]:

Describe your approach to reach each of your stated Goals during the 2021-2026 program years. Responses to this Section D.1. Proposed Program Design, addressing the overall program structure, and Section D.2. Proposed Program Delivery, addressing the program’s execution, can be answered together in your application.

PG&E’s approach to reaching the stated goals listed below requires a new program design that includes easier entry into the program, new energy savings measures, additional HCS measures, focused outreach efforts, identification of certain populations with hardship considerations, and an improved contractor/customer journey.

The changes for the contractor consist of the following during the first visit:

- Conducting a home assessment and documenting a detailed feasible measures list for all eligible Comprehensive and Comprehensive Plus measures;
- Discussing the eligible feasible measures with the customer to encourage participation in the Comprehensive/Comprehensive Plus levels of ESA; and
- Installing feasible simple measures (e.g., smart power strips, and LED lightbulbs).

For subsequent measure installation, the new design calls for a contractor crew to visit the customer in one outing to complete the comprehensive and comprehensive plus treatments, where possible. The goal of these changes is to: (1) educate the customer during the first visit on the measures they will receive if they decide to enroll for
the comprehensive measures, and (2) reduce the number of
customer visits.

See Figure I-2 below for a summary of changes to design
and delivery.

FIGURE I-2
SUMMARY OF CHANGES FOR PROPOSED ESA PROGRAM

<table>
<thead>
<tr>
<th>Proposed Program – ESA Plus</th>
<th>Summary of Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic</td>
<td>Comprehens</td>
</tr>
<tr>
<td>Simple Start</td>
<td>ive Standard Program</td>
</tr>
<tr>
<td></td>
<td>Comprehensive</td>
</tr>
<tr>
<td></td>
<td>Plus Targeted Segments</td>
</tr>
<tr>
<td>Objective</td>
<td>Provide simple, easy</td>
</tr>
<tr>
<td></td>
<td>way to get started</td>
</tr>
<tr>
<td></td>
<td>with basic services;</td>
</tr>
<tr>
<td></td>
<td>reduce barrier of</td>
</tr>
<tr>
<td></td>
<td>unwillingness</td>
</tr>
<tr>
<td>Customer</td>
<td>Current CARE customers,</td>
</tr>
<tr>
<td>Opportunity</td>
<td>not ESA treated</td>
</tr>
<tr>
<td></td>
<td>Current CARE</td>
</tr>
<tr>
<td></td>
<td>Customers, not ESA</td>
</tr>
<tr>
<td></td>
<td>treated</td>
</tr>
<tr>
<td></td>
<td>New CARE enrollments</td>
</tr>
<tr>
<td></td>
<td>annually</td>
</tr>
<tr>
<td>Income</td>
<td>Self-Certification of</td>
</tr>
<tr>
<td>Verification</td>
<td>Income Verification</td>
</tr>
<tr>
<td></td>
<td>Requires Income</td>
</tr>
<tr>
<td></td>
<td>Verification</td>
</tr>
<tr>
<td>PO Approval</td>
<td>No Property Owner</td>
</tr>
<tr>
<td></td>
<td>Approval</td>
</tr>
<tr>
<td>Measures</td>
<td>Simple Energy Savings</td>
</tr>
<tr>
<td></td>
<td>Measures</td>
</tr>
<tr>
<td></td>
<td>Energy Savings Measures</td>
</tr>
<tr>
<td></td>
<td>Measures and Health/</td>
</tr>
<tr>
<td></td>
<td>Comfort/Safety Measures</td>
</tr>
<tr>
<td>Installation</td>
<td>Low - Medium</td>
</tr>
<tr>
<td>Effort</td>
<td>Medium - High</td>
</tr>
<tr>
<td></td>
<td>Medium – High</td>
</tr>
<tr>
<td></td>
<td>Low - High</td>
</tr>
</tbody>
</table>

Goals and Approach:

PG&E’s first goal of its 2021-2026 ESA Program is to achieve
energy savings in the most cost effective way possible. PG&E’s
proposed approach to meet this goal is to: (1) increase the participation
of new CARE households that have not been previously ESA treated,
(2) increase outreach efforts to enroll high usage customers, (3) simplify
the enrollment process to get more customers into the program, and
(4) pilot a virtual energy coach for continued engagement.
PG&E’s second goal of its 2021-2026 ESA Program is to reduce hardship for customers with greatest need states while maintaining a reasonable budget spend. PG&E’s proposed approach to meet this goal is to: (1) identify the customer groups with the greatest need, (2) target outreach to those groups, (3) simplify enrollment, (4) offer measures to address specific need states, and (5) test the impact of a virtual energy coach to assist with hardship reduction and energy management.

PG&E’s third goal of its 2021-2026 ESA Program is to help improve the environmental factors and social justice inequities impacting the income-qualified customer population. PG&E’s proposed approach to meet this goal is to partner with internal teams to leverage complimentary equity programs and the funding available. See details of possible leveraging opportunities in Section D.5.a.

a. Discuss lessons learned from the current cycle program design.

When evaluating the current cycle program design, the lessons learned are:

1) Energy savings are declining, as demonstrated in both the 2019 Impact Evaluation results and 2019 Navigant P&G study. (See Section B.2.)81

2) In some cases, when repair or replacement work is done, the customer may experience an increase in energy usage since there is now a working gas furnace or water heater. However, the repair/replacement work can positively impact their HCS factors. (See LINA Study, Section B.2.)82

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82 Opinion Dynamics 2019 CA Low-income Needs Assessment, Full Draft Report Version 1, Vol.1. See: Section 6.2. (p. 124) re. HCS: Surveyed ESA participants receiving these measures perceived that these measures significantly improved the HCS of their homes. They reported a significant reduction in the frequency of HCS-related issues—uncomfortably cool or warms temps, drafts, mold/mildew/fungus/moisture, and pests—occurring in their home, compared to before they participated in ESA, and compared to the non-participants.
3) Negative energy/bill savings from measure installation could be offset with an increase in savings from other areas of the customers' total household expense budget, and by greater understanding of energy management or usage behaviors. (See NEBs Study, Section B.2.)

4) Customer scheduling and availability are one of the largest barriers to participation. (See Table I-4, Section A.3.b., ESA Homes Unwilling or Unable to Participate). To begin the ESA process, customers must make a time commitment to verify program qualification and be evaluated for potential measures.

5) The majority of CARE high usage customers do not participate in ESA and are removed from CARE due to lack of response to the income verification request. (See Figure I-3.)

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### FIGURE I-3
PY 2018 CARE ANNUAL REPORT
CARE TABLE 13
CARE HIGH USAGE VERIFICATION RESULTS⁹

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Households to Verify</th>
<th>Removed (No Response)</th>
<th>Removed (Verified)ᵃ</th>
<th>Income Verified and Referred to ESA</th>
<th>Failed and Removedᵇ</th>
<th>Ineligibleᶜ</th>
<th>Completed</th>
<th>Removedᵈ</th>
<th>Appeals Denied</th>
<th>Appeals Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>56,943</td>
<td>46,097</td>
<td>2,264</td>
<td>8,582</td>
<td>613</td>
<td>4,464</td>
<td>1,853</td>
<td>234</td>
<td>1</td>
<td>113</td>
</tr>
</tbody>
</table>

(a) Includes customer who were verified as over income, requested to be removed, or did not agree to participate in ESA Program.

(b) Includes customer who declined to participate in EA Program, failed to respond to appointment requests, or missed multiple appointments or denied access to all rooms.

(c) Includes customers who previously participated in ESA Program, did not meet the three-measure minimum, landlord refused, etc. These customers moved directly to Stage 3.

(d) Customers removed for exceeding 600 percent of baseline in any monthly billing cycle, after the 90-day grace period following ESA.

(e) High usage is defined as a customer that exceeds 400 percent of baseline. Results as of March 31, 2019 (reflecting verification requests mailed in 2017 or 2018.

(f) Does not include 1,652 customers still pending ESA participation.
6) Customer feedback from PG&E’s in-home customer interviews, as well as the LINA Study indicates the customers’ primary gratitude is in the HCS benefits that reduce overall feelings of hardship. Energy savings or bill savings are secondary and rarely mentioned. (See Section B.2.)

7) Customers who participate in the ESA Program are moderately high to highly satisfied with the program, according to LINA Study results. (See Section B.2.) Customers who received products and services installed at no cost indicated they were grateful.

b. Note program design modifications to garner increased energy savings and reduce hardships.

As discussed earlier, the ESA Program design modifications to increase energy savings and reduce hardship include:

1) Partnering ESA more closely with the CARE Program in ways not done in previous efforts to make ESA the next step in the CARE customer’s energy journey with PG&E;

2) Allowing self-certification of income and removing any requirement for POA for installation of new simple measure offering to establish some basic first-time savings;

3) Focusing outreach on those who have not participated in ESA and newly-enrolled CARE customers;

4) Developing specific outreach and including measures for high usage customers to help realize their deeper savings potential;

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85 Opinion Dynamics 2019 CA Low-income Needs Assessment, Full Draft Report Version 1, Vol.1. See: Section 6.2 (p. 124) re. HCS: Surveyed ESA participants receiving these measures perceived that these measures significantly improved the HCS of their homes. They reported a higher average level of comfort and safety, and that their home was a healthier place to live, compared to nonparticipants.

86 Opinion Dynamics 2019 CA Low-income Needs Assessment, Full Draft Report Version 1, Vol.1. See: Section 6.2 (p. 124) re. HCS: Surveyed ESA participants receiving these measures perceived that these measures significantly improved the HCS of their homes. They reported moderately high to high satisfaction with the measures they received and their overall experience with the program.

5) Developing specific outreach and including measures for customer groups with the greatest needs to help reduce hardship;

6) Continuing production of load disaggregation profiles that include customized solutions around energy, such as rate plans, programs, behavioral tips; and

7) Piloting a virtual energy coach for ongoing assistance with energy savings.

c. Discuss expected accomplishments and potential obstacles to your proposed design. What are the recommendations to overcome any identified obstacles?

As discussed in Section A.2., PG&E expects its proposed 2021-2026 Program Design to accomplish its ESA Program goals.

First, PG&E expects increased penetration with CARE households not previously treated by ESA due to targeted outreach and relevant offers (simple measures and unique measures based on need), overcoming the barriers of trust, and improved scheduling, and a simpler enrollment process. Similarly, PG&E expects an increase in energy savings for new CARE customers that have not been previously ESA treated and increased participation of high use customers. In addition, PG&E expects a reduction in overall household hardship for customers in greatest need due to installation of unique measures that target the hardship. With the Virtual Energy Coach, PG&E expects the greater engagement with customers will continue the energy savings process.

PG&E also expects an increase in customer satisfaction based on previous customer research with participants and feedback from stakeholders regarding suggestions for improvement.88

Potential obstacles in PG&E’s delivery of the program and recommendations for overcoming those obstacles.

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PG&E discussed some potential obstacles and recommendations for overcoming those obstacles at numerous Stakeholder Meetings and Contractors’ Feedback Sessions.

One potential obstacle is locating contractors who have the necessary skill levels and qualifications to conduct the whole home assessment and offer the virtual coach during the initial home visit. PG&E recommends revamping its Workforce Education & Training curriculum to coincide with the new requirements of the contractor journey and program elements.

The second potential obstacle is that installing simple measures during the initial visit may not be feasible for some smaller contractor organizations. PG&E recommends addressing these in the RFP process to ensure fair compensation for time and expenses incurred.

A third potential obstacle is that ESA Program implementers may have difficulty in coordinating schedules for a crew of contractors for a single customer visit. During the RFP process this should be addressed in the scope of work. During contract negotiation, PG&E would work with the winning bidder to develop appropriate workstream and compensation for single customer visits.

Lastly, the fourth potential obstacle is that due to travel time and costs associated with serving rural locations, PG&E recommends an incentive to be addressed in the RFP process.

2. **Proposed Program Delivery:** Complete the following:
   a. Describe the proposed delivery of the program per the proposed design approaches above. Discuss lessons learned from the current program cycle; note that the lessons learned from delivering ESA Common Area Measures will be answered in the section on Multi-family Sector.

   PG&E’s proposed delivery of its 2021-2026 ESA Plus Program per the design approaches discussed above, consists of three levels of ESA involvement and customer engagement:

   Basic, Comprehensive, Comprehensive Plus, and a proposed Pilot.
The Basic level of program delivery is expected to include a load disaggregation profile and customized energy solutions report for each CARE customer on a quarterly basis. These reports are expected to be accessible to both the contractor and the customer for review. The reports allow a contractor to know what may be relevant during the initial home assessment and what to discuss during the Energy Education session.

In addition, no income verification or POA would be required since the customer is already on CARE. The CARE enrollment status allows the contractor to offer automatic eligibility for simple measure installation when doing outreach and setting up appointments.

During the Basic initial visit, the ESA contractor would conduct the home assessment, explain all available and feasible Comprehensive and Comprehensive Plus measures, install the simple measures, and conduct the Energy Education session. The contractor would also offer the opportunity to participate in the Virtual Energy Coach Pilot for ongoing assistance.

The customer may elect, after the Basic consultation, to receive more measures at the Comprehensive and the Comprehensive Plus levels. The customer would need to produce income documentation or proof of categorical program participation and assist in obtaining the POA, if necessary. The contractor would inform the customer of the next steps. Once the contractor submits the information online, a work order will be generated for the Implementer to use for scheduling an installation crew to go out to the customer’s home.

The contractor should be well versed in all measures that are applicable for a customer’s premise and particular need state, in addition to the Pilot.

For income-eligible customers not on CARE, the proposed process will involve a simultaneous sign up for both ESA and CARE, since no income verification is required for both. The customer can self-certify for both programs. Due to the quarterly production cycle, it may take a few months for any new CARE customer to get access.
to a load profile and custom energy solutions report. If the customer is brand new to PG&E, no custom energy solutions report is expected to be available and the contractor must use the home assessment form as the best reference for feasible measures, programs, rates plans and behavioral tips.

b. For new delivery approaches, where prior experience is limited, detail thoroughly the delivery approach, associated risks, and risk mitigation strategy.

With PG&E’s new proposed ESA Plus Program delivery, there are four areas where prior experience is limited: (1) load disaggregation profile reports, (2) updated home assessment visits and forms, (3) customer need states and related measures, and (4) virtual energy coach.

To use the load disaggregation profile reports, PG&E anticipates training will be required for all parties involved (PG&E team, ESA contractors, IT specialists, Workforce Education & Training Instructors, etc.) There is a risk the reports may be too complicated and therefore not useful. PG&E intends to engage these parties to test the usefulness of the reports during current program cycle year 2020. PG&E also expects to update the Workforce Education and Training (WE&T) curriculum and delivery to accommodate the changes. PG&E proposes that ESA contractors will have specific training to familiarize themselves with the reports and the Pilot since they will be the primary channel for enrollment. PG&E anticipates the internal PG&E ESA team will also need to be informed and able to assist with questions. See Attachment A for the Virtual Coach Pilot Implementation Plan.

There is a potential risk that the new activities outlined for the first ESA contractor visit may pose a challenge. The contractors may need enhanced soft skills to meet the new objectives during the first visit. In addition, ESA contractors will need to be fully-versed in the feasibility criteria for each measure. Based on the new design, the ESA contractor should verify need states, complete the home assessment with the customer, and explain other feasible measures
and qualifying income requirements. If the customer does elect to have all feasible measures installed, the contractor would submit the information online and a work order would be generated for the Implementer to use for scheduling an installation crew to go out to the customer’s home. There is the risk of it taking longer than expected to schedule the right resources for the work. PG&E plans to address this in the RFP process.

Another potential risk is contractor confusion about the customer need states. Because of PG&E’s proposal for new measures to be available based on a customer’s need state, the contractor will have to be well-trained in how to determine the validity of the need state, as well as the corresponding requirements and feasible conditions for measure installation. All of this is expected to be covered in the new curriculum for WE&T.

c. Describe how the proposed program delivery approach will achieve energy savings and hardship reduction program goals for each prioritized population.

PG&E’s proposed ESA Program delivery approach is anticipated to achieve energy savings or hardship reduction program goals for each prioritized population since each population has specific measures assigned and matched to their need state. The various measure mix options were purposely designed to achieve savings or reduce hardship for the prioritized customer groups, while maintaining program cost effectiveness. The proposed utilization of a custom energy solutions report should also help increase productivity of the energy education session between the contractor and customer. The report is expected to contain personalized information about opportunities for savings and recommendations for actions that may positively impact hardship.
As applicable, respond to the following questions as it relates to your specific program delivery approach:

i. **What additional workforce development opportunities should be employed to ensure hiring within local communities, especially the disadvantaged communities and, where possible, career-ladder jobs? How can the IOUs partner with CBOs, community colleges and workforce investment boards?**

   The workforce development opportunities that could be employed to increase the possibilities of hiring within local communities, especially DACs and possibly provide career ladder jobs include:

   - Notifying local and regional workforce development organizations (WDO) about ESA employment opportunities in their areas. The WDOs would then communicate these opportunities to people who come to them looking for work. The notification would be handled by the ESA Implementers and Contractors who would report their efforts to PG&E; and

   - Leveraging existing connections between PG&E EE teams and WDOs to help generate awareness and interest in opportunities with ESA Program contractors.

   Other possible ways PG&E or IOUs can collaborate and support community-based organizations (CBO), community colleges and WDOs include:

   - Providing information about ESA opportunities to participants in Energize Colleges Program: This program supports college students, teachers, and education departments at various campuses across PG&E’s territory. Interns and fellows are trained on EE topics and technologies to prepare them to work on campus EE projects;

   - Informing PG&E technical advisors and education collaborators about ESA: PG&E staff sometimes serve on technical advisory committees for Bay Area WDOs that
have job training programs and provide technical EE
classes to their students; and

- Providing information to attendees at the Annual Solar Jobs
  Fair: This is an annual event focused on career
  opportunities in the solar industry. Through a contracted
  vendor, PG&E invites job seekers and employers to PG&E’s
  Pacific Energy Center for networking, resume review
  workshops, interview skills workshops, and recruiting.

ii. Discuss how your Marketing, Education and Outreach (ME&O)
    plans support the Program Goals, including plans for improving
    enrollment, meeting participation goals and targeting
    multi-family households. Include proposed ME&O cost per
    household for program years 2021-2026; how does this
    compare to the current cycle? Discuss the history of your
    ME&O methods' effectiveness and modifications or
    opportunities to further streamline existing ME&O initiatives.

[WITNESS: OLSEN]

PG&E is committed to helping customers understand the
benefits of and eligibility requirements to participate in the ESA
Program. In its proposed approach to ME&O, PG&E builds
upon proven strategies from the 2017-2019 ESA marketing
campaign with plans to add insights and modify strategies to
help customers understand the benefits of the newly-proposed
redesign of the ESA Program offerings. These marketing
activities support PG&E’s drive to achieve program goals of
participation, reducing hardship for need state customers, and
improving the environmental factors and social justice inequities
impacting the income-qualified customer population.

The following testimony explains:

- The history of PG&E’s ME&O effectiveness, including
  successful strategies and tactics to be carried forward;

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89 Descriptions of “need state” offerings in the ESA Comprehensive Plus outlined in Section A.3.b.
• Proposed modifications or opportunities to further streamline existing ME&O initiatives to support the Program Goals; and

• PG&E’s proposed ME&O cost per household for PYs 2021-2026, and how this compares to the current cost per household.

1) **The history of PG&E’s ME&O effectiveness, including successful strategies and tactics to be carried forward:**

Through many years of effort, PG&E has achieved high awareness and participation in the current ESA Program. As of December 2018, more than 2,137,739 homes have been treated.\(^{90}\)

PG&E’s ME&O for ESA focuses on building awareness and delivering qualified leads in the form of application submissions. Recent campaign results show that customer targeting, effective messaging, and a “mix” of marketing, including direct mail, e-mail, and targeted digital media, all contribute to lead generation. The following section describes the successful strategies and tactics\(^{91}\) that have increased response rates, delivered qualified leads, and driven customer participation in ESA. PG&E has incorporated these key learnings into its proposed 2021-2026 marketing approach.

PG&E’s recent work to refine messaging and targeting and optimize the marketing channel mix, contributed to increased lead generation (in the form of application submissions) and increased participation rates (homes assessed and treated) in recent years. These findings are documented in the 2018 ESA Marketing campaign analysis\(^{92}\) report, which PG&E has incorporated into its

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\(^{91}\) 2018 ESA Campaign Analysis; May 15, 2019.

\(^{92}\) 2018 ESA Campaign Analysis; May 15, 2019.
proposed 2021-2026 marketing approach. Successful strategies and tactics include:

a) **Leverage the power of repetition:** Results from the 2018 ESA marketing campaign show that exposing customers to ESA messages more than once through direct channels is more successful at motivating customers to act than a single communication. Within a multi-channel campaign including digital media, customer response rates to ESA direct marketing touches in the third and fourth quarters of 2018 were as follows:\(^{93}\)

1) 54 percent responded after one mailer;
2) 82 percent responded after receiving two direct marketing communications; and
3) The remaining 18 percent of customers that responded to ESA marketing did so after receiving three or more communications.

Because repetition is a factor in higher response rates, PG&E plans to implement direct marketing campaigns that use multiple touches to target eligible customers each year during the 2021-2026 program cycle.

b) **Use multiple communication channels and multi-touch campaigns to drive more qualified leads:** While a single channel (direct mail) drove a higher response rate in terms of applications submitted, more customers who received direct mail and e-mail continued through the process from application to assessment to treatment at higher rates than customers who received only direct mail.\(^{94}\) Because the increased rates of assessment

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\(^{93}\) 2018 ESA Campaign Analysis; May 15, 2019. Slide 8; Two Touches generate 82 percent of the Responses.

\(^{94}\) 2018 ESA Campaign Analysis; May 15, 2019. Slide 7; “DM + EM Recipients Led to a Higher Assessment & Treatment Rate”
and treatment were consistent across multiple waves of marketing, PG&E plans to continue to use a combination of targeted, direct to customer communications in coordination with awareness-building media placement in the ESA PYs of 2021-2026.

c) Coordinate outreach and engagement with CARE marketing campaigns: To help more low-income customers on their path to better bill and energy management, PG&E added a partially pre-filled ESA application form and postage-paid reply envelope to the direct mail version of the CARE Program Welcome Kit. In 2018, approximately 10,000 customers completed and submitted the ESA application they received with their CARE Welcome Kit. These customer leads from the CARE Welcome Kit had higher assessment and treatment rates compared to other ESA Acquisition campaigns. 24.5 percent of the customers that submitted the ESA application from their CARE Welcome Kit had their homes treated by the ESA Program.

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95 Customers receive an ESA application form that has been prefilled with their information make it easier and faster for customers who are now enrolled in CARE to begin the next step and participate in ESA, if eligible. This pre-filled form only requires customers to provide a phone number and an e-mail (optional) prior to mailing it in via the pre-paid postage envelope.

96 EDGeline data management system, 2018

97 2018 ESA Campaign Analysis; May 15, 2019.
<table>
<thead>
<tr>
<th>Line No.</th>
<th>Rates</th>
<th>Welcome Kit</th>
<th>ESA Acquisition Campaigns&lt;sup&gt;(a)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Response Rate</td>
<td>6.7%</td>
<td>16.7%</td>
</tr>
<tr>
<td>2</td>
<td>Assessment Rate of Responders</td>
<td>64.2%</td>
<td>12.1%</td>
</tr>
<tr>
<td>3</td>
<td>Treatment Rate of Responders</td>
<td>24.5%</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

(a) Includes e-mail, direct mail and other ESA customer marketing campaigns.

PG&E plans to continue marketing ESA in the CARE Welcome Kit as an integration point for critical messages to low-income customers.

PG&E has seen success in personalized and highly targeted direct mail and e-mail to CARE-enrolled customers living in ESA-eligible homes. PG&E augmented this approach by using an ESA Propensity Model for customer targeting. This model builds upon the CARE propensity model and is used to identify customers within the CARE-eligible population that are most likely to participate in ESA.<sup>98</sup>

The original ESA Propensity Model was developed in December 2014 with the goal of improving response to Marketing communications by identifying customers with the highest propensity to participate in the ESA Program. In July 2016, PG&E commissioned development of a new model that added third-party data. The current model includes 27 distinct model variables and includes the CARE Propensity Model scoring as one component.

PG&E plans ongoing updates to the propensity model, adding data, and analysis.

d) **Testing and optimization of the campaign:** PG&E plans to test and optimize campaign creative on an ongoing basis to foster continuous improvement of messaging.

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<sup>98</sup> See Attachment B ESA Propensity Model.
and effectiveness of campaign strategies. As an example of how this approach has been successful, in 2016, PG&E identified an opportunity to make the ESA direct mail package easier for customers to respond to. PG&E developed alternate versions of a personalized letter and application and began testing in late 2016 testing a shorter, pre-populated form, and postage paid business reply envelope.

The response rate to PG&E’s direct mail efforts increased from 6.2 percent in 2016 to a high of 19 percent in Q1 of 2019. PG&E plans to continue optimizing ESA campaign messaging, strategies and tactics to promote the program in ways that are accessible, easy to understand, and offer a clear path to participation.

2) Proposed modifications or opportunities to further streamline existing initiatives to support the Program Goals:

PG&E’s proposed approach to ESA ME&O will target eligible customers including CARE households not previously treated by ESA. In addition, PG&E proposes to target CARE-eligible customers with high usage and other significant need states that indicate hardship with ME&O to drive participation in the ESA Comprehensive Plus offering. PG&E plans to develop, test and refine new messaging to encourage customers to complete ESA Program applications.

a) Continue and expand cross marketing with other Income-qualified programs: PG&E’s marketing and outreach for ESA will be coordinated with CARE marketing to build greater awareness with low-income customers about holistic energy management and cost-savings opportunities. As mentioned earlier in this section, PG&E plans to continue the successful cross-marketing between CARE and ESA because
customer leads for the ESA Program that originated from the CARE Welcome Kit had higher assessment and treatment rates compared to other ESA Acquisition campaigns.

b) **Multi-family:** PG&E plans to target property managers and building owners with ME&O to drive participation in the ESA Program In-Unit and CAMs that serve multi-family households and properties. PG&E’s marketing to multi-family property managers and owners is expected to continue until 2023, at which point a third-party implementer is expected to launch a new ESA multi-family program. To facilitate this launch, PG&E marketing intends to work with the implementer and determine the desired level of support and coordination.

c) **Launch new program model:** As stated in Section D.1., significant changes are being made to the ESA Program model in an effort to reduce household hardship.

PG&E expects the introduction of need-based targeting of specific customer groups will have a significant impact on PG&E’s future messaging and approach to marketing the ESA Program. PG&E proposes using a combination of new strategies to drive customer engagement and to specifically address the proposed changes to program design. Table I-16 below shows how PG&E’s marketing approach will adjust to the new program design and identify the marketing strategies to achieve ESA Program goals.
<table>
<thead>
<tr>
<th>Line No.</th>
<th>ESA Changes Proposed for the New Design(^{(a)})</th>
<th>Proposed Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Overcoming trust issues by partnering ESA more closely with the CARE Program. This would make ESA the next step in the CARE customer’s energy journey with PG&amp;E.</td>
<td>Continue to include ESA messaging and enrollment details in CARE Welcome Kit.</td>
</tr>
<tr>
<td>2</td>
<td>Easing enrollment requirements by allowing the same self-certification as CARE for the basic ESA Program.</td>
<td>Test and refine new messaging to clearly explain the ease of participation.</td>
</tr>
<tr>
<td>3</td>
<td>Removing the property owner approval requirement for installation of simple measures (e.g., light bulbs and power strips).</td>
<td>Test and refine messages to highlight ease of participation and “renter-friendly” rules.</td>
</tr>
<tr>
<td>4</td>
<td>Focusing outreach to those who have not participated in ESA and newly-enrolled CARE customers.</td>
<td>Cross-market to newly-enrolled CARE customers.</td>
</tr>
<tr>
<td>5</td>
<td>Targeting low-income, high usage customers to help achieve greater savings potential with specific measures.</td>
<td>Continue to use and refine propensity model to target customers that are more likely to participate in ESA.</td>
</tr>
<tr>
<td>6</td>
<td>Offering unique measures for customer groups that have the greatest need for hardship reduction.</td>
<td>Take a data-driven approach to customer segmentation to uncover insights related to need states that will enable PG&amp;E to communicate in a relevant and compelling way. Test and refine messaging and value propositions related to the Comprehensive Plus offerings.</td>
</tr>
<tr>
<td>7</td>
<td>Producing load disaggregation profiles that include customized solutions around energy, such as rate plans, programs, behavioral tips.</td>
<td>Test and refine communications and messaging to ensure benefits are highlighted in ways that are relevant and actionable.</td>
</tr>
</tbody>
</table>

\(^{(a)}\) See Section D.

PG&E lessons learned and strategies used in marketing the current ESA Program will be applied to the proposed “Comprehensive and Comprehensive – Plus” ESA offerings.

Because of the new program design, the proposed messaging will focus on the package of simple measures that will be installed during the initial in-home assessment. PG&E plans to test messaging to determine the most compelling and impactful themes for customers. PG&E expects that several of the need
state groups may be targeted geographically. This opens the possibility of geographically-targeted media and direct marketing to build awareness of and drive participation in the new program offerings.

PG&E also plans to conduct research and test messaging and customer response to multiple or "bundled" program offerings for customers that may fit into multiple need state groups.

As part of the ESA Comprehensive and Comprehensive-Plus Program offerings, ESA Implementers are expected to contact customers to conduct follow-up installations once assessments are completed and as potential follow-up measures are identified. (See Section D.2.a.) In instances where assessments identify follow-up measures that do not lead to treatments, PG&E plans to re-engage with these customers to prompt participation or identify reasons for non-participation. PG&E plans to prioritize marketing to eligible customers that may benefit from having their homes treated with the new/proposed ESA Comprehensive and Comprehensive-Plus Program offerings.

In addition to cross-marketing CARE enrollees, PG&E plans to undertake expanded efforts to reach some of the most vulnerable customers that we serve. As identified in Table I-6, there are customers that fit into the following groups: High Usage, Medical Baseline, Disconnections, DAC/Tribal/Rural and Wildfire Threat.

3) **PG&E’s proposed ME&O cost per household for PYs 2021-2026, and how this compares to the current cost per household.**

In the 2017-2020 program cycle, PG&E’s marketing costs were 1.3 percent of the overall ESA Program budget.
In the 2021 to 2026 program cycle, PG&E’s marketing budget cost estimate is approximately 1.3 percent of the overall budget request.

PG&E’s marketing cost per household treated in 2015 through 2018 ranged from $18 to $24 and was calculated by dividing the annual ME&O costs recorded for ESA by the total homes treated in each corresponding year.

Based on the estimates for comparable marketing education and outreach costs proposed, PG&E’s marketing cost per household treated in 2021 through 2026 ranges from $21 to $31 per customer based on the total homes treated.

Because the ESA Comprehensive Plus offering is completely new and anticipated to require significant start-up and development costs, those costs have been excluded from the cost per household calculation.

PG&E’s 2021-2026 per household costs differ from the current cycle because of the differences between:
(1) program design and delivery; (2) which customers are targeted (the prior cycle targets last remaining eligible and willing customers while the new cycle will focus on customers defined to have specific needs states); and (3) foundational activities required to implement the new program design, such as research, development of new materials, message development and testing, and adjustments based on learnings from the test and learn approach; (4) anticipated ramp-up of implementers and reduced annual enrollment/participation numbers mean that fixed and foundational costs are not able to be spread over as large of an audience. As a result, cost per household is estimated to increase.

a) Summary of ME&O Funding Request

PG&E anticipates its ESA-specific marketing will create awareness and drive eligible customers to
complete program applications. Once the application is completed, PG&E marketing passes these leads to program implementers (contractor outreach and implementer-related costs are explained in Section D.1. of this testimony). For program cycle 2021-2026, PG&E requests funding of $12,410,807 to support the marketing efforts.99

99 Marketing budget line item in table A-1 of Appendix A includes ME&O, plus costs associated with the load disaggregation report.
<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ESA Outreach Estimate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Communications Development</td>
<td>$350,000</td>
<td>$200,000</td>
<td>$100,000</td>
<td>$50,000</td>
<td>$100,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>3</td>
<td>Direct to customer (Direct mail, E-Mail, Bill Inserts)</td>
<td>$441,200</td>
<td>$415,000</td>
<td>$407,410</td>
<td>$380,110</td>
<td>$388,110</td>
<td>$395,610</td>
</tr>
<tr>
<td>4</td>
<td>Media</td>
<td>$300,000</td>
<td>$400,000</td>
<td>$200,000</td>
<td>$200,000</td>
<td>$200,000</td>
<td>$200,000</td>
</tr>
<tr>
<td>5</td>
<td>Forms/Collateral/Brochures</td>
<td>$350,000</td>
<td>$250,000</td>
<td>$250,000</td>
<td>$250,000</td>
<td>$250,000</td>
<td>$250,000</td>
</tr>
<tr>
<td>6</td>
<td>Data Management, Measurement &amp; Analysis</td>
<td>$315,000</td>
<td>$324,000</td>
<td>$333,000</td>
<td>$289,000</td>
<td>$297,000</td>
<td>$306,000</td>
</tr>
<tr>
<td>7</td>
<td>Customer Research/Strategic Consulting/Other</td>
<td>$100,000</td>
<td>$100,000</td>
<td>$50,000</td>
<td>-</td>
<td>$50,000</td>
<td>-</td>
</tr>
<tr>
<td>8</td>
<td>Labor, Technology License Fees, etc.</td>
<td>$581,760</td>
<td>$598,703</td>
<td>$617,854</td>
<td>$540,215</td>
<td>$555,860</td>
<td>$571,975</td>
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<tr>
<td>9</td>
<td>Multi-family Property Owner and Manager Marketing</td>
<td>$100,000</td>
<td>$103,000</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>10</td>
<td>ESA Marketing Budget Estimate</td>
<td>$2,537,960</td>
<td>$2,390,703</td>
<td>$2,008,264</td>
<td>$1,759,325</td>
<td>$1,890,970</td>
<td>$1,823,585</td>
</tr>
</tbody>
</table>

*TABLE I-17
ESA MARKETING BUDGET*
PG&E’s ESA Outreach Budget Estimate is composed of various budget categories:

- **Communications Development** includes advertising agency time of staff for creative development and production of marketing materials such as direct mail, e-mail, video, and radio scripts.

- **Direct to Customer marketing** includes costs such as postage and production of direct mail acquisition and retention campaigns, bill insert printing, text, and e-mail design/programming and deployment.

- **Media costs** include media agency planning, buying, analysis and reporting for tactics such as display advertising, search engine marketing, print, and radio.

- **Forms/Collateral/Brochures** includes costs for agency time of staff to design and write new forms or brochures, translation costs, and other work to update ESA forms and collateral annually. Also includes printing and distribution of these materials to the required locations (such as local offices and PG&E inventory).

- **Data Management, Measurement and Analysis** includes costs such as data vendor time of staff for programming and execution for customer list generation, strategic planning support, Propensity Model development, third-party data, and maintenance, and campaign reporting and analysis.

- **Customer Research** includes costs such as third-party vendor resources to conduct studies or surveys, location, travel and material costs for studies such as focus groups or in-person studies.

- **Labor, technology license fees, etc.** cost includes PG&E staff to support planning and execution of marketing activity, and licensing fees for technology
platform to conduct marketing campaigns such as e-mail and text.

- Multi-family property owner and manager marketing costs include a continuation of PG&E marketing to support the ESA Program in-unit and CAMs efforts that serve multi-family households and properties.

PG&E’s marketing to multi-family property managers and owners is expected to continue until 2023, at which point a third-party implementer is expected to launch a new ESA multi-family program. To facilitate this launch, PG&E marketing anticipates that co-branded marketing materials may be desired and if so, these materials will need to comply with PG&E brand and legal standards.

To address this need, the Multi-family marketing budget includes costs to develop and maintain co-branded identity materials in PYs 2023-2026.

The marketing budget estimates assume a decision will be issued by the end of 2020, to allow PG&E to begin research, testing, and development in January 2021. Any delays in issuing the decision may require PG&E to shift the timing of the planned activities and associated budget expenditures. PG&E’s budget remains flexible to allow for allocation adjustments and revised outreach activities based on the results of the continual test and learn approach presented.

If program design or customer outreach requirements change through the implementer solicitation process, due to requirements of the final decision, or based on lessons learned from outreach efforts, PG&E reserves the right to adjust the marketing plans and cost estimates accordingly. If timing of the implementation changes, PG&E’s expectation is that costs would shift to accommodate the new schedule.
3. **Prioritization of Target Participants**

[WITNESS: LEIVA JUNGBLUTH]: Detail the proposed approach (criteria and process) to identify and prioritize your participant categories or housing types with significant need for energy efficiency services. Provide a detailed explanation to support your proposed approach.

PG&E’s proposed approach to identifying and prioritizing participant categories or housing types with significant need was based on availability of data from PG&E’s own database where customer records are kept. Customer need states were derived from evaluating numerous indicators on a customer’s record and the best determinants of hardship were deemed to be high usage, medical baseline participation, disconnections, geographical areas like DAC/Tribal/Rural and high wildfire threat zones. In addition, PG&E leverages the household income data provided by Athens Research to target areas where low-income households are prevalent.

a. *Are households prioritized for service based on housing type, energy usage, energy costs, energy burden, location, amount of potential energy savings, and/or health, comfort and safety criteria?*

   PG&E proposes to prioritize households based on need states which are indicators of hardship such as high usage, medical baseline enrollment, disconnections history, geographic locations such as rural, tribal and DACs in both single family and multi-family dwellings. PG&E will also prioritize CARE customers who have not participated in ESA. The current program design targets high users, geographic locations such as tribal and housing types such as multi-family deed-restricted buildings, mobile homes and single family dwellings, and targets new CARE customers.

b. *How will you address prioritized households not treated in the current cycle due to unwillingness to participate?*

   PG&E proposes to address prioritized households not treated due to unwillingness by contacting those households with a new offer of automatic eligibility for free simple measure installation as part of their CARE enrollment. The offer becomes the next step in their energy journey with PG&E. The expectation is the closer tie to
the CARE Program will help address trust issues and the “no
documentation required” should make it much easier to get started.
PG&E is proposing specialized messaging and outreach that will be
integrated into the holistic outreach plan proposed in CARE
Chapter II Section D.

If the prioritized household is not already part of the CARE
Program, the same offer of free simple measure installation with
ESA can apply due to the self-certification of income option.
However, PG&E will also offer to enroll the customer in CARE in
this case.


c. *How will energy efficiency services offered to the households vary to
maximize savings and assist households to reduce or better
manage energy bills, minimize disconnections, and foster
affordability of energy costs?*

PG&E anticipates the measures offered to the customer groups
will vary based on the need states. PG&E’s objective is to provide
specific measures that target those need states in addition to the list
of feasible measures that apply to the household to achieve savings
and reduce hardship. See final list of measures in Table I-23 below
in Section D.6. In addition to the measures, the custom energy
solutions report is expected to contain personalized usage
information and recommendations for savings that are specific to the
individual household. Recommendations may include rate plans,
demand response programs, payment options and alerts, as well as
behavioral tips, all with the goal of improved energy affordability and
bill management.


d. *Will you prioritize providing services for households that previously
participated in ESA?*

PG&E plans to prioritize households not previously treated.
However, if a household falls within a particular need state, PG&E
plans to offer the new targeted measures along with the customized
energy solutions report from the load disaggregation project.
e. What are the risks associated with your proposed prioritization, and how do you plan to mitigate risks?

The potential risks and planned mitigations associated with PG&E’s proposed customer grouping or prioritization are listed in Table I-18.

### Table I-18
POTENTIAL RISKS AND MITIGATIONS WITH PRIORITIZED CUSTOMER GROUPS

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Potential Risk</th>
<th>Potential Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customer unresponsiveness or unwillingness.</td>
<td>Additional outreach and increased local involvement, close interaction with CBOs and local government assistance program offices.</td>
</tr>
<tr>
<td>2</td>
<td>Homes are in disrepair and cannot be treated, which means funds to upgrade must come from another source.</td>
<td>Clear understanding and agreement with other organizations or agencies for leveraging funds or program measures.</td>
</tr>
<tr>
<td>3</td>
<td>It may prove too complex for contractors during implementation, which would require additional training resources and time.</td>
<td>New training program with input from contractors, and a constant feedback loop for updates.</td>
</tr>
<tr>
<td>4</td>
<td>Data tracking may prove difficult and reporting is inaccurate, which would require additional resources, time, and money.</td>
<td>Propose a dedicated subject matter expert for new program tracking and reporting.</td>
</tr>
<tr>
<td>5</td>
<td>The timeline for completion of all measures may extend to the point of frustration for customers, which would require more resources to address.</td>
<td>Call this out in the RFP process as major point in service level.</td>
</tr>
<tr>
<td>6</td>
<td>The appropriate resources to install measures may not be available, which means paying a higher price to find/keep contractors.</td>
<td>Call this out in the RFP process as major point in service level.</td>
</tr>
<tr>
<td>7</td>
<td>The Virtual Energy Coach vendor cannot deliver as agreed, which would require a rework and reimbursement.</td>
<td>Build in a guarantee performance clause in contract with vendor, confirm operations prior to launch.</td>
</tr>
<tr>
<td>8</td>
<td>The Virtual Energy Coach idea does not appeal to enough customers.</td>
<td>Document and deploy lessons learned from pilot.</td>
</tr>
</tbody>
</table>

f. Explain whether the program should transition to uniform criteria for all the IOUs to prioritize households for service.

PG&E recommends the program should transition to uniform criteria for all IOUs because the IOUs have the same type of customer data and face similar issues and challenges. This is a statewide program and consistency can help with tracking and reporting out on the same data. Targeting, providing clear direction,
and focus at the beginning of the program may generate better
results than general program outreach and tracking after
the program.

g. Detail any needed changes to ESA Program eligibility guidelines as
a result of the proposed prioritization approach.
    PG&E is not proposing any changes to eligibility guidelines.
The ESA Program expects to continue to use 200 percent of
Federal Poverty Guidelines. While other income-qualified
assistance programs may use some percentage of Area Median
Income for eligibility, the Athens data shows a decrease in number
of homes considered eligible in areas that are predominantly
low-income and an increase in number of homes where income is
predominantly higher because the median amount adjusts.100
    PG&E proposes to continue targeting the larger number of
income-qualified households in the lower income counties as
determined by the Federal Poverty Guidelines.

4. Participation Barriers: Discuss current cycle attempts to address
participation barriers, your lessons learned, and how your proposed
approach is improved to ensure prioritized households participate.
    Include potential alternatives to mitigate challenges faced by single fuel
utilities, SCE and SoCal Gas, or challenges for customers located where
only one fuel is offered.
    During the current cycle, PG&E attempted to address participation
barriers by seeking greater understanding of the barriers from
stakeholders who work closely with the low-income customer base.
PG&E heard anecdotally that marketing materials and customer
brochures were too complex and difficult to translate. PG&E consulted
with community advocates and CBOs and made modifications to the
materials for clarity and understanding. PG&E also revised the
educational materials for CBOs to deliver information about benefits
more quickly and succinctly to customers.

100 Athens Research, AMI Eligibility Estimates November 2018.
ESA contractors updated their marketing collateral as well, and they continue to utilize both phone sales representatives and door-to-door canvassers for outreach. Contractors continue to provide feedback that the most effective customer response comes from face to face interaction at PG&E local offices and community events where PG&E employees are helping to promote the program. Having a visible PG&E connection helps establish credibility and assists in customer receptivity.

PG&E’s proposed approach prioritizes household participation. It targets customer groups based on their need states and offers customized solutions rather than a one size fits all approach. As discussed, this approach helps the customer save and reduce hardship according to their personal situation. It also allows for easier qualification and participation by removing the income verification for simple measures. Promoting the simple ESA measures as an automatic offering with CARE enrollment should also increase trust and credibility. In addition, having simple measures installed for free along with a home assessment may help with scheduling issues since the customer will likely be getting something of value for their time. The Virtual Energy Coach (for those included in the pilot) provides ongoing support and should help the customer feel like they have someone on their side.

PG&E’s potential alternatives to mitigate challenges faced by single fuel utilities or challenges for customers located where only one fuel is offered include installing measures in partnership with other IOUs or large Municipal Utility Districts, like Sacramento Municipal Utility District (SMUD).

5. **Referrals, Leveraging, and Coordination [WITNESS: O’DRAIN]:**

   a. Provide and review data about the ESA referral pipeline received from other programs and those made to other programs. Describe how this informed program design, delivery approach, and/or prioritization of targeted participants. Include completed referrals and those that did not choose to participate in ESA. These programs include, but are not limited to: CARE, Low-income Weatherization Program (LIWP), Solar on Multi-family Housing (SOMAH), Multi-family Single Point of Contact (SPOC), Multi-family
Energy Efficiency Rebates, Multi-family Upgrade Program, Multi-family Electric Vehicle Programs, etc.

There are many touch points with income-qualified customers through PG&E and external programs. There may be opportunities to leverage these touchpoints to expand customer’s awareness of the ESA Program, and vice versa. Some examples of these leveraging programs are shown in Table I-19 below.
<table>
<thead>
<tr>
<th>Line No.</th>
<th>Regulatory Reference</th>
<th>Implementor</th>
<th>Program Name</th>
<th>Brief Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AB 617</td>
<td>Local Air Districts</td>
<td>Community Action Plans</td>
<td>AB 617 directs air regulators to identify communities with a high cumulative pollution exposure burden and to work with communities to develop solutions. Action Plans have been developed to propose strategies to reduce harmful emissions and mitigate the effects of poor air quality through air filtration measures.</td>
</tr>
<tr>
<td>2</td>
<td>AB 2868</td>
<td>PG&amp;E</td>
<td>Behind the Meter Thermal Storage Program</td>
<td>The approved program will install new heat-pump water heaters (HPWH) to replace propane, or retrofit existing electric resistance water heaters and HPWHs to load shift their use from the normal customer end use time to instead pre-heat the water during off peak periods. The load shifted water heaters are able to decrease GHG emissions, relieve congestion on the distribution grid during peak usage times, and help customers be successful on the new TOU rates.</td>
</tr>
<tr>
<td>3</td>
<td>AB 2672</td>
<td>PG&amp;E</td>
<td>San Joaquin Valley DACs Pilot Projects</td>
<td>The pilot projects in PG&amp;E’s service territory will replace propane and wood burning appliances with all electric appliances to help mitigate high energy costs and reduce harmful emissions in customers’ homes.</td>
</tr>
<tr>
<td>4</td>
<td>AB 2723 and AB 217</td>
<td>GRID Alternatives</td>
<td>SASH Program</td>
<td>The SASH incentive provides low-income families with free or low-cost solar photovoltaic systems that significantly reduce household energy expenses and allow families to direct those savings toward other basic needs.</td>
</tr>
<tr>
<td>5</td>
<td>AB 2723 and AB 218</td>
<td>PG&amp;E</td>
<td>Multi-Family Affordable Solar Homes Program (MASH)</td>
<td>Provides business solutions to offset the costs of installing new solar energy systems on multi-family affordable housing in California. MASH aims to improve the quality of housing, decrease energy use and lower costs for tenants. It also urges tenants to use high-performance solar systems that help protect California’s environment.</td>
</tr>
<tr>
<td>6</td>
<td>SB 1477</td>
<td>TBD</td>
<td>BUILD and TECH</td>
<td>The Building Initiative for Low-Emissions Development (BUILD) provides incentives to builders to find innovative and low-cost ways to build clean-energy homes. At least 30 percent of incentives go to low income housing. The Technology and Equipment for Clean Heating (TECH) Program incentivizes distributors and retailers to make more low-emissions space and water heating technologies available to improve health, safety, and energy affordability for low-income households.</td>
</tr>
<tr>
<td>7</td>
<td>AB 327</td>
<td>PG&amp;E</td>
<td>DAC Green Tariff</td>
<td>This program will provide a 20 percent bill discount to customers in DACs who meet the income eligibility requirements for the CARE and FERA programs.</td>
</tr>
<tr>
<td>8</td>
<td>AB 1082 and AB 1083</td>
<td>PG&amp;E</td>
<td>Empower EV</td>
<td>This program will provide an electric vehicle (EV) charger rebate and education pilot to provide EV chargers at little to no cost for PG&amp;E residential customers with low to moderate incomes.</td>
</tr>
<tr>
<td>9</td>
<td>N/A</td>
<td>PG&amp;E</td>
<td>Relief for Energy Assistance through Community Help (REACH)</td>
<td>The REACH Program provides financial assistance for qualifying households throughout PG&amp;E’s service area. To qualify for the REACH financial support, a residential customer’s household income must be at or below 200 percent of Federal Poverty Guidelines, must demonstrate an uncontrollable or unplanned change in their ability to pay their utility bill, must not have received REACH assistance within the past 18 months, and must have received a 15-day or a 48-hour disconnection notice.</td>
</tr>
<tr>
<td>10</td>
<td>D.17-12-003</td>
<td>PG&amp;E</td>
<td>Fresno Energy Community Pilot</td>
<td>Results from proposed demand response pilots should contribute to the creation of new demand response programs, or significant improvements to existing programs, that can be implemented widely to augment the economic and/or environmental benefits demand response yields for DACs. Demand response can provide tangible environmental benefits to DACs by reducing localized air pollution and other detrimental environmental impacts.</td>
</tr>
</tbody>
</table>
b. **Address how San Joaquin Valley Pilot Program efforts to leverage the ESA Program, per D.18-12-015, impact the utility’s application.**

The San Joaquin Valley Pilot Program (D.18-12-015) approved pilot projects to replace propane and wood burning appliances in 12 DACs in the San Joaquin Valley. PG&E plans to provide electric appliances to approximately 1,800 participants in the eight communities of Allensworth, Alpaugh, Cantua Creek, Fairmead, La Vina, Lanare, Le Grand, and Seville. Homes treated through this pilot program will also be eligible for weatherization and all qualifying measures through the ESA Program. The San Joaquin Valley Pilot Program is still in the early stages of the implementation phase and learnings have not been identified. As such, there are no impacts to the utility’s application at this time.

c. **Consider how the ESA Program may partner or leverage new offerings for building electrification for low-income customers that are approved by the Commission in Rulemaking 19-01-011.**

On July 16, 2019, the Commission issued the Staff Proposal for Building Decarbonization Pilots (Staff Proposal) via the Administrative Law Judge’s Ruling Seeking Comment on Staff Proposal for Building Decarbonization Pilots (the Ruling). Statutorily, the BUILD Program must reserve 30 percent of its funding for low-income specific programs. The Staff Proposal proposed that:

[A] portion of this low-income funding be devoted to incentives for new low-income residential housing and a portion to a contractor with low-income project development expertise to provide technical assistance to low-income residential project developers.\(^{101}\)

Further development of specifics on the implementation for the BUILD Program is expected to begin once the administrator and implementor for the BUILD and TECH programs have been determined.

\(^{101}\) *CPUC and CEC Staff Proposal for Building Decarbonization Pilots – Draft, July 16, 2019, p. 32.*
d. Discuss lessons learned from leveraging efforts to date, including but not limited to Tribal Communities, Disadvantaged Communities, other organizations and communities, and propose improvements to current coordination efforts. [WITNESS: LEIVA JUNGBLUTH]

Lessons learned from leveraging efforts with Tribal Communities and DAC

There is low awareness of the ESA Program within tribal communities in PG&E’s territory. Increasing awareness requires developing relationships with local tribal government and administrative staff to help communicate with tribal members and promote the programs.

In late 2018 and the first half of 2019, PG&E visited and consulted with a number of tribes to promote the ESA Program.102 Most recently, PG&E worked with the Yurok tribe to pilot and test some best practices for outreach. The efforts included integration of tribal support in multiple channels such as personalized letters to members signed by tribal leaders, social media posts, flyers in the tribal office and around buildings, and ESA representatives attending on-site tribal events.

Even with support and encouragement, some tribal members are reluctant to participate in the ESA Program due to the condition of the home. Working with local community action agencies or contractors who have connections to the tribe is the best way to overcome the reluctance. Having a local resource or someone known in the community be on-site to perform the in-home assessment, makes the visit less threatening or intimidating.

Due to conditions of homes on tribal lands, plus the predominant use of alternative fuel sources such as propane, wood, diesel, and solar, many of the ESA Program measures do not apply. In order to address this, PG&E is proposing to raise the cap on the minor home repair for these communities from $1,000 to $2,500 in

102 See Attachment C for a complete list of Outreach with Native American Tribes.
order to help with feasibility criteria for measure installation and positively impact household hardship.

Working with tribal communities also requires cultural sensitivity to the tribes’ many other priorities and traditions that limit their time and availability. It would be helpful if outsiders acknowledge the fact that building productive relationships with tribal communities takes time.

Another hurdle for tribal communities to enroll in the ESA Program is proof of ownership for individual residences.103 There are many instances of lost paperwork or no paperwork, and the occupant cannot provide acceptable proof of ownership.104 When this occurs, the tribal council becomes involved which may cause a delay in services being provided to the customer.105 It is better to engage tribal leadership and staff before targeting any community for services and outreach. It is also worthwhile to establish the list of residents ahead of time, have the tribal staff validate ownership status, and provide permission for the homes under their ownership. The tribal leaders may also indicate any other agencies or organizations that hold ownership. Doing these things first, before any marketing and outreach will most likely improve participation rates.

Lessons Learned from Leveraging Efforts with DACs

Refer to Section D.5.b. above for lessons learned from leveraging efforts with DAC.

e. Describe the benefits, if any, of California Department Community Services and Development (CSD) co-funding for efficient delivery of energy efficiency services to low-income tenants in your territory in the current cycle. If there is potential for such benefits, explain how to include CSD co-funding. [WITNESS: O’DRAIN]

CSD offers a similar menu of measures and services to low-income customers through its state- and federally-funded LIWP, LIHEAP, and WAP as PG&E’s ESA Program. CSD’s programs offer a broader variety of measures than are offered by ESA, but with a smaller program budget, and CSD provides services to fewer customers. Leveraging funds enables the reach of both programs to expand. Through co-funding EE services to shared low-income customers, PG&E contributes to more income-qualified customers receiving more measures and the health and savings benefits they provide.

LIWP Leveraging

PG&E proposes to continue leveraging LIWP by co-funding ESA measures available in-unit to income-qualified PG&E MF tenants, as described in Section D.9. Co-funding ESA-eligible LIWP measures allows LIWP to expend more of its funding on measures and services that are not available through ESA, including CAMs, ultimately resulting in services being provided to more income-qualified California households.

Co-funding services is simpler than coordinating joint installations, which requires development of standardized policies and procedures, including installation and inspection criteria. Since LIWP is a MF building program, this process would be managed by the third-party MFWB administrator. During the transition, when PG&E is including MF unit treatments, PG&E plans to continue to manage LIWP leveraging.

LIHEAP Leveraging

In parallel to the ESA Program, the federally-funded LIHEAP is administered by CSD and funded by the U.S. Department of Health and Human Services.
LIHEAP provides assistance at various levels that include utility bill assistance, assistance in times of state-identified crisis, measures to resolve health and safety issues, and weatherization for EE. An overview of the LIHEAP parameters is provided in Table I-20.

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Parameter</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customer Eligibility</td>
<td>Any low-income (defined as 60 percent of state median income level) customer is eligible in California. Customers are prioritized to serve vulnerable populations and customers with high energy burden first.</td>
</tr>
<tr>
<td>2</td>
<td>Provider Eligibility</td>
<td>Federal regulations require that the program be implemented locally through non-profit organizations. These Provider organizations may hire for-profit subcontractors.</td>
</tr>
<tr>
<td>3</td>
<td>Allowable Measures</td>
<td>Program measures are selected to address health and safety and EE, to help keep families safe, comfortable, and reduce their energy burden. Measures may reduce usage of any fuel, such as electricity, natural gas, propane, fuel oil (kerosene), or wood.</td>
</tr>
</tbody>
</table>

When considering the income eligibility of a household for services, customers participating in LIHEAP bill payment assistance are categorically-eligible for the ESA Program; however, the reverse is not the case, and customers participating in the ESA Program are not categorically-eligible for LIHEAP services. The reason for this is that LIHEAP is bound by a federal regulation that requires income documentation be verified regardless of eligibility for state and other
programs; thus, ESA Program categorical qualifications would not be accepted.\textsuperscript{106}

In previous co-funded LIHEAP projects, PG&E and CSD agreed which measures and services would be completed and charged to which program.\textsuperscript{107} For ease of administration, PG&E focused on areas with shared contractors in past leveraging projects. During the 2021-2026 ESA cycle, PG&E proposes leveraging projects with CSD in focused areas, based on shared priorities, goals, and contractor availability.

As discussed with CSD, both PG&E and CSD are interested in working together to help prevent customer disconnections. PG&E and CSD plan to focus first on leveraging services in low-income areas with the highest rates of disconnections, located in Kern, Fresno, Alameda, San Joaquin, and Humboldt Counties. PG&E proposes to target collaboration in these areas.

Other priority areas to develop could include tribal and rural areas with high reliance on propane or other non-PG&E commodities. Developing opportunities in these areas where PG&E is only able to address electric needs and CSD could serve

\textsuperscript{106} LIHEAP-treated homes must verify income eligibility. All income for everyone in the household 18 years of age and older must be provided. Required proof of income may include the following depending on source of income: Gross wages: copies of check stubs for each pay period within the last 30 days; Self-employment: copy of the most current 1040 tax form with Schedule C (for self-employment) or Schedule E (for rental income); Jobs Paid in Cash: form CSD43B; Temporary Assistance for Needy Families (Cash Aid): notice of action for the current month and year; Unemployment: copy of EDD unemployment documentation reflecting a full consecutive month within the last 30 days; Child Support: statement from Department of Child Support Services or court order; Social Security Administration/Social Security Disability Income and/or Social Security Income: current bank statement showing direct deposit, award letter for the current year or copy of check; Pension/Annuities: statement indicating gross income within the last 30 days (bank statements are not acceptable). Other documentations includes: Food Stamps notice of action and Section 8 – Department of Housing and Urban Development (HUD) low-income housing notice.

\textsuperscript{107} For example, See: RHA. CSD/PG&E Weatherization Programs Geographic Coordination Pilot – Final Draft. October 1, 2014; and The Sacramento Avenues Weatherization Project: A Collaboration between PG&E, SMUD, CRP, and Naildown Construction Energy. Presentation to the LIOB, San Diego: June 2, 2010. \url{http://www.liob.org/}. 
customer’s propane and other non-electric driven needs would allow

customers to receive more benefits.

Describe the benefits, if any, of co-funding with water agencies for
efficient delivery of energy efficiency services to low-income tenants
in your territory. If there is potential for such benefits, explain how to
include similar co-funding.

California is a drought-prone state, and co-funding delivery,
installation, and measure costs to shared water and energy
customers is an effective way to provide water and energy savings
benefits to low-income customers that might not otherwise receive them.

CPUC Requirement for Water Leveraging

D.17-12-009 specified that the IOUs develop collaboration
programs with the largest water agencies—including both water
retailers and water wholesalers—in their service territories. In 2018, PG&E identified 30 water agencies as the largest water
retailers and wholesalers in PG&E’s territory. PG&E contacted each
water agency regarding participation in a customized Water
Coordination Program that leveraged ESA Program services in their
individual service areas. PG&E also hosted two Water-Energy
Forums (2018 and 2019) to discuss water-energy partnership
opportunities and assess interest of water agencies to collaborate
with PG&E to enhance water conservation efforts for
low-income customers.

PG&E’s Current Approach

PG&E developed a water conservation program with water
agencies that leverages the existing ESA Program. By leveraging
ESA’s access to low-income customer homes, PG&E helps water
agencies provide basic water conservation services and cold water
conservation measures to shared income-qualified water and
energy customers at relatively low cost to the utility. In 2019, PG&E
has agreements with six water agencies.

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108 D.17-12-009, Atch 1, OP 59 and OP 28.g.
PG&E currently provides a menu of five water conservation services and three cold water conservation measures. Partnering water agencies leverage PG&E’s ESA presence in their customer homes to provide these minor water services and installations. Each partner agency pre-selects the specific ESA Water Coordination measures and service options they wish to fund from the menu. Maintaining a specific menu of services and measures offered through the water coordination partnerships provides multiple benefits for both PG&E and its partner water agencies, including:

- Streamlined water agency decision making;
- Limited standards development cost;
- Minimized training development and delivery costs; and
- Reduced program administration complexity and cost.

PG&E’s menu includes services and measures that can be effectively funded by water agencies and performed by ESA contractors as part of PG&E’s ESA Water Coordination partnership effort.

Listed in Table I-21 below are the current services and measures funded by water agencies and performed by ESA contractors as part of PG&E’s ESA Water Coordination partnership effort.
<table>
<thead>
<tr>
<th>Line No.</th>
<th>Service/Measure</th>
<th>Assessment</th>
<th>Education</th>
<th>Installation</th>
<th>Referral</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Toilet Dye Tab Test</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Outdoor Assessment</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Meter Check and Leak Isolation</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Water Agency Supplied Education &amp; Distribution of Agency Materials</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Referral to Water Agency for Rebate Program or Other Service</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Measures</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>High Efficiency Toilet</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Dual Flush Converter</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Shower Timer</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Faucet Aerators&lt;sup&gt;a&lt;/sup&gt;</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Low Flow Showerhead&lt;sup&gt;a&lt;/sup&gt;</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Thermostatic Shower or Tub Valve&lt;sup&gt;a&lt;/sup&gt;</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

<sup>a</sup> When water heating fuel is not provided by PG&E, making measure unavailable through ESA.

By August of 2019, the Energy-Water Leveraging Partnership Program has served 2,443 income-qualified households. These measures are expected to result in an estimated savings of 11.8 million gallons of water and 13,700 kWh per year.

Water leveraging 2021-2026

PG&E proposes to continue its leveraging partnerships with identified water wholesalers and retailers in 2021-2026.<sup>109</sup> Key components of successful water/energy leveraging include: utilizing the existing contractor network already adept in leveraging services with other IOUs and programs; outreach to water agencies; contracts with water agencies; contracts with contractors capable of conducting the work; contractor management; water agency billing.

<sup>109</sup> These were described in PG&E Advice Letter 3990-G-A/5329-E-A, approved in Energy Division NSDL dated January 4, 2019.
and reporting; tracking adherence to prevailing wage requirements of public water agencies; and cross-program compliance.

g. [Intentionally left blank as in the guidance document]

h. Discuss coordination with entities with existing affordable clean energy programs including agencies such as California Energy Commission, California Air Resources Board (CARB), which adopted a 2018 Community Air Protection Blueprint identifying communities most impacted by air pollution pursuant to Assembly Bill 617 (Garcia, 2017). Also identify any additional programs that provide opportunities to promote public health and energy efficiency in tandem. Examples may include, but are not limited to, lead and asbestos programs, asthma reduction programs, etc.

Describe the potential benefits to delivery of energy efficiency services to low-income households with significant need, if any, through coordinating with CARB’s Community Air Protection Program, and/or prioritizing the first ten communities identified by CARB. If there is potential for such benefits, describe any policies or programs to achieve these benefits.

[WITNESS: LEIVA JUNGBLUTH]

PG&E is actively engaged in CARB’s implementation of the AB 617 Community Air Protection Program, which is focused on reducing criteria air pollutants and air toxics in selected communities. Five of the selected communities are in PG&E’s service area and are detailed in Table I-22 below.

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111 These are the communities with highest cumulative impacts from multiple pollution sources in CA. See: https://ww2.arb.ca.gov/our-work/programs/community-air-protection-program.
<table>
<thead>
<tr>
<th>Line No.</th>
<th>Community</th>
<th>Monitoring Plan</th>
<th>Action Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>West Oakland</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>2</td>
<td>Richmond</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>South Sacramento/Florin</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Shafter</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>5</td>
<td>South-east Fresno</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Protection plans are expected to be developed for Richmond and South Sacramento once a monitoring plan is underway. In South Sacramento/Florin, PG&E provides gas service only.

For all plans, whether monitoring or emissions reduction, the specific geographic areas of focus and the strategies to be utilized for achieving abatement of air pollution are expected to be identified via the community-focused, joint decision-making framework. That framework relies on decisions made by a steering committee comprised of the local air quality management district and community members. PG&E has a dedicated team that is currently engaged in the process. Their goal is to coordinate with steering committees to provide information on PG&E programs and services that can support the emissions reduction strategies and implementation plans. The five communities are also considered DACs and will most likely be a prioritized need state for outreach with the new ESA Plus Program.

i. Identify any additional programs that provide opportunities to promote public health and energy efficiency in tandem. Examples may include, but are not limited to, lead and asbestos programs, asthma reduction programs, etc.

There are state and local agencies and programs that could potentially provide opportunities to promote public health and EE in tandem. Some of these agencies include:

- CA Department of Public Health; and
- CA Department of Health Care Services (DHCS).
Some of the programs DHCS administers, mandated by the federal government or required by state law, include: CA Children’s Services Child Health and Disability Prevention Program, Genetically Handicapped Persons Program, Family Planning, Access, Care, and Treatment Program, Program of All-Inclusive Care for the Elderly, Every Woman Counts, Coordinated Care Management. DHCS also administers programs for underserved Californians, including farm workers and American Indian communities.

- CA Department of Veteran Affairs
- CA Office of Environmental Health Hazard Assessment
- CA Department of Social Services
- DSS administers: Women, Infants and Children; In-Home Supportive Services; CalWORKS
- CA Disability Services Association
- RAMP (Regional Asthma Management & Prevention)
- Mosquito Abatement Programs
- Public and Community Health Professionals (cities, counties, public agencies)

a) Identify any additional leveraging opportunities.

[WITNESS: O’DRAIN]

PG&E has explored leveraging arrangements with several municipal utilities in its service area, including SMUD and Redding Energy Utility (REU), and plans to continue these leveraging these opportunities in 2021-2026 if feasible.

SMUD

PG&E plans to continue leveraging activities with the SMUD in 2021-2026. PG&E and SMUD overlap in the Sacramento area, with SMUD providing electric services and PG&E providing gas services. Both utilities provide EE services to income-qualified customers and are now leveraging the same contractor for our programs in 2019. The shared contractor assesses qualifying homes, and then bills each utility appropriately for the measures and services provided to support
its commodity, thus reducing the number of visits and customer touch points.

**Redding Energy Utility (REU)**

PG&E also plans to continue to coordinate with REU. In 2019, the PG&E ESA Program coordinated with REU’s weatherization program for income-qualified customers. The program offers natural gas and electricity saving measures to customers served by both PG&E and REU. Income-qualified Redding natural gas customers that participate in PG&E’s ESA Program were automatically enrolled in REU’s program and receives all feasible electric measures in addition to the gas ESA measures. The joint program leveraged training, processes, and customer touches to minimize program implementer costs and resources, while providing maximum benefit to customers. In 2018, PG&E leveraged 704 REU homes.

6. **ESA Measure and Portfolio Composition**

[WITNESS: LEIVA JUNGBLUTH]: Discuss the proposed measure mix.

The measures proposed for the 2021-2026 ESA Program Cycle are listed by category in Table I-23 below. This mix of measures has been determined to be optimal for deployment based on the program considerations of cost effectiveness, energy savings, hardship reduction, difficulty of installation, and customer acceptance and satisfaction.
<table>
<thead>
<tr>
<th>Line No.</th>
<th>HVAC Enclosure:</th>
<th>Domestic Hot Water:</th>
<th>Lighting:</th>
<th>Appliances:</th>
<th>Miscellaneous:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Blower Motor Retrofit*</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Furnace Repair/ Replacement*</td>
<td></td>
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<tr>
<td></td>
<td>High Efficiency Furnace*</td>
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<tr>
<td></td>
<td>Room A/C Replacement</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Central Heat Pump*</td>
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<td></td>
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<tr>
<td></td>
<td>Smart Thermostat*</td>
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<tr>
<td></td>
<td>Evaporative Cooler</td>
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<tr>
<td></td>
<td>Central A/C Replacement</td>
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<tr>
<td></td>
<td>Central A/C Tune-up*</td>
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<tr>
<td></td>
<td>Prescriptive Duct Test and Seal</td>
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<td></td>
<td>Portable A/C*</td>
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<tr>
<td></td>
<td>Furnace Repair/ Replacement for Renters*</td>
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<tr>
<td></td>
<td>Air Sealing/ Envelope*</td>
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<tr>
<td></td>
<td>Attic Insulation*</td>
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<tr>
<td></td>
<td>Minor Home Repair*</td>
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<tr>
<td></td>
<td>Diagnostic Driven Air Sealing</td>
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<td></td>
<td>Floor Insulation</td>
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<tr>
<td></td>
<td>Minor Home Repair Plus*</td>
<td></td>
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<tr>
<td></td>
<td>Faucet Aerators*</td>
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<tr>
<td></td>
<td>Low-Flow Showerhead*</td>
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<tr>
<td></td>
<td>Water Heater Repair/ Replacement*</td>
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<tr>
<td></td>
<td>Heat Pump Water Heater</td>
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<tr>
<td></td>
<td>Water Heater Blanket*</td>
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<td></td>
<td>Water Heater Pipe Insulation*</td>
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<tr>
<td></td>
<td>Thermostatic Shower Valve*</td>
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<tr>
<td></td>
<td>Combined low-flow Showerhead and Thermostatic Shower Valve*</td>
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<tr>
<td></td>
<td>Thermostatic Tub Spout/ Tub Diverter*</td>
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<tr>
<td></td>
<td>Water Heater Repair/ Replacement for Renters*</td>
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<tr>
<td></td>
<td>Vacancy Sensor*</td>
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<tr>
<td></td>
<td>LED A-Lamp*</td>
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<tr>
<td></td>
<td>LED Reflector Bulb*</td>
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<tr>
<td></td>
<td>LED Exterior Hardwired Fixture*</td>
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<tr>
<td></td>
<td>Refrigerator*</td>
<td></td>
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<tr>
<td></td>
<td>Second Refrigerator*</td>
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<tr>
<td></td>
<td>High Efficiency Clothes Washer*</td>
<td></td>
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<tr>
<td></td>
<td>Tier 2 Advanced Power Strip*</td>
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<td></td>
<td>Pool Pump</td>
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<tr>
<td></td>
<td>Air Purifier*</td>
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<tr>
<td></td>
<td>Cold Storage*</td>
<td></td>
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</tbody>
</table>

**Notes:** All italicized measures are newly-proposed measures. Measures marked with an asterisk are also offered as multi-family in-unit measures.

1 A subset of the new measures are proposed to target customers in specific need states for hardship reductions and are listed in Table I-24.
TABLE I-24
PROPOSED ESA MEASURES FOR PG&E NEED STATES

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Plus Measures</th>
<th>High Usage</th>
<th>Medical Baseline</th>
<th>DAC/Tribes Rural</th>
<th>Wildfire Threat</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Diagnostic Driven Air Sealing</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Floor Insulation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Air Purifier</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Portable A/C</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Minor Home Repairs Plus</td>
<td></td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>6</td>
<td>Cold Storage</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

a. Identify specific measures that reduce the utility’s program costs in offering ESA services and/or increase the benefit to the customer.

Include new technologies.

Specific measures do not reduce PG&E’s overall program costs in offering ESA services. It is PG&E’s practice to negotiate a fair price on all materials and labor for every measure. Individual measures are evaluated on a cost/benefit ratio and aggregated to determine the total Cost Effectiveness score for the program. Refer to Section D.6.b.i. for detail on ESA Cost Effectiveness Test.

All measures provide a level of benefits to customers either through energy savings and subsequent bill savings (Resource Measures), or through improvements in HCS (Non-Resource Measures). Some measures provide more benefits than others. Both costs and savings for measures can be reviewed in Chapter IV, Table A-4 Planning Assumptions.

With respect to new technologies as measure offerings, PG&E is not proposing any at this time. Based on the insights from the PCT TOU Pilot, (Sections B.2 and D.6.d.i.) where customers were generally disinterested in the device, along with comments made about customer reluctance with new technologies from LIOB members at the LIOB Workshop held on September 16, 2019 in San Diego, and comments from other stakeholders, specifically the community action agencies in Fresno during the ESA Open House on August 20 and 21, 2019, PG&E finds new technologies often score low on the customer acceptance and satisfaction criteria.
In addition, depending on the technology and device, there can be issues with installation and lack of proof of energy savings or HCS benefits.

b. Cost Effectiveness and Other Criteria for Program Measures:

[WITNESS: O’DRAIN]

i. Describe the criteria used to compose the portfolio.

The ESA Program Measures portfolio was initially developed using six criteria to guide measure selection. The six criteria are:

1) **Strategic Fit**: How does the product align with Regulatory direction? How does the measure align with other IOUs? Are there leveraging opportunities?

2) **Customer and Contractor Impacts**: How likely is the customer to receive/use this measure? How difficult is the measure for the contractor to install?

3) **Non-Energy Benefits**: Does this measure reduce negative health impacts or improve customer comfort? Does this measure reduce GHG emissions and/or water consumption?

4) **Energy Savings**: How much energy does this measure save?

5) **Implementation**: What are the permitting, inspection, and ancillary repair requirements for this measure? How does the cost affect overall program budget?

6) **Cost Effectiveness**: Is this measure cost effective?

Once the preliminary portfolio composition was set, the measures were further refined using the ESACET. The ESACET is the primary cost effectiveness test for the ESA Program and includes all measures and all known benefits and costs, including NEBs and administrative costs.112

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112 D.14-08-030, OP 43. D.19-06-022, Attachment A, pp. 16 and 24-25 requires ESA to use and discuss the methodology adopted in D.14-08-030 in this application, which includes consideration of non-energy benefits, including participant HCS.
The secondary ESA cost effectiveness test is the Resource Test (formerly known as the Resource TRC). The Resource Test includes only the avoided cost benefits and the installation costs for the measures; NEBs and administrative costs are not included in the test. Therefore, it is not comparable to the ESACET but provides some information on the contribution of resource measures to the program.

Health, Comfort and Safety Evaluation

D.14-08-030 directed the IOUs to conduct a preliminary, qualitative Equity Evaluation during the 2015-2017 cycle. The CEWG worked with the IOUs in 2017 to perform this assessment, renamed the HCS Evaluation, and reviewed the results.

The HCS Evaluation included a rating from 0 to 5 for each program measure that reflects the extent to which that measure mitigates one of four potential HCS issues. The four HCS issues address the extent to which the measure:

1) Eliminates combustion-related safety threat;
2) Eliminates fire safety threat/improves home security (crime prevention) and building integrity;
3) Reduces or eliminates extreme temperatures and temperature variations inside the home/improves customer ability to manage in-home temperatures; and

113 The CEWG recommended that the Resource TRC test be renamed the “Resource Test” in their June 2018 report. This was to avoid confusion caused by including the acronym “TRC” in the test name and make it clearer that this test is different from the more widely used Total Resource Cost (TRC) test as described in the Standard Practice Manual.

114 D.14-08-030, OP 43.d.


116 The Equity Evaluation (or ESA Health Comfort Safety Evaluation) rating indicates the extent to which every ESA measure achieves each particular health or safety improvement. A rating of “1” indicates that the measure results in that particular improvement for only a small number of homes which receive it, and “5” indicates that the measure almost always results in that particular improvement.
4) Improves air quality, ventilation, and/or air flow
   (e.g., reduces drafts and leakage).

   The original HCS Evaluation results were posted on the
   Commission’s public document website in December 2017.\footnote{117}
   The CEWG recommended the HCS evaluation continue to be
   conducted periodically as needed for program planning
   and NEB updates, and PG&E conducted an HCS
   (Resource/Non-Resource) evaluation of the measures included
   in its proposed 2021-2016 portfolio in order to score them as
   Resource or Non-Resource Measures for Chapter IV,

   While PG&E used the same scoring criteria for the original
   2017 HCS Evaluation, most measures provide both resource
   and non-resource benefits. Measures are scored as being
   either resource or non-resource measures for purposes of
   analyzing cost-effectiveness. Assigning measures as Resource
   or Non-resource is predicated on energy savings, and a
   measure that provides even minimal energy savings will be
   rated as a Resource measure, even if it provides more HCS
   benefits. Measures and sub-measures with zero or less kWh or
   Therm annual savings are scored as non-resource
   measures.\footnote{118}

   **Non-Energy Benefits**

   PG&E included NEBs from the 2019 NEBs 2.0 Study in
   ESACET. These updated NEBs are discussed in Section B.2.
   Because of errors discovered in the new NEBs 2.0 model
   produced as part of the NEBs 2.0 Study, PG&E updated the
   NEBs inputs in the old NEBs 1.0 (Low income Public
   Participation Test (LIPPT)) model to use for the 2021-2026

\footnote{117} https://pda.energydataweb.com/#!/documents/2120/view.
\footnote{118} PG&E modified the CEWG recommendation that measures having less than 1 kWh or 1 therm of annual energy savings be categorized as non-resource measures for the Resource Test from “less than 1” to “zero or less”. See: Recommendations of the ESA Program CEWG, June 1, 2018, p. 9.
ESACET. NEBs were allocated across measures in the ESA portfolio manually using the general methodology described in the NEBs 2.0 Study.

1. PG&E categorized individual measures as Resource or Non-Resource, based on whether they provided energy savings (see Appendix A, Tables A-8 and A-9 for measure Resource/Non-Resource (R/NR) categorizations).

2. PG&E assigned NEB values into related categories, based on which specific measures and aggregated measure groups have likely contribution to each NEB effect.

3. PG&E allocated aggregated NEBs savings by total cost between Resource/Non Resource (ratio)

   a. PG&E allocated the share of the NEB’s effect that is contributed by each causal measure based on a combination of measure cost, commodity, and other multiplicative importance factors tailored to specific NEBs.

      i. Resource portion assigned according to energy savings.

      ii. Non-Resource portion assigned according to the total aggregated cost for assigned NEBs category.

The result is that each NEBs value is shared in defensible ratios among contributing program measures so that 100 percent of NEB value is accounted for in the ESA portfolio.

Previously, NEBs were allocated based on a measures’ energy savings. A significant flaw with this allocation is that measures, such as furnace repair and replacement, which provide zero or negative savings, would be allocated no NEB value. However, this measure is performed solely for its non-energy (safety) benefits and should receive a high NEB score. The new allocation method addressed this flaw.

ii. Describe how the portfolio composition results in deeper energy savings.
PG&E prioritized measures providing higher energy savings in its 2021-2026 ESA portfolio. PG&E also reconsidered criteria that could help provide more high energy savings measures to qualifying customers. For example, in Table I-26 of Section D.6.c., and in Section D.7., PG&E discusses revised refrigerator criteria that would help more customers receive the energy saving benefits this measure delivers. Measures with low energy savings that provided minimal NEBs were assessed for potential retirement, as described in Table I-26 in Section D.6.c.

iii. Describe how criteria used to compose the portfolio effectively selects measures to include that will have a positive impact on customer bills and hardship reduction.

The measure portfolio is composed by evaluating how each measure contributes to energy savings for the customer, and which measures provide NEBs to help with hardship reduction. The measure portfolio selection process is described in further detail in Section D.6.b.i.

iv. Discuss the cost-effectiveness results of proposed measures (consistent with methodology adopted in D.14-08-030.) Explain assumed values and variables and other model components. Identify specific source for each measure’s anticipated energy savings (e.g., deemed workpaper ID), and whether a measure is a Non-Resource or “equity” measure (i.e., may result in negative savings but improves health, comfort, and safety).

Cost effectiveness results of specific measures are shown in Tables A-8 and A-9 in Chapter IV. Resource/Non-Resource measures are also identified in Tables A-8 and A-9. Resource/Non-Resource scoring criteria are discussed in Section D.6.b.i. above. Individual measures need not be cost effective as it is the total portfolio that is assessed.119

119 D.14-08-030, OP 43(a), and reaffirmed in D.17-12-009, pp. 222 and 405.
v. Provide justification for measures included in the portfolio (if any) that do not meet the current cost effectiveness criteria, but serve other important policy objectives (such as to reduce hardships).

ESA does not have mandated cost effectiveness criteria at the portfolio level or at the measure level. In developing the ESA portfolio, PG&E used an average ESACET score of 0.7 for the program cycle at the portfolio level as the cost effectiveness criteria for evaluating measures in the proposed programs. In order to maintain a portfolio ESACET of 0.7 or above, an ESACET minimum score at the measure level is necessary to evaluate which measures should compose the proposed portfolio. PG&E used a measure level ESACET score minimum of 0.3 and measure volume to consider measures for removal due to low cost effectiveness.

Table I-25 lists the measures that do not meet cost effectiveness criteria but are proposed to remain in the portfolio, since they provide HCS benefits to customers. Refer to Table I-27 in Section D.6.e. for PG&E’s proposed modifications for existing measures. Refer to Table I-26 in Section D.6.c. for PG&E’s proposed measures for retirement.
<table>
<thead>
<tr>
<th>Line No.</th>
<th>Category</th>
<th>Measure</th>
<th>Cost Effectiveness (CE)</th>
<th>Reason to Remain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Existing</td>
<td>Air Sealing/Envelope</td>
<td>Resource measure with low cost effectiveness; ESACET &lt;0.3</td>
<td>HCS to reduce hardship</td>
</tr>
<tr>
<td></td>
<td>Measures</td>
<td>Blower Motor Retrofit</td>
<td>Resource measure with low cost effectiveness; ESACET &lt;0.3</td>
<td>This measure provides electric savings, increases comfort, and reduces noise. The ESACET score to installation rate ratio for this measure has little impact on the portfolio level ESACET.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Central A/C Tune-Up</td>
<td>Resource measure with low cost effectiveness; ESACET &lt;0.3</td>
<td>HCS to reduce hardship</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Exterior LED Lighting</td>
<td>Resource measure with low cost effectiveness; ESACET &lt;0.3</td>
<td>This measure provides electric savings and increases safety. The ESACET score to installation rate ratio for this measure has little impact on the portfolio level ESACET.</td>
</tr>
<tr>
<td>2</td>
<td>New Measures</td>
<td>Air Purifier &amp; Portable A/C</td>
<td>Non-Resource measure with low cost effectiveness; ESACET &lt;0.3</td>
<td>HCS to reduce hardship</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cold Storage</td>
<td>Non-Resource measure with low cost effectiveness; ESACET &lt;0.3</td>
<td>HCS to reduce hardship</td>
</tr>
</tbody>
</table>

vi. For all measures identify which are in-unit or common area.

MF in-unit treatments are included in the proposed ESA Plus Program, as defined in Section D.1. above. Table I-23 in Section D.6. identifies the measures that are available for MF in-unit customers. PG&E proposes moving MF in-unit and CAM into the MFWB Program as discussed in Section D.9, and as illustrated in Figure 1.4. The measures for both MF in-unit and CAM are expected to be defined as a result of the solicitation for the MFWB Program.
c. Identify measures from the prior portfolio for retirement along with the measure's values and explain the requested retirement

PG&E requests the measures listed in Table I-26 be retired from the prior portfolio, because of low cost effectiveness as indicated by the ESACET scores or because of zero or negative energy savings per the 2015-17 Impact Evaluation. As discussed in Section D.6.c., measures with an ESACET of 0.3 or less were considered for retirement. The measures proposed for retirement are resource measures with low to no energy savings, rather than HCS benefits, being the primary consideration for evaluation. PG&E proposes to replace the Duct, Test, and Seal measure with Prescriptive Duct Sealing, which involves a different installation methodology, to improve the cost effectiveness of this measure. The proposed measure retirements result in a portfolio with an overall higher ESACET score.

### TABLE I-26
PROPOSED ESA MEASURES FOR RETIREMENT

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Category</th>
<th>Measure</th>
<th>Reason for Removal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>HVAC</td>
<td>Smart Fan Delay/ Efficient Fan Controller</td>
<td>Negative energy savings per 2015-17 Impact Evaluation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Duct, Test, and Seal</td>
<td>Negative energy savings per 2015-17 Impact Evaluation</td>
</tr>
<tr>
<td>2</td>
<td>Lighting</td>
<td>Torchiere</td>
<td>Resource measure with low cost effectiveness; ESACET = 0.17</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interior Hardwired Fixture – Ceiling</td>
<td>Resource measure with low cost effectiveness; ESACET = 0.19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interior hardwired fixture – Sconce</td>
<td>Resource measure with low cost effectiveness; ESACET = 0.10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Interior hardwired fixture – Vanity</td>
<td>Resource measure with low cost effectiveness; ESACET = 0.19</td>
</tr>
<tr>
<td>3</td>
<td>Miscellaneous</td>
<td>Tier 1 Power Strip</td>
<td>Zero energy savings per 2015-17 Impact Evaluation</td>
</tr>
</tbody>
</table>

d. For each of the following provide quantitative and/or qualitative analysis of benefit to customer in comfort and safety and impact to customer bill. If proposed in the Application, include the associated impacts to the ESA budget and energy savings as a result.
i. Discuss findings from programmable communicating thermostats/smart thermostats through pilot studies and/or temporary allowance (mid-cycle advice letter non-standard dispositions).

D.17-12-009, OP 147 directed the electric IOUs to conduct a smart thermostat TOU pilot to determine whether smart thermostats are a helpful energy management tool for low-income customers to support their transition to TOU rate plans. The pilot would also evaluate if connected technology can assist low-income customers in lowering high air conditioner-driven electric energy usage.

PG&E recruited customers to participate in the pilot and initiated pilot activities in early 2019. Installation of all feasible thermostats and the rate change to TOU were completed in the first quarter of 2019. Enrolled customers receive bill protection for the duration of the pilot; a bill credit would be provided if they end up paying more for their energy bills while being on the TOU rate. Pilot participants have completed the first of three surveys as part of the study design. The second of three surveys is planned for early November 2019, in order to capture customer feedback on summer bill impacts. Pilot findings, including survey results, a load impact analysis, gross energy and demand saving impacts, and installations lessons-learned will be included in the pilot final report, due to the CPUC in March 2020.

Results from the first survey provides information regarding how low-income customers currently view their energy usage and implications for scaling up smart thermostat installations and the devices' perceived benefits to the general low-income population. Survey findings are summarized as follows:

- Barriers to participation include general lack of interest in smart thermostats;
- Elderly or health related reasons for disinterest in the smart thermostat offering;
- Incompatible equipment in homes (e.g., existing wiring configuration requirement, inaccessibility, despair condition of existing HVAC equipment);
- Potential cooling savings may not be realized, given that 50 percent of survey respondents reported that they only use their A/C on very hot days; and
- Supplemental cooling is very popular, and survey respondents are very accustomed to turning on fans instead of using A/C.

PG&E will incorporate these findings as smart thermostats are introduced into the program in late 2019.

ii. **Discuss whether to expand the existing policy, that only operable air conditioning units are eligible for repair and replacement, to also authorize repair or replacement of inoperable units.**

In PG&E’s current program, the repair or replacement of an existing inoperable central A/C unit is not offered. PG&E does replace inoperable room A/Cs as part of the existing program and this measure is included in PG&E’s proposed design.

PG&E proposes the existing policy of limiting central A/C repair/replacement to operable units remain in place. While repairing or replacing an inoperable A/C unit may provide HCS benefits to customers, it also has the potential to significantly increase customer bills, thus resulting in additional hardship. Due to this implication, PG&E proposes offering Portable A/Cs with the goal of increasing HCS benefits, while minimizing bill impacts for customers in the Medical Baseline and DAC/Tribal/Rural need states. Refer to Section B.1.c. for details on PG&E’s needs states.

PG&E proposes to make Portal A/Cs available to Medical Baseline and DAC/Tribal/Rural customers without an existing central A/C or with an inoperable central A/C. The portable A/C would offer HCS benefits by providing cooling in the space where A/C is needed the most, rather than cooling the entire
home and potentially increasing energy bills. This measure is proposed to be available to both home owners and renters in these needs states. PG&E proposes offering this measure in Climate Zones 11, 12, 13, and 14, which is consistent with PG&E’s approach on cooling measures, as discussed in Section 6.d.iii. below.

iii. Discuss potentially offering heating and cooling measures to new climate zones to reduce hardships.

PG&E’s heating measures are currently available for all PG&E climate zones, and PG&E proposes to continue offering heating measures in these same climate zones.

PG&E expanded offering cooling measures to new climate zones in the 2017-2020 program cycle based on the approval of PG&E’s Mid-Cycle AL.120 Climate zones were expanded to offer cooling measures in climate zones 11, 12, 13, and 14, at a minimum. These climate zones are a focus for cooling measures due to the potential to reduce customer energy use and bills based on Cooling Degree Days from the Guide to California Climate Zones and Bioclimatic Design121 for these climate zones. In addition, the 2016 LINA Study122 identified the need for cooling measures to address customer health, comfort and safety in climate zones with high cooling degree days. Since PG&E’s cooling measures are already offered in climate zones with high cooling degree days, PG&E is not proposing to expand cooling measures to new climate zones.

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120 PG&E’s Mid-Cycle AL3990-G/5329-E (July 16, 2018), AL3990-G/5329-E-A (September 14, 2018), 3990-G/5329-E-B (October 8, 2018). NSDL on AL3990-G/5329-E-A, 3990-G/5329-E-B partially approving PG&E’s Mid-cycle requests was issued on January 4, 2019.


122 2016 LINA Study, Volume 1, p. 58.
e. Measure Modifications

PG&E proposes to modify measures from the prior portfolio for the following three reasons: (1) increase potential energy savings for customers; (2) assist in reducing hardship for customers; and (3) minimize the negative impact to the portfolio’s cost effectiveness for high volume measures with significantly reduced energy savings. Table I-27 summarizes PG&E’s proposed measure modifications along with reasons for each modification requested.

In PG&E’s current ESA Program, the repair and replacement of water heaters and furnaces are offered to all housing type owners in all climate zones—renters are excluded from the current measure. Due to the increasing equity gap between homeowners and renters, PG&E proposes to extend these two measures to renters in all climate zones, offering HCS benefits to reduce hardship for rental customers. Because property owners bear some level of responsibilities to providing functioning equipment for renters, we are proposing a property owner co-pay of $250 and $500 for repairs and replacements, respectively. The co-pays are designed such that they do not entirely take away landlords’ obligations to maintain equipment and provide a habitable environment, but provide incentives and reduce barriers in doing so.

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<table>
<thead>
<tr>
<th>Line No.</th>
<th>Category</th>
<th>Measure</th>
<th>Modification</th>
<th>Reason for Modification</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Appliances</td>
<td>Second Refrigerator</td>
<td>Remove requirement of minimum household size</td>
<td>The eligibility change allow households with a second refrigerator to benefit from cost effective energy savings provided by this measure. In addition, it increases portfolio energy savings and NEBs as reflected in the ESACET score.</td>
<td>Refer to Section D.7.11 for Policy Change</td>
</tr>
<tr>
<td></td>
<td>Refrigerator</td>
<td>Change age criteria to be based on Effective Useful Life (EUL)</td>
<td>Refrigerator efficiency is not dictated by the year of the last major refrigerator efficiency standards revision, as was in the 1990s. Changing the replacement criteria to match the EUL allows this measure to remain relevant throughout the program cycle and customers to benefit from the cost effective energy savings provided by this measure.</td>
<td>Refer to Section D.7.12 for Policy Change</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Domestic Hot Water</td>
<td>Water Heater Repair and Replacement</td>
<td>Expand to Renters with Property Owner co-pay</td>
<td>Reduces hardship for renters by addressing unsafe and/or inoperable equipment.</td>
<td>Refer to Section D.7.14 for Policy Change</td>
</tr>
<tr>
<td>3</td>
<td>Enclosure</td>
<td>Minor Home Repairs Plus</td>
<td>Cap increased from $1,000 to $2,500 for customers identified in the DAC, Tribal and Rural need states</td>
<td>Addresses disrepair of homes to meet feasibility criteria for measure installation to positively impact household hardship.</td>
<td>Refer to Section D.5.d for details</td>
</tr>
<tr>
<td>4</td>
<td>HVAC</td>
<td>Furnace Repair and Replacement</td>
<td>Expand to Renters with Property Owner co-pay</td>
<td>Reduces hardship for renters by addressing unsafe and/or inoperable equipment.</td>
<td>Refer to Section D.7.14 for Policy Change</td>
</tr>
<tr>
<td>5</td>
<td>Lighting</td>
<td>LED A-Lamp</td>
<td>Introduce measure cap of 4 lamps per home</td>
<td>Energy savings for LEDs are reduced by 93 percent with the baseline change from incandescent to CFL, significantly reducing savings to customers. The ESACET score combined with the large volume of this measure adversely impacts the ESACET at the portfolio level. Introducing a measure cap minimizes the cost-effectiveness impact to the ESA portfolio.</td>
<td>Refer to Section D.7.13 for Policy Change</td>
</tr>
</tbody>
</table>
7. **Proposed Rule Modifications:**

Applications for 2021-2026 may propose modifications to rules in the ESA Policy and Procedures Manual or prior Commission decisions. List here all proposed rule modifications necessary to implement your proposed design and delivery. For each rule modification:

a. *Provide justification for the rule modification if not already discussed in the design and delivery section(s).*

b. *Provide quantitative and/or qualitative analysis of the benefit to customers in hardship reduction and impact to customer bills.*

c. *Provide associated impact to the ESA portfolio budget and energy savings.*

PG&E proposes 17 ESA modifications. These are described below. PG&E’s ESA and CARE policy modifications are also detailed in Appendix B.

1) Allow automatic enrollment of CARE self-certification customers to receive installation of simple measures only, provided in PG&E’s proposed ESA Basic level of program delivery.

PG&E requests that CARE customers not be required to provide income verification to participate in its proposed ESA Basic measure installation, described in Section D.2.a. Customers wanting to receive additional Comprehensive or Comprehensive Plus ESA measures would be required to provide income verification or categorical eligibility documentation, or they can self-certify as allowed, based on the premise location in an 80 percent eligible zip code.

“Justification”, “Analysis of Customer Benefit,” and “Anticipated Impacts to ESA” are detailed in Section D.2.a.

2) In order to qualify for ESA simple measure installations, require low-income customers to be enrolled in CARE.

An income-qualified customer that is not already enrolled in CARE, would be automatically enrolled in CARE to qualify for ESA simple measure installation.

PG&E sees this as a way to help qualified low-income customers maximize the benefits available to them while helping the
CARE Program maximize penetration rates. The majority of eligible ESA customers are already enrolled in CARE, but if they are not, PG&E’s ESA contractors will inform them of automatic enrollment before they participate in ESA.

Justification

Enrolling qualified customers in CARE rate assistance and EE programs helps them receive the maximum benefits available to them, in addition to helping PG&E to realize potential in the most cost-effective way possible.

Analysis of Customer Benefit

Qualified low-income customers will receive CARE benefits they are entitled to.

Anticipated Impacts to ESA

Impacts to ESA are minimal, as ESA Energy Specialists already inform customers that are not on CARE about automatic enrollment, as well as other ways to enroll in the rate.

3) Authorize the ESA Working Group (ESA WG) process described in Section E.4.

Justification

The ESA Working Group is expected to provide greater transparency of ESA technical issues, and potential efficiencies through greater standardization. This Working Group is based on the previous MCWG,\textsuperscript{124} which was successful in bringing interested stakeholders together to update the ESA Policy and Procedures Manual and ESA Installation Standards Manual. PG&E believes that this new Working Group will provide increased transparency and increase program flexibility.

Analysis of Customer Benefit

More flexibility to update program will likely help the IOUs keep the programs updated with the most current measures providing customers with the best energy and NEBs.

\textsuperscript{124} Established in D.12-08-044, and re-convened in D.16-11-022, OPs 67 and 137, and Section 3.13.2, pp. 241.
Anticipated Impacts to ESA

Adding a standing Working Group would create additional administrative costs for IOUs to manage the process.

4) Modify process for measure changes and fund shifting, as described in Section E.4.

Because PG&E is proposing a new program, it requests flexibility to adjust based on its experience as the program rolls out. PG&E requests the ability to make measure modifications and fund shifts through advice letters or ESA-CARE Monthly Reports. The process for fund shifts aligns with fund shifting authority already provided to the CARE Program in D.06-12-038, requested and discussed in Item 10 in this section. PG&E requests the ability to make measure modifications during the program cycle—including adding or retiring measures—similar to the process used by the IOUs’ EE programs, described in Section E.4.

PG&E anticipates that modifying the fund shifting and measure modification process would accommodate many of the adjustments that will be necessary to successfully run PG&E’s new innovative ESA Programs and to implement any program changes that may be required based on experience and lessons learned over the course of the program cycle.

Justification

The 2021-2026 program cycle will be the longest ESA Program cycle to date. Flexibility to make adjustments to ESA will be critical to the program’s success.

Analysis of Customer Benefit

Having the ability to retire poorly performing measures and add new measures that provide more energy savings or NEBs will likely allow the program to benefit more customers.

Anticipated Impacts to ESA

More flexibility allows program managers to assess and prioritize better performing measures to optimize the program portfolio.
5) Replace the Annual Report Public Meeting with a public meeting convened by the ESA WG at a minimum of every two years to discuss lessons learned and potential program adjustments.

Justification

D.12-08-044, OP 5(b) directed the IOUs to convene a minimum of one public meeting per year, within 60 days of their ESA-CARE annual report filings, and other public meetings as deemed necessary by either the IOUs, the Energy Division, the ALJ, or the Commission. ESA and CARE public meetings are currently held to discuss studies, and IOUs report and discuss program results and activities regularly to the LIOB at their quarterly public meetings and subcommittee meetings.

The Annual Report meetings have seen less active participation and discussion over the years, as it seems there has been more interest by the public in attending specifically focused program meetings. PG&E proposes that the obligatory Annual Report meetings be discontinued and replaced with a combination of biennial public working group meetings (as described in Section E.4.) and other focused meetings to discuss studies and other specific topics as needed.

Analysis of Customer Benefit

PG&E believes public meetings that engender increased stakeholder interest and engagement facilitate opportunities for more meaningful public discussion about the ESA Program, ultimately contributing to increased customer benefits.

Anticipated Impacts to ESA

Decreases program costs to plan and conduct public meetings that provide questionable benefits.

6) PG&E requests permission to propose policy changes based on the third-party administrator’s design for PG&E’s MFWB Program following the MFWB solicitation.

\[125\] D.12-08-088, OP 5(b).
In support of the Commission's guidance, the MFWB Program is not limited to the previously approved measures or other requirements in prior Commission decisions or to the provisions of the ESA Policy and Procedures Manual.\textsuperscript{126} PG&E requests permission to propose ESA policy changes after a program decision is issued, to align with the third-party administrator's design for PG&E’s MFWB, as discussed in Section D.9.

Justification

In D.19-06-022, the Commission is encouraging innovative multi-family sector designs.\textsuperscript{127} PG&E cannot anticipate what the successful design will look like at this time. Therefore, PG&E requests to propose any potential multi-family policy changes that align with the selected multi-family design.

Analysis of Customer Benefit

Encourages creative proposals to provide deeper MFWB energy savings.

Impacts to ESA.

Unknown at this time.

7) Align ESA fund shifting rules with CARE fund shifting rules to allow shifting between categories that are reported in IOU Monthly reports rather than requested by AL.

Modify ESA fund shifting rules to allow shifting between categories to align with the CARE fund shifting rules authorized in D.06-12-038. In CARE, IOUs are allowed flexibility to shift funds between categories and those fund shifts are reported in the Low-income Monthly and Annual reports, providing greater program management flexibility while providing transparency.

PG&E seeks modifications to the fund shifting rules for the ESA Program to align with the fund shifting rules authorized for the CARE Program as discussed above. Specifically, under the CARE Program, the utilities are allowed flexibility to shift funds between

\textsuperscript{126} D.19-06-022, p. 21.

\textsuperscript{127} D.19-06-022, Attachment A, Section I.D.9., p. 20.
categories and those fund shifts are reported in the Low-income Monthly and Annual reports. The Commission adopted the CARE fund shifting rules in D.06-12-038 and has reaffirmed the rules in the respective decisions for CARE Program plans and budgets each year through the 2020 program cycle. PG&E proposes that the Commission allow the ESA Program the same fund shifting rules afforded for the CARE Program to shift funds between categories to simplify the process and allow greater flexibility for management and oversight budget needs. PG&E proposes to continue to report the ESA Program fund shifts in the Low-Income Monthly and Annual reports.

Fund Shifting Background

The Commission formalized its rules for shifting program funds between ESA and CARE Program cost categories, sub-categories, and across PYs and program budget cycles in D.08-11-031 and modified them in D.10-10-008. The Commission’s adopted fund shifting rules also established requirements for requesting and reporting any such fund shifting. OP 135 (b) of D.12-08-044 reaffirmed and continued the Commission’s adopted fund shifting rules in the 2012-2014 program cycle.

OP 135 of D.12-08-044 states:

Pacific Gas and Electric Company, Southern California Edison Company, Southern California Gas Company and San Diego Gas & Electric Company shall continue to follow the Fund Shifting Rules in the Energy Savings Assistance and California Alternate Rates for Energy Programs in the 2012-2014 program cycle, as follows:

(a) **COMMITMENT OF FUTURE FUNDING FOR LONG-TERM PROJECTS:** For those long-term projects that require funding beyond the current budget program cycle and that will not yield savings in the current cycle, if applicable, these Utilities may anticipatorily commit funds for such projects for expenditure during the next program cycle, under strict limitations as follows:

(i) These Utilities shall seek authorization for such long-term projects and current and future cycle

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128 D.08-11-031, OP 85.c; and D.10-10-008, OP 4.
funding commitment by itemization of each long-term project in the utility portfolio plan, including an estimate of the total costs broken down by year and an estimate of associated energy savings, if any;

(ii) These Utilities shall seek authorization and commitment of all funding for long-term projects in the current program cycle and actually encumber such funds in the current program cycle;

(iii) All contracts with any and all types of implementing agencies and businesses must explicitly allow completion of long-term project related work beyond the current budget program cycle;

(iv) The amount of next cycle funds encumbered for long-term projects may not exceed 20% of the current program cycle budget;

(v) These Utilities shall separately track and report all long-term projects and obligations, including all information regarding funds encumbered and estimated date of project completion until such project is completed; and

(vi) Energy savings for projects with long lead times shall be calculated by defining the baseline as the codes and standards applicable at the time the building permit for the project is issued.

(b) **ENERGY SAVINGS ASSISTANCE PROGRAMS FUND SHIFTING AND LIMITATIONS:** Utilities are permitted to shift funds under the following conditions in the Energy Savings Assistance Program are permitted to shift funds under the following conditions in the Energy Savings Assistance Program.

(i) Within 2012-2014 Budget Cycle: Except for the shifting of funds described in subsection b(3) below, the Utilities are permitted to shift funds from one year to another within the 2012-14 cycle without prior approval.

(ii) Fund Shifting Between 2012-2014 Budget Cycle and Future Budget Cycle:

   a. “Carry back” Funding: Except for the shifting of funds described in subsection b(3) below, Utilities are permitted to shift and borrow from the next budget cycle, without prior approval of such fund shifting, if (a) the next cycle budget portfolio has been approved by the Commission; and (b)
such fund shifting is necessary to avoid interruptions of those programs continuing into the next cycle and for start-up costs of new programs; and

b. "Carry forward" Funding: Utilities are permitted to carry over all remaining, unspent funds from program year to program year or budget cycle to budget cycle and shall include all anticipated carry over funds in the upcoming budget applications.

(iii) Administrative Law Judge’s Prior Approval: For any shifting of funds, within or out of cycle, except for “carry forward” funding considered by the Commission through budget applications, the Administrative Law Judge’s prior written approval is required if any of the following applies:

a. Shifting of funds into or out of different program categories including, but not limited to: (a) administrative overhead costs, (b) regulatory compliance costs, (c) measurement and evaluation, and (d) the costs of pilots and studies;

b. Shifting of funds into or out of Education subcategory;

c. Shifting of funds between gas/electric programs; and/or

d. Shifting of funds totaling 15% or more of the total current annual Energy Savings Assistance Program budget.

(iv) These Utilities shall secure prior written approval of the fund shift from the Administrative Law Judge when required by subsection b(3) above, of this ordering paragraph, by filing a motion pursuant to Article 11 of the Commission’s Rules of Practice and Procedure. Upon showing of good cause, the Administrative Law Judge may issue a ruling approving the requested fund shift. Utilities, in the motion, must show good cause by setting forth the following:

a. The reason(s) why such fund shifting is necessary;

b. The reason(s) why such motion could not have been brought sooner; and
c. Justification supporting why the proposed shifting of funds would promote efficient, cost effective and effective implementation of the Energy Savings Assistance Programs.

(v) Utilities shall track and maintain a clear and concise record of all fund shifting transactions and submit a well-documented record of such transactions in their monthly and annual reports relevant to the period in which they took place.

The fund shifting rules in OP 135 of D.12-08-044 were also in effect over the 2015-2016 bridge period years for the ESA Program.

These fund shifting rules were revised in D.16-11-022, as modified by D.17-12-009, by permitting the utilities to use the AL process to request fund shifting.\textsuperscript{129} D.17-12-009 delegates the Commission’s Energy Division the discretion to approve fund shifts between gas and electric departments up to 25 percent of each budget category.\textsuperscript{130}

\textbf{Justification}

The current fund shifting rules are unclear and can contribute to administrative delays. PG&E seeks modifications to the Commission’s existing fund shifting rules in OP 135 of D.12-08-044 to clarify rule contradictions and simplify the rules to allow greater flexibility for management and oversight budget needs. OP 130 of D.17-12-009, directs the utilities to use the existing rules pertaining to shifting funds between gas and electric budget categories, as set forth in OP 135 of D.12-08-044. However, this directive seems to be contrary to Section 5.1.3. of D.17-12-009 which delegates to Energy Division the discretion to approve fund shifts between gas and electric departments up to 25 percent of each budget category. PG&E recommends the Commission adopt a rule for fund shifting between gas and electric budgets as approved in Section 5.1.3. of D.17-12-009 which delegates the Energy Division the discretion to approve the request up to 25 percent of each budget category.

\textsuperscript{129} D.17-12-009, Section 5.1.3.
\textsuperscript{130} D.17-12-009, Section 5.1.3.
Analysis of Customer Benefit

Increased flexibility to make program adjustments increases program efficiencies allowing more customers the opportunity to participate in the program.

Anticipated Impacts to ESA

Simplified processes allow greater flexibility for management and oversight, more rapid response time, and increased program efficiencies.

8) Clarify ESA Program Uncommitted Unspent Funds Cap for Carry-Over.

PG&E recommends that the percent cap for uncommitted carry-over unspent funds be 25 percent and that the funds serve ESA Program participants. D.17-12-009 directs the utilities to use uncommitted unspent funds that are not carried forward to be used to offset future ESA Program Year collections.\textsuperscript{131} OP 134 of D.17-12-009 establishes a cap for the amount of carry-over unspent funds from PY to PY and within a given cycle to either 25 percent or 15 percent.\textsuperscript{132} PG&E seeks Commission clarification because it unclear which percent cap the Commission intended to authorize.

However, PG&E recommends that the percent cap for uncommitted carry-over unspent funds be 25 percent and that the funds serve ESA Program participants.

Justification

The current fund shifting rules are unclear, contributing to administrative delays.

Analysis of Customer Benefit

Greater administrative efficiencies allow more program dollars to be spent directly on customer benefits.

Anticipated Impacts to ESA

Greater management and oversight flexibility, more rapid response time, and increased program efficiencies.

\textsuperscript{131} OP 132 of D.17-12-009.

\textsuperscript{132} D.17-12-009, OP 134 cites both 15 percent and 25 percent.
9) Allow electric/gas expenditure tracking at portfolio level, rather than individual measure level. PG&E requests authority to manage and track electric and gas expenditures at the portfolio level rather than at the individual measure level in the same manner that the commodity split is managed for EE programs.

Justification

More flexibility to manage commodity expenditures at the portfolio level allows better real-time oversight, which may assist avoid unspent funds accumulation. PG&E anticipates that maintaining the split at the portfolio level will also reduce administrative and IT expenses required to track spending at a detailed level.

Analysis of Customer Benefit

Greater administrative efficiencies allow more program dollars to be spent directly on customer benefits.

Anticipated Impacts to ESA

Managing the gas and electric funding at the individual measure level is expensive and time consuming in terms of staff resources, IT, and other administrative costs.

10) PG&E proposes that the Resource Test be discontinued.

The Resource Test was adopted by the Commission along with the ESACET in D.14-08-030 per Cost-Effectiveness Working Group recommendations, as described in Section D.11.b. The Resource Test includes only the avoided cost benefits and the installation costs for the resource measures; NEBs and administrative costs are not included in the test. Therefore, the Resource Test is not comparable to the ESACET but provides some information on the contribution of resource measures to the ESA Program. The Resource Test is included for informational uses only.

Justification

ESA cost effectiveness without NEBs are already calculated for the TRC, RIM, and PAC tests, and ESACET includes both the energy and NEBs provided by the program. Unlike the ESACET,
TRC, RIM, and PAC tests which can all be calculated in the same model, the Resource Test must be calculated separately. PG&E believes the Resource Test provides little additional value for this extra effort, and proposes it be discontinued.

Analysis of Customer Benefit

PG&E does not believe performing the Resource Test provides any customer benefit in.

Anticipated Impacts to ESA

The Resource Test requires ESA staff time to perform, for no discernable customer benefit.

11) PG&E proposes to remove the requirement that a household have a minimum of six occupants in order to qualify for replacement of a Second Refrigerator.

See Section D.6.e.

Justification

Refrigerators provide good energy savings and high ESACET scores.

Analysis of Customer Benefit

More customers would qualify to receive second refrigerator replacements, thus realizing increased energy savings.

Anticipated Impacts to ESA

Provides more ESA energy savings. More second refrigerators would qualify to be replaced, increasing the budget.

12) PG&E proposes to change the age criteria for a refrigerator to qualify for replacement from pre-2001 manufacture to a rolling date of 14 years.

See Section D.6.e.

Justification

The refrigerator age criteria was last updated in D.12-08-044. A hard date rather than a rolling date based on refrigerator age was specified because refrigerators savings were increased substantially by refrigerator efficiency standards changes implemented in 1993, establishing a new EE baseline, such that replacing a refrigerator that was only a few years old with a newer refrigerator manufactures
after 1993 provided substantial savings. The IOUs completed a refrigerator degradation analysis in 2011 to determine what replacement criteria to use. 133 D.12-08-044 authorized refrigerator replacement criteria change from pre-1993 to pre-1999 units. 134 This was changed to pre-2001 units in D.16-11-022. 135

Over time, refrigerators have become more efficient. It is reasonable for refrigerator energy savings to be determined the age of the refrigerator (degradation) than by the year of the last major refrigerator efficiency standards change, especially when it is so far past the current effective useful life of a refrigerator. Changing the replacement criteria to 14 years is based on its Effective Useful Life, as documented in PG&E Workpaper. 136

Analysis of Customer Benefit

More customers would qualify to receive refrigerator replacements, thus realizing increased energy savings.

Anticipated Impacts to ESA

Provides more ESA energy savings. More refrigerators would qualify to be replaced, increasing the budget.

13) PG&E requests the Commission allow IOUs to establish an LED Lamp measure cap to limit the number of individual measures deployed at a location.

See Section D.6.e.

Justification

Measure caps that would limit the number of individual measures deployed at a location were removed in D.17-12-009 (modifying D.16-12-022). 137 This was done in order to shift ESA away from limits designed to restrict program spending towards a

133 Updated ESA Program Refrigerator Replacement Eligibility Criteria Memo (Refrigerator Degradation Study), dated December 2, 2011.

134 D.12-08-044, OP 67, and Section 3.8.

135 D.16-11-022, Section 3.5.2.1., p. 103


137 D.17-12-009, Attachment 1 (modifying D.16-12-022) OP 26, COC 26, and pp. 120-122.
system that allows for more administrative flexibility to meet EE
savings targets and ensure an opportunity for EE participation by
2020.\textsuperscript{138} D.17-12-009 specifically discussed the value of removing
caps on the number of physically installed units for relatively
low-cost measures that contribute significant energy savings, such
as “lighting measures and water-saving measures.”\textsuperscript{139} For the
2021-2026 program cycle, PG&E will begin using CFLs as the
baseline for LED energy savings rather than incandescent light
bulbs.\textsuperscript{140} Energy savings for lighting drops significantly (93 percent
reduction), and PG&E requests the flexibility to use measure caps to
help manage its ESA budget and cost effectiveness. Providing an
unlimited number of LEDs to customers decreases the overall cost
effectiveness of the ESA portfolio. (Chapter IV, ESA Table A-9
shows the cost-effectiveness of lighting measures.)

Analysis of Customer Benefit

Limiting the number of LED lamps per home would allow
PG&E to continue to provide LED lighting to customers in the
ESA Program.

Anticipated Impacts to ESA

Limiting the number of LED lamps per home helps increase the
overall cost effectiveness of the ESA portfolio, allowing PG&E to
continue to include lighting measures in the program.

\textsuperscript{14)} PG&E proposes to expand eligibility for Furnace and Water Heater
Repair & Replacement to renters with a landlord co-pay.

See Section D.6.e.

Justification

Property owners are required to provide heat and hot water to
their rental units, however, we know that not all unsafe equipment is
replaced. PG&E plans to require a landlord co-pay to help defray
some of the cost to the ESA Program. At $500 for replacements

\textsuperscript{138} D.17-12-009, Attachment 1 (modifying D.16-12-022), pp. 51-52.
\textsuperscript{139} D.17-12-009, Attachment 1 (modifying D.16-12-022) Section 3.5.2.10, p. 120.
\textsuperscript{140} PG&E Workpaper, ESA. LED Measures Revision #2, August 22, 2019.
and $250 for repair, PG&E believes this will still be low enough to encourage them to participate on behalf of their renters.

**Analysis of Customer Benefit**

Income-qualified tenant customers with unsafe equipment would be eligible to receive furnace and water heater repair and replacement, providing them with increased HCS benefits.

**Anticipated Impacts to ESA**

More measures would be eligible for repair and replacement, at higher cost to the program. Requiring a landlord co-pay of $500 for replacements and $250 for repair will help defray some of the cost to the ESA Program.

15) Update Policies & Procedures Manual to allow PG&E to provide non-resource/HCS Measures based on five needs states: CARE High Users, Disconnected, Medical, DAC/Tribal/Rural, Wildfire zones.

PG&E’s new ESA approach provides additional HCS measures to customers based on their needs states. (See Section D.1. regarding PG&E’s proposed ESA Comprehensive Plus approach.)

**Justification**

This is an additional criteria that is different than the housing type, climate zone, feasibility-to-install, and cost criteria that are currently used to determine measure eligibility, and if approved, will require updates to the Statewide ESA Policies and Procedures Manual. PG&E’s justification and analysis of the benefits and impacts is included in Section D.1. of this application.

**Analysis of Customer Benefit**

See Section D.6.e of this application.

**Anticipated Impacts to ESA**

See Section D.6.e of this application.

16) Authorize the ESA-CARE Study Working Group process described in Section D.10.

PG&E, in conjunction with the other IOUs, proposes the formation of an ESA/CARE Study Working Group to provide a transparent and robust study process. The ESA/CARE Study
Working Group will provide input on the scope, timeline, and budget of studies. The Study Working Group will take a consensus driven approach with the goal of maximizing timely results. The IOUs expect the Study Working Group to hold quarterly meetings, jointly review proposed study statements of work, and participate in project kick-offs. This approach is expected to facilitate more relevant and focused studies that include budgets that are commensurate with the specific objectives and methodology necessary to execute the work for each study.

**Justification**

This approach is expected to facilitate more relevant and focused studies that include budgets that are commensurate with the specific objectives and methodology necessary to execute the work for each study.

**Analysis of Customer Benefit**

ESA and CARE studies provide data regarding customer barriers to participation, assessment of needs, energy savings, NEBs, and other inputs that help the IOUs develop better, more targeted offerings to enhance the customer experience and provide tangible benefits.

**Anticipated Impacts to ESA**

Adding an additional working group increase cost and staff time, however, PG&E anticipates the opportunity to work through important studies through a more transparent process will increase the relevance and robustness of study findings while potentially decreasing controversy surrounding results.

17) PG&E requests to change the IOU member's LIOB term to two years.

The IOUs request to change the rotating term for the IOU LIOB position from one year to two years. The IOUs' assigned seat on the LIOB rotates among the four IOUs annually.
Justification

D.05-04-052 established the LIOB position terms and increased them all from 1-year to 2-year staggered terms, except for the IOU seat, which remained at one year.\footnote{141}

D.05-04-052 provided that the LIOB terms granted in the Decision were flexible and open to change as warranted.\footnote{142}
The IOUs have determined that a one-year term is not long enough to be effective in this position. A new IOU representative rotates onto the board, begins committee assignments, learns the position, and then a new IOU member rotates onto the Board and the process starts again. The IOUs believe a rotating 2-year position would allow the representative to contribute more effectively to provide IOU perspective and insight on issues facing low-income customers.

The IOUs consulted with ED regarding the appropriate process to request that the IOU position term be extended from one year to two years, and believe that a request to change terms can be made through this Application.\footnote{143}
The IOUs request the rotating term for the IOU LIOB position increase to two years from one year.

Analysis of Customer Benefit

Increasing the LIOB term ultimately benefits customers by providing IOUs the opportunity to be more effective ESA advocates at the LIOB.

Anticipated Impacts to ESA

This change increases IOU effectiveness at the LIOB.

8. Multi-Family Sector Design [WITNESS: BENASSI]:

The Multi-family Sector Design section here, and Section 9, uses the following key terms and definitions. The IOUs are requested to use these terms in their Applications. The terms are: “in-unit” is an attached
such as community room or hallways, shared energy systems or the exterior envelope and excludes “in-units” spaces; and “whole building” refers to the entirety of a multi-family property, including both the common areas and in-unit spaces. In the following section (Section 9), the IOUs are directed to propose a third-party designed and implemented Multi-Family Whole Building Program. Section 9 does not limit the IOUs from additionally proposing to serve multi-family tenants and/or common areas by the ESA Program, but any such proposals shall not duplicate services provided through the third-party Multi-family Whole Building Program.

a. History:
   i. Describe how the ESA Program in-unit and Common Area Measures (CAM) efforts served multi-family households, buildings, and/or properties during the current program cycle. Summarize successes and challenges with current cycle multi-family efforts’ measures, targeted marketing tactics, eligibility rules, and alignment with other energy efficiency and financing programs.

   PG&E’s ESA Program in-unit and CAM’s efforts serve multi-family households and properties during the current program cycle through two approaches.

   PG&E serves ESA CAM by working directly with multi-family properties to implement EE measures while allowing property owners to select their own contractor. As part of PG&E’s CAM requirements, property owners need to make ESA in-unit services available to tenants and these efforts are coordinated by PG&E’s ESA implementers. PG&E’s CAM implementer coordinates ESA in-unit treatment directly with ESA MF in-unit implementers.

   PG&E serves ESA MF in-unit by working directly with low-income tenants. In-unit treatment, including energy education, is overseen by PG&E’s ESA implementers and in-unit treatments are performed by ESA trained contractors.
ESA CAM provides several project services to properties participating in CAM, including:

**Energy benchmarking support for Energy Star Portfolio**

**Benchmarking Manager:** PG&E ESA CAM projects receive free benchmarking treatment to maintain compliance with D.17-12-009 and AB 802. As of September 2019, 24 properties (consisting of 119 buildings and 2,146 units) have been benchmarked through ESA CAM. The ESA CAM benchmarking reports provide owners with insight on:

- Usage data over the past year, displayed per month for easy comparison for properties across a portfolio;
- Energy usage per square foot for portfolio comparison;
- Possible upgrades for properties beyond the ESA CAM scope and corresponding program referrals; and
- Energy Star Portfolio Benchmarking Manager “score”— comparing the property to other multi-family properties in California.

**Technical support throughout the program process (lead to completion):** This includes conducting an energy audit, assistance with the development of a project’s scope of work, insight on other funding sources to cover measures outside of ESA CAM, guidance throughout the lifecycle of the project, and coordination with PG&E’s multi-family SPOC for referral to other programs if property is not eligible for CAM. Comprehensive support to projects, includes:

- **Prequalification Call:** Projects will have a prequalification call with the maintenance staff and property managers to review eligibility documents, confirm building characteristics and ESA CAM opportunity. This process provides insight on the project’s potential and assists in identifying other programs the property can layer if eligible for ESA CAM or provide referrals to a better-fit program if not eligible for ESA CAM;
- **Energy Audit**: Projects receive a free energy audit, which can be a costly investment for affordable housing developers and is an enrollment barrier in other programs; and

- **Scope of Work Assistance**: Assist property owners understand which measures their properties are eligible for, equipment specifications, program incentives, and other funding sources to cover measures outside of the ESA CAM eligible measure list. This level of no-cost support through energy programs is a direct response to an affordable housing market need. Owners are often resource-constrained and cannot afford to invest the time or hire personnel to navigate which program is best for their property or what upgrades are best suited for the property. Energy retrofits require energy and equipment experience, building knowledge, and funding source knowledge—all of which is available to owners by ESA CAM.

A) **Summarize successes and challenges with current cycle multi-family efforts’ measures, targeted marketing tactics, eligibility rules, and alignment with other energy efficiency and financing programs.**

   Successes with current cycle multi-family efforts’ measures, targeted marketing tactics, eligibility rules, and alignment with other EE and financing programs, include:

   - **Measures**:

   ESA CAM has a robust set of no-cost deemed measures being requested by deed-restricted properties to assist in upgrading common areas that are utilized by tenants. By freeing up the costs associated with these upgrades to the buildings, property owners can then use that money to provide additional services to residents or to fund other major renovations outside of syndication. To date, the program has been successful in building a pipeline of interested low-income projects.
These customers are eager to make improvements in the common area and central systems of their buildings, that without ESA CAM would be challenging to fund.

- **Targeted Marketing:**
  
  PG&E’s ESA CAM implementer maintains active relationships with affordable housing organizations which has resulted in several CAM project leads.
  
  The CAM implementer leverages its relations with PG&E Multi-family Upgrade Program (MUP) contractors which has resulted in the majority of CAM projects.

  Outreach to Tax Credit Allocation Committee (TCAC) applications and the CPUC Broadband Program has resulted in the CAM pipeline having eight percent of projects listed on the Broadband Program list and 48 percent from TCAC.

  Other efforts include an active ESA CAM online presence through social media (Facebook, Twitter, LinkedIn) accounts and a program website.

- **Alignment With Other EE and Financing Programs:**
  
  There are three EE programs layered with ESA CAM, CSD LIWP, PG&E MUP, and Bay Area Regional Energy Network (BayREN) Multi-family Building Enhancements Program, and alignment with these programs have resulted in additional measures added to project scopes.

  ESA CAM has experienced higher program uptake with projects nearing re-syndication or leveraging other financing mechanisms. Timing program intervention with property re-syndication is essential due to the owner planning for and having resources to complete large scale renovations. Alignment during this key time provides the management and logistical resources that may not be available during normal property operating conditions.
Challenges with current cycle multi-family efforts’ measures, targeted marketing tactics, eligibility rules, and alignment with other EE and financing programs, include:

- **Measures:**
  MFWB treatment of some measures is challenging for measures such as attic insulation, where in-unit is installed by ESA contractors and CAM is installed by the property’s contractor and unqualified units are not covered by ESA, requiring properties to look for other options.

  Some CAM measures are not provided by ESA in-unit, thus not providing “whole building” treatment. For example, wall insulation is provided by CAM and not by ESA in-unit, thus the property will likely need to cover the expense or utilize other programs if wanting wall insulation in buildings with units.

  Multi-family buildings (regardless of metering configuration) are made up of multiple meters. The number of meters per site varies, and can be challenging to map individual meters to buildings if the site consists of more than one building.

- **Targeted Marketing:**
  Reaching smaller portfolio owners or property owners (greater than 10 properties), who are not as engaged with housing events and housing advocate groups is a challenge. Direct outreach efforts (i.e., cold calling) using internet research (if information is available) to identify these property owners and make contact is time consuming with minimal project lead generation.

  Property owners who are not engaged with housing events and housing advocate groups are challenging to engage via direct mail. ESA CAM mailed postcards to
properties (deed and non-deed-restricted) listed on the Broadband, Housing Authorities, TCAC recipients, HUD properties, and USDA properties lists. 7 percent of the postcards were returned to sender. In addition, no known leads have resulted from this effort to date.

- **Eligibility Rules:**
  
  ESA in-unit requires tenant approval for ESA treatment which can add complexity in providing a coordinated customer in-take process as only the property owner’s approval is required for common areas measures.

  A majority of deed-restricted properties set affordability requirements using area median income, which is county specific and does not always align well with ESA’s income requirements.

- **Alignment With Other EE and Financing Programs:**
  
  The three EE programs best layered with ESA CAM are CSD LIWP, PG&E MUP, and BayREN Multi-family Building Enhancements Program. Each have different eligibility requirements and differing completion dates which make leveraging challenging.

ii. *Discuss how ESA Program in-unit and CAM efforts coordinated, or did not, services including the customer in-take process, auditing, measure installation, and post-installation quality assurance. Show the numbers of actual and estimated treated multi-family units and properties, in ESA (in-unit) and ESA CAM, served each year for program years 2017-2020.*

  PG&E’s CAM efforts include the coordination with the ESA in-unit direct install program implementer(s) to offer ESA measures and services including enhanced energy education to all eligible tenants wanting to participate. CAM services, including measure installations, are provided through PG&E’s CAM implementer and contractors selected by the customer. ESA in-unit services, including measure installations, utilize the
existing ESA model whereby treatment is exclusively provided by ESA-certified contractors. The CAM implementer and the ESA implementer coordinate to facilitate delivery of services and minimal tenant disruption. Currently, PG&E does not use a coordinated customer in-take process as ESA in-unit requires tenant approval for ESA treatment which complicates a coordinated customer in-take process as only the property owner’s approval is required for common areas measures.

Table I-28 summarizes the number of actual and estimated treated multi-family units and properties, in ESA (in-unit) and ESA CAM, served each year for PYs 2017-2020 in PG&E’s service territory.

TABLE I-28
2017-2020 ESA IN-UNIT AND ESA CAM TREATMENTS

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Property Type</th>
<th>2017 Actual</th>
<th>2018 Actual</th>
<th>2019 Estimated</th>
<th>2020 Estimated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ESA CAM Properties</td>
<td>N/A</td>
<td>—</td>
<td>3</td>
<td>151</td>
<td>154</td>
</tr>
<tr>
<td>2</td>
<td>ESA MF in-unit(^{(a)})</td>
<td>14,537</td>
<td>16,372</td>
<td>19,425</td>
<td>19,802</td>
<td>70,136</td>
</tr>
</tbody>
</table>

(a) PG&E’s ESA in-unit treatment is provided by ESA-trained contractors and is not part of CAM.

iii. **Single Point of Contact (SPOC):** *What level of ESA funding, staff, time, and resources went to the SPOC directive for program years 2017-2020? What lessons learned or best practices resulted from this activity? How will you carry forward best practices (beyond 2020) and at what funding level?*

A) **What level of ESA funding, staff, time, and resources went to the SPOC directive for program years 2017-2020?**

For PYs 2017-2020, PG&E’s funding level is $471,018.

PG&E’s Multi-family SPOC, launched in 2017, to provide multi-family property owners, managers, and other industry professionals with a centralized resource for energy-related funding opportunities through analytics driven guidance by
phone, online, and e-mail. Stakeholders can access program resources by visiting www.PGEmultifamily.com.

Table I-29 summarizes PG&E’s SPOC funding per year for programs years 2017-2020.

TABLE I-29
2017-2020 SPOC FUNDING

<table>
<thead>
<tr>
<th>Line No.</th>
<th>2017 Actual</th>
<th>2018 Actual</th>
<th>2019 Budgeted</th>
<th>2020 Budgeted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$31,600</td>
<td>$121,167</td>
<td>$156,772</td>
<td>$161,480</td>
<td>$471,018</td>
</tr>
</tbody>
</table>

This funding provides 2-3 vendor staff, depending on the activities being supported, in support of the SPOC directive for PYs 2017-2020. The funding amounts captured in Table I-29 do not include PG&E resources required to setup the SPOC directive, including defining SPOC directive, collaborating with other PG&E programs to support the directive, and contracting. PG&E resources are also required for ongoing SPOC oversight, facilitation with internal PG&E programs, and vendor management.

B) What lessons learned or best practices resulted from this activity?

Best Practices resulting from PG&E’s SPOC activities include:

- **Referral Support:** SPOC provides program referral support to a broad set of multi-family programs, including programs available across PG&E territory, statewide programs, and regional programs. SPOC also refers customers to other utility SPOCs through a robust handoff process. Referral programs include, PG&E EE programs such as MUP, ESA, and Moderate Income Direct Install (MIDI); financing options such as On-Bill Financing (OBF) and On Bill Repayment (OBR); and EV programs. SPOC also provides referrals for other non-utility financing programs, such as the Fannie
Mae Green Rewards and EE programs offered by the CSD and Regional Energy Networks (REN).

- **Decision Tree**: SPOC maintains a decision tree to determine “best fit” characteristics per program, and a corresponding Referrals Table, to prioritize the programs for each customer.

- **Benchmarking support**: Through SPOC, customers can receive free benchmarking services to better inform program decision process and maintain compliance with AB 802.144

- **Consolidation of Multi-family Program Materials**: SPOC consolidated multi-family-specific marketing ‘fact sheets’ to provide customers with a consolidated view of programs that is available at: www.PGEmultifamily.com.

- **Property Engagement**: Proactive engagement with management companies to review their portfolios and guide them to available programs.

- **Conferences**: Active engagement at multi-family specific conferences.

- **Single Vendor**: SPOC services outsourced to same vendor administering Energy Efficiency’s Multi-Family Upgrade Program and ESA CAM providing by default, a common entry point for EE services for property owners. Vendor selected has deep multi-family knowledge and established relationships within the multi-family sector.

C) **How will you carry forward best practices (beyond 2020) and at what funding level?**

PG&E plans to carry forward best practices (beyond 2020) and proposes a funding level of $2.2 million for PY

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144 Building Energy Use Disclosure and Public Benchmarking Program Mandated under Assembly Bill (AB) 802 available at: https://ww2.energy.ca.gov/benchmarking/documents/AB_802_chapter_590.pdf.
2021-2026 as detailed in Table A-1 in Chapter IV. PG&E proposes to carry forward best practices by integrating SPOC with the MFWB Program. PG&E proposes to use a third-party administrator for its MFWB Program (detailed below in Section D.9.), which SPOC will be included.

PG&E’s proposed funding level is based on the number of estimated properties that will be participating in PG&E’s proposed MFWB Program. Best practices carrying forward beyond 2020, include:

- **Referral Services**: PG&E expects SPOC to continue to provide referral services and PG&E will request bidders to define their referral process, including maintaining updated referral list and defining referral criteria to ensure the right program is being referred, along with a robust handoff process to ensure customers are not lost in the process. Referral services should include all available program funding sources and include programs offered by PG&E, other IOUs, Regional Energy Networks, CSD, municipal utilities, low-income housing tax credits, federal investment tax credits, water utilities, and others as applicable. The list of programs needs to be regularly updated to reflect new programs and/or the closure of programs.

  Ideally, the SPOC will be responsible for determining the referral criteria and warm handover process in collaboration with each program administering entity. The following further describes PG&E’s proposed duties for SPOC:

- **Decision Tree**: The SPOC will continue to maintain a ‘decision tree’ to determine ‘best fit’ characteristics per

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145 MFWB Program refers to the treatment of the entirety of a multi-family property, including both the common areas and in-unit spaces.
program, and a corresponding ‘referrals table,’ to prioritize the programs for each customer to maintain.

- **Benchmarking Support:** SPOC will continue to provide MF customers with benchmarking support to better inform in the program decision process.

- **Consolidation of Multi-family Program Materials:** SPOC will continue to provide SPOC for MF programs to provide customers with a consolidated view of available programs.

- **Property Renovation Journey:** Bidders will also be requested to define how they will engage with multi-family properties to influence their property renovations to align with their low-income housing tax credits and federal investment tax credits timing.

- **Outsourcing to Vendor:** With deep multi-family experience, including available MF programs and services, assists in reducing SPOC ramp-up time and reducing administrative costs related to knowledge development.

b. **SPOC Finance Technical Assistance Proposal:** Per D.16-11-022 OP 45, as modified by D.17-12-009, create a proposal for financial technical assistance, from the SPOC, to help building owners navigate the financing options available through your on-bill finance program or other finance programs.

To assist property owners navigate the financing options available through PG&E’s on-bill finance program or other finance programs, PG&E proposes to expand SPOC services to more formally include financing services and assistance. MF properties participating in PG&E’s EE programs will be provided an option to consider financing as a tool to cover or expand their upgrade efforts. Since not all MF properties participating in PG&E’s programs originate via SPOC, PG&E proposes routing properties interested in financing through SPOC. SPOC would provide a report listing the array of multi-family program funding options complete with eligibility
screening, estimated assistance (technical and financial) and estimated financing available for the scope through OBF.

To accomplish this SPOC’s proposed scope would:

- **Develop a Referral/Request Process:** Allow multi-family building owners, consultants and contractors to submit the proposed scope of work;
- **Formalize and Expand the Decision Tree:** Review project data provided and determine the estimated incentive opportunity from each program source;
- **Document Measure Opportunities and Excluded Measures:** Report how each measure identified could be supported by a program or financing; and
- **Estimate OBF Contribution:** To offset the cost of all EE measures, SPOC will review project submittal to estimate the OBF loan size, and if necessary, support the customer through meter conversion, application and loan agreement.

This framework will likely allow SPOC to assist with project scope building on the initial success SPOC’s customer engagement in programs. These activities are crucial to maximize the retrofit scope because multi-family buildings are upgraded typically once every 15 years.

c. **Non-deed-restricted Multi-family Properties:** OP 41a of D.16-11-022, as modified by D.17-12-009, required an analysis of non-deed-restricted multi-family buildings with a high percentage of low-income tenants in your territory. Provide a brief statement of the EE potential in your territory for this sector. Do you recommend extending direct install services, for whole building or common areas only, to these properties? What requirements, such as rent increase restrictions, can maintain affordability in treated properties?

PG&E’s analysis of non-deed-restricted and deed-restricted multi-family buildings with a high percentage of low-income tenants (at least 65 percent of the households meet ESA income requirements) estimates 1,300 non-deed and 237 deed-restricted properties within PG&E’s territory as illustrated in Table I-30.
TABLE I-30
DEED AND NON-DEED-RESTRICTED PROPERTIES WITHIN PG&E’S TERRITORY

<table>
<thead>
<tr>
<th>Line No.</th>
<th>% at or below 200% FPG</th>
<th>PG&amp;E Multi-family Market (&gt;5 units)</th>
<th>Deed Properties</th>
<th>Buildings</th>
<th>Units</th>
<th>Non-Deed Properties</th>
<th>Buildings</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>≤ 50%</td>
<td></td>
<td>1,982</td>
<td>13,970</td>
<td>168,724</td>
<td>20,490</td>
<td>60,670</td>
<td>623,964</td>
</tr>
<tr>
<td>2</td>
<td>50% - 65%</td>
<td></td>
<td>252</td>
<td>2,424</td>
<td>18,722</td>
<td>1,747</td>
<td>5,974</td>
<td>43,224</td>
</tr>
<tr>
<td>3</td>
<td>≥ 65%</td>
<td></td>
<td>237</td>
<td>3,890</td>
<td>18,783</td>
<td>1,300</td>
<td>4,401</td>
<td>26,026</td>
</tr>
<tr>
<td>4</td>
<td>Total</td>
<td></td>
<td>2,471</td>
<td>20,284</td>
<td>206,229</td>
<td>23,537</td>
<td>71,045</td>
<td>693,214</td>
</tr>
</tbody>
</table>

Source: CoStar with HUD, USDA, TCAC lists layered for Deed-restricted buildings; includes MF properties with 5+ units of Class B & C (non-deed-restricted buildings with potentially income-eligible tenants).

i. Provide a brief statement of the EE potential in your territory for this sector.

PG&E estimates the EE potential for these non-deed-restricted properties with at least 65 percent of households meeting ESA’s income requirements to be 184,419,790 kWh and 6,303,010 Therms, which is 10 percent of the estimated average consumption as detailed in Table I-31.

ii. Do you recommend extending direct install services, for whole building or common areas only, to these properties?

The EE potential for these non-deed-restricted properties is based on applying average of the energy consumption of 241 properties from PG&E’s non-deed-restricted analysis across the remaining non-deed properties.
PG&E proposes to extend ESA funding to non-deed properties for CAMs provided at least 65 percent of the households meet ESA income requirements. PG&E requests the permission to determine the intervention strategy (upstream, downstream, midstream, direct install, non-resource, finance, etc.) based upon the MFWB Program solicitation process detailed in Sections D.9., E.1., and E.2. below.

PG&E proposes to extend ESA funding to non-deed-restricted properties in recognition that deed-restricted properties covers only a portion of the total population of buildings where income-qualified residents reside. Currently, the affordable housing demand outpaces the supply of deed-restricted housing, many income-qualified residents are unable to find deed-restricted housing and are required to sign a lease with a non-subsidized market rate housing property. This population of properties is often referred to as Naturally Occurring Affordable Housing (NOAH), meaning these properties are not restricted to low-income residents, but naturally offer below, or at market rents.

PG&E proposes to include non-deed-restricted properties in its MFWB Program as detailed in Section D.9., provided:

- The tenant meets ESA eligibility requirements to qualify ESA in-unit treatment; and
- The property has at least 65 percent of the households meeting ESA's income requirements to qualify for ESA CAM.

iii. **What requirements, such as rent increase restrictions, can maintain affordability in treated properties?**

To maintain affordability of rents in treated properties, PG&E proposes to continue to include rent increase restrictions

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146 Waitlists at deed-restricted properties (or properties that accept HUD Section 8 vouchers) often include thousands of prospective residents, as discussed in a recent article from the Sacramento Bee: [https://www.sacbee.com/news/local/article194674404.html](https://www.sacbee.com/news/local/article194674404.html).
to ESA participation agreements stating that properties will not increase rents for the qualified income-qualified dwellings as a result of the work that is performed with ESA funding. In addition, PG&E proposes that the MFWB Program administrator provide a tenant complaint process, should rent increase restrictions not be followed, that will direct tenants to local support services when issues cannot be resolved between the property and the tenant.

9. Multi-family Whole Building Program [Witness: Benassi] When looking to encourage innovation, the Commission recently directed the energy efficiency program administrators to transition the majority of their overall portfolios to programs designed and implemented by third parties.\textsuperscript{147} Similarly, we direct the IOUs’ 2021-2026 ESA Application to include a Multi-Family Whole Building energy efficiency program (MFWB Program) designed and implemented by one or more third parties who will, taken together, serve all qualified prioritized populations identified in the Application.\textsuperscript{148} The application shall include specific information about the scoring criteria and process for the solicitation. The MFWB Program implementer(s) shall provide energy efficiency services for the whole building which includes common areas and tenant units, but may provide treatment of only common areas or only tenant units in a particular building if it is not feasible to undertake both. The IOUs are strongly advised to consider a statewide program with a single implementer. It seems particularly important that the MFWB Program for buildings with SCE electricity customers and SoCalGas gas customers shall have a single implementer. The MFWB Program is not limited to the previously approved measures or other requirements in prior Commission Decisions or to the provisions of the ESA Policy and Procedures Manual. The proposal shall include the following:

\textsuperscript{147} D.18-01-004; D.16-08-019.

\textsuperscript{148} The definition of “third party” in D.16-08-019 shall also apply for purposes of ESA Programs.
As directed, PG&E proposes to use a third-party administrator for the design and implementation of its entire MFWB Program. PG&E’s proposal to include the following in its MFWB Program for both deed-restricted and non-deed-restricted multi-family properties:

- Whole building\(^{149}\) treatment for properties where at least 65 percent of households meet ESA income requirements and the dwellings meet ESA qualification requirements;
- CAM\(^{150}\) measures for properties where at least 65 percent of households meet ESA income requirements;
- In-unit\(^{151}\) measures for ESA eligible MF households;
- SPOC services; and
- CSD MF LIWP funding for ESA in-unit measures.

PG&E intends for its MFWB Program to serve both eligible MF tenants, regardless of the property’s qualification to participate in the MFWB Program, and eligible properties (not to focus solely on property owners). PG&E proposes to include contract Key Performance Indicators (KPI) and goals to reflect this intent. Multi-family properties are defined as properties with buildings having five or more attached units. Properties with buildings with less than five attached units will be treated as single family. Properties with a mix of buildings having five or more attached units and less than five attached units will be treated as multi-family properties.

PG&E proposes to include all MF components into its MFWB Program to provide MF tenants and properties with the following benefits:

- Single entry point;
- Avoid customer and market place confusion;
- Simplify the enrollment process; and
- Streamline MF tenant and property treatment.

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\(^{149}\) “Whole building” refers to the entirety of a multi-family property including both the common areas and in-unit spaces.

\(^{150}\) “Common area” refers to communal spaces, such as a community room or hallways, shared energy systems or the exterior envelope and excludes “in-units” spaces.

\(^{151}\) “In-unit” is an attached household dwelling unit.
PG&E proposes to use a single administrator to facilitate leveraging and integration with other state or federally funded income-qualified programs. PG&E proposes the duties of its single MFWB Program administrator to include, but not be limited to:

- MFWB Program design for both deed and non-deed-restricted properties, including how to address the need states indicative of hardship identified in Section B.1.c.;
- Customer acquisition and outreach: income-qualified tenants and properties;
- Enrolling participants: income-qualified tenants and properties;
- Providing program and project technical assistance;
- Receiving, reviewing, and approving all program documentation;
- Conducting quality assurance pre-installation and post-installation site visits;
- Processing and sending incentive payments;
- Contractor recruitment and management;
- WE&T;
- SPOC services, including best practices detailed in Section D.8.a.iii, above;
- CSD MF LIWP funding for ESA in-unit measures; and
- Leveraging water agency efforts for both income-qualified tenants and properties; the top water agencies in PG&E’s territory are listed above in Section D.5.f.

PG&E proposes local administration of its MFWB Program to be successful in providing income-qualified tenants and properties with a robust program and offer this program to customers on a timely basis. Moving to a third-party administration is new for ESA and will require each IOU to understand and address the implications and nuances of moving to this model; including:

- MF specific data challenges, including; identification of deed and non-deed-restricted properties meeting least 65 percent of households meet ESA income requirements, identifying the meters associated with each property, identifying the MF household associated with each property, and confirming previous participation
in ESA or other EE programs. PG&E’s customer databases currently do not identify MF properties, the meters associated with each property, or customers living in MF properties with five or more dwelling units; and

- Meeting regulatory reporting expectations as ESA currently requires detailed reporting, including at the measure level. Moving to a third-party administrator for design and implementation makes it challenging to plan and implement database systems to support the new program design while providing the detailed reporting that the Commission is accustomed.

While PG&E proposes local administration of its MFWB Program, if directed to adopt a single administrator, PG&E plans to work with the other IOUs to implement a single administrator serving the entire state and looks forward to a collaborative discussion with all stakeholders to decide the best path forward to serve this customer segment.

PG&E proposes to evaluate proposed programs against the criteria outlined in Table I-32 to determine advancement to contract negotiations. These criteria are not necessarily listed in any order of importance. PG&E expects to revise RFP scoring criteria to reflect the actual RFP and to align with the directives in the final decision.
<table>
<thead>
<tr>
<th>Line No.</th>
<th>RFP Scoring Criteria</th>
<th>Sub-Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Program Design</td>
<td>Program Design, Theory &amp; Evaluability</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer Acquisition &amp; Outreach</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Serve all qualified prioritized populations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>IDSM Program Features</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Program Innovation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer Compliant Resolution, including rent control complaints</td>
</tr>
<tr>
<td>2</td>
<td>Program Benefits</td>
<td>Number of Properties Treated per year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of Units Treated per year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Energy Savings (kWh, therms, British Thermal Units (BTU)) per year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cost Effectiveness per year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Distribution across prioritized populations</td>
</tr>
<tr>
<td>3</td>
<td>Program Feasibility; CAM, In-unit and SPOC</td>
<td>Program Management &amp; Risk</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compensation &amp; Performance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Savings Measurement</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Compliance Requirements</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Utilization of existing local ESA workforce</td>
</tr>
<tr>
<td>4</td>
<td>Needs States</td>
<td>How program design addresses the customer needs states as defined in Section B.1.c;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High Usage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Medical Baseline</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Disconnections</td>
</tr>
<tr>
<td></td>
<td></td>
<td>DAC/Tribal/Rural</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wildfire Risk Zones</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The goal is to serve all qualified prioritized populations identified in the Application</td>
</tr>
<tr>
<td>5</td>
<td>Leveraging Other Programs</td>
<td>How program design leverages other programs, such as;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Solar On Multi-family Housing (SOMAH)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>CSD LIWP</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TCAC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Water Agencies</td>
</tr>
<tr>
<td>6</td>
<td>WE&amp;T</td>
<td>Job Training</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Job Creation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Pathways to Employment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Collaboration with Local Training Programs</td>
</tr>
<tr>
<td>7</td>
<td>Company Qualifications</td>
<td>Implementer Team Qualifications</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Prior Implementation Experience</td>
</tr>
<tr>
<td>8</td>
<td>Supply Chain Responsibility</td>
<td>Diverse Business Enterprise</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sustainability</td>
</tr>
<tr>
<td>9</td>
<td>Cost</td>
<td>Performance Based</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Continuous Improvement</td>
</tr>
<tr>
<td>10</td>
<td>Safety</td>
<td>Safety Questionnaire</td>
</tr>
</tbody>
</table>
PG&E proposes to establish a MFWB Procurement Review Group (PRG), which will include low-income expertise, and Independent Evaluator (IE) similar to Energy Efficiency’s third-party solicitation process per D.18-01-004. The goal of the PRG and IE will be to monitor, evaluate and provide oversight of all phases of the solicitation process for selecting the third-party administrator for PG&E’s MFWB Program.

a. Provide an overview or brief description of the general program goals and budget and solicitation process and timeline. Additionally, use the budget template to provide annual budget levels.

PG&E intends for its MFWB Program to serve both properties owners of both deed and non-deed-restricted building with at least 65 percent of households meeting ESA income requirements and to serve qualified MF low-income tenants, regardless of the property’s qualification to participate in the MFWB Program. This is reflected in the program goals and budgets.

PG&E proposes its MFWB Program budget for measure installation, commonly referred to as “above the line” expenses, to be 30 percent of its entire measure installation budget. This aligns closely with the percentage split between multi-family and non-multi-family ESA eligible customers.

The proposed budget for PG&E MFWB Program is $202 million based on the estimates included in Table I-33. This budget is based on PG&E’s current ESA CAM and in-unit treatments and CSD LIWP leveraging estimates. PG&E requests permission to adjust the estimated budgets below as a result of the final decision and the solicitation for the MFWB Program third-party administrator.

Table I-33 summarizes the estimated for the MFWB budget.

152 D.18-01-004, OPs 3 and 5.
### TABLE I-33
PROPOSED MFWB PROGRAM BUDGET

<table>
<thead>
<tr>
<th>Line No.</th>
<th>MF Component</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>SPOC</td>
<td>N/A</td>
<td>N/A</td>
<td>$400,000</td>
<td>$412,000</td>
<td>$424,360</td>
<td>$437,091</td>
<td>$1,673,451</td>
</tr>
<tr>
<td>2</td>
<td>CAM</td>
<td>N/A</td>
<td>N/A</td>
<td>15,400,000</td>
<td>23,100,000</td>
<td>23,793,000</td>
<td>24,506,790</td>
<td>86,799,790</td>
</tr>
<tr>
<td>3</td>
<td>In-Unit</td>
<td>N/A</td>
<td>N/A</td>
<td>21,460,296</td>
<td>23,505,515</td>
<td>24,210,680</td>
<td>24,937,001</td>
<td>94,113,492</td>
</tr>
<tr>
<td>4</td>
<td>CSD LIWP</td>
<td>N/A</td>
<td>N/A</td>
<td>1,323,731</td>
<td>1,363,443</td>
<td>1,404,346</td>
<td>1,446,477</td>
<td>5,537,997</td>
</tr>
<tr>
<td>5</td>
<td>Administrator Fee</td>
<td>N/A</td>
<td>N/A</td>
<td>3,858,403</td>
<td>3,386,667</td>
<td>3,488,267</td>
<td>3,592,915</td>
<td>14,326,252</td>
</tr>
<tr>
<td>6</td>
<td>Total MFWB</td>
<td>N/A</td>
<td>N/A</td>
<td>$42,442,430</td>
<td>$51,767,625</td>
<td>$53,320,654</td>
<td>$54,920,273</td>
<td>$202,450,982</td>
</tr>
</tbody>
</table>

Based on this budget, PG&E estimates its MFWB Program will treat 845 properties, totaling an estimated 4560 buildings and over 83,000 in-units. Based on the estimated treatments, PG&E estimates saving 89,488,524 kWh and 3,479,353 therms. PG&E requests permission to adjust the goals as a result of the solicitation for the MFWB Program third-party administrator.

As stated above, for its MFWB third-party solicitation process, PG&E proposes to use a PRG and IE leveraging Energy Efficiency’s third-party solicitation process. PG&E’s MFWB solicitation timeline will be approximately 14-17 months from PRG/IE setup through contract award and is detailed in Section D.9.a.iii below.

PG&E proposes to continue its current ESA MF in-unit, CAM, SPOC, and CSD LIWP leveraging programs throughout 2021 and will transition MF in-unit to the new ESA Plus Program upon launch in 2022. All MF components (in-unit, CAM, SPOC, LIWP Leveraging) are anticipated to transition to the MFWB Program upon launch in 2023 as illustrated in Figure I-4.
PG&E estimates four to five months to transition to the MFWB Program and requests permission to adjust the timeline based on the MFWB Program solicitation. PG&E anticipates beginning this solicitation process 2021 and completing it in 2022, with the MFWB launching in the first quarter of 2023. The actual launch date of the MFWB Program will be dependent of the actual solicitation timeline and the time required to standup the new program.

i. Describe the energy savings and treatment targets for multi-family properties in the MFWB Program. What are the annual savings targets in kWh, therms, and equivalent BTUs? What are the annual goals for number of properties and number of units served? Is there a minimum efficiency target for each property? Will the goals adjust based on the solicitation process?
PG&E’s MFWB Program estimates treating 845 deed and non-deed-restricted properties, totaling an estimated 4,560 buildings. This equates to 130 deed-restricted properties and 715 non-deed-restricted properties. In addition, PG&E estimates treating over 83,000 MF in-units. Based on the MFWB Program estimated treatment targets, PG&E estimates 89,488,524 kWh and 3,479,353 in them savings. PG&E’s estimated energy savings are based on savings estimates from current ESA’s MF in-unit treatments, CAM treatments, and EE MUP.

While energy savings is the primary goal, the MFWB Program is expected to also include in-unit HCS elements for in-unit treatment to address income-qualified tenant hardship needs. In addition to including HCS elements to address income-qualified tenant hardship needs, PG&E proposes that the in-unit treatment of the MFWB Program also address the specific needs states as defined in Section B.1.c. above; CARE customers identified as high energy users, having been disconnected, receiving the medical baseline rate, residing in a DAC, on tribal lands, or in a rural area, residing in a wildfire risk zone. Table I-34 summaries the number of potential multi-family CARE customers per need state.

**TABLE I-34**

<table>
<thead>
<tr>
<th>Line No.</th>
<th>High Usage</th>
<th>Medical Baseline</th>
<th>Disconnections</th>
<th>DAC (Tribal/Rural)</th>
<th>Wildfire Threat</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Problem</td>
<td>Level of usage incurs surcharge</td>
<td>Device or condition requires extra energy</td>
<td>Payments are missed and power is turned off</td>
<td>Environmental conditions impact energy use</td>
</tr>
<tr>
<td>2</td>
<td>Approximate Customer Counts (b)</td>
<td>3,400</td>
<td>20,400</td>
<td>21,900</td>
<td>173,400</td>
</tr>
</tbody>
</table>

---

(a) Disadvantaged Communities.
(b) As of June 30, 2019.
PG&E requests permission to adjust the energy savings and treatment targets as a result of the solicitation for the MFWB Program third-party administrator.

A. What are the annual savings targets in kWh, therms, and equivalent BTUs?

PG&E’s estimated annual energy savings targets for the MFWB Program are detailed in Table I-35. These targets are based on PG&E’s current ESA MF in-unit, CAM projects, and Energy Efficiency’s MUP historical performance and the estimated MFWB Program treatments.

Table I-35 summarizes the proposed MFWB Program energy savings and treatment targets starting in 2023 to align with the launch of the MFWB Program.
### TABLE I-35
**PROPOSED MFWB PROGRAM ENERGY SAVINGS AND TREATMENTS**

<table>
<thead>
<tr>
<th>Line No.</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Treated kWh</td>
<td>Therm</td>
</tr>
<tr>
<td>1 CAM</td>
<td>154</td>
<td>12,635,681</td>
</tr>
<tr>
<td>2 In-Unit</td>
<td>19,509</td>
<td>4,670,116</td>
</tr>
<tr>
<td>3 MFWB</td>
<td>17,305,796</td>
<td>643,848</td>
</tr>
</tbody>
</table>

### TABLE I-35
**PROPOSED MFWB PROGRAM ENERGY SAVINGS AND TREATMENTS**
(CONTINUED)

<table>
<thead>
<tr>
<th>Line No.</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Treated kWh</td>
<td>Therm</td>
</tr>
<tr>
<td>1 CAM</td>
<td>231</td>
<td>18,953,521</td>
</tr>
<tr>
<td>2 In-Unit</td>
<td>21,369</td>
<td>5,115,367</td>
</tr>
<tr>
<td>3 MFWB</td>
<td>24,068,889</td>
<td>945,255</td>
</tr>
</tbody>
</table>
PG&E requests permission to adjust the annual savings targets based on the MFWB Program solicitation to ensure the solicitation process considers innovative and alternative program designs to best serve income-qualified tenants and property owners.

B. Is there a minimum efficiency target for each property?

PG&E proposes a minimum efficiency target of 10 percent savings for each property participating in ESA MFWB Program that includes CAM, with or without in-unit treatments. The 10 percent savings per property is based on EE programs such as PG&E’s MUP, CSD’s LIWP and BayREN’s Bay Area Multi-family Building Enhancements Program. PG&E requests permission to adjust the minimum efficiency target based on the solicitation process to ensure the solicitation process considers innovative and alternative program designs to best serve low-income tenants and property owners. PG&E proposes not requiring a minimum efficiency target for tenants and properties only participating in MF in-unit treatment.

C. Will the goals adjust based on the solicitation process?

PG&E requests permission to adjust the goals based on the solicitation process to ensure the solicitation process considers innovative and alternative program designs to best serve low-income tenants and property owners.

ii. What are your proposed income guidelines for participation and processes to certify eligibility? How will affordability (for rents) be maintained?

PG&E proposes an income guideline for property participation to require at least 65 percent of the units to be occupied by households that qualify under the ESA affordability definition. Under this proposal, this income guideline for participation in the MFWB Program is the same as the income guideline currently utilized for MF CAM. Deed-restricted properties will be required to provide: (1) regulatory agreements
with a government agency showing compliance with the income eligibility requirements; or (2) tenant income verification or enrollment in a qualified categorical program as approved by the CPUC. Non-deed-restricted properties will be required to provide tenant income verification or enrollment in a qualified categorical program, as approved by the CPUC.

PG&E proposes to allow property owners to enroll tenants in ESA in-unit and install measures without tenants enrolling separately in ESA provided the property owner provides income eligibility for the units. For properties not participating in the MFWB Program, individual MF households can continue to participate in ESA provided they are income-eligible.

A. How will affordability (for rents) be maintained?

To maintain affordability of rents in treated properties, PG&E proposes to continue to include rent increase restrictions to ESA participation agreements stating that property owners will not increase rents for the income-qualified dwellings as a result of the work that is performed with ESA funding. In addition, PG&E proposes that the MFWB Program administrator provide a tenant complaint process should rent increase restrictions not being followed that will direct tenants to local support services when issues cannot be resolved between the property and the tenant.

iii. At a minimum, include in the timeline: (1) issuing necessary solicitations; (2) executing contracts; and (3) launching the MFWB Program.

Based on the EE third-party solicitation process, PG&E estimates the timeline for the solicitation process from PRG and IE setup to through MFWB Program launch to take 16-21 months as illustrated in Figure I-5 below.
FIGURE I-5
PROPOSED MFWB PROGRAM SOLICITATION AND LAUNCH TIMELINE

This proposed timeline is based on the following:

- **PRG/IE Setup Phase**: Two to three months, which includes one to two months overlapping with RFP preparation.
- **Solicitation Process**: 11-14 months from RFP preparation through contract execution:
  - RFP preparation phase includes PRG/IE review of the RFP and scoring criteria.
  - RFP release and submission phase for bidders to prepare and submit their proposals.
  - RFP evaluation and selection phase includes PRG/IE review of RFP proposals, scoring and ranking.
  - Negotiations and contracting phase includes PRG/IE review of final contract.
- **Program Launch**: 4-5 months from contract execution to program launch.

Additional details regarding the solicitation process are in Section E.2., below.

Since EE has not yet completed a third-party solicitation through contract award as of the filing of this application, PG&E proposes to work with the PRG and IE to modify the timeline.
based on the timing and directives of the final decision. PG&E also proposes to adjust the program launch based on the solicitation results.

iv. Consider all feasible and appropriate opportunities for job training; job creation; or pathways to employment for members of low-income or disadvantaged who participate in local job training programs.

As part of PG&E MFWB Program solicitation, PG&E proposes to request bidders to define any local hiring practices, including engagement with local job training programs for placement into job opportunities prior to listing with the general public. PG&E also places a high value on local community partnerships and values workforce development opportunities that ensure hiring within local communities. To that end, PG&E will encourage vendors to consider the benefits of working with all local trained and certified ESA contractors. The program has made a substantial investment in current programming cycle in training local workforce and PG&E would like to ensure that its customers get the maximum benefits from these past investments.

PG&E also proposes to request bidders to explore other opportunities to encourage workforce development, such as:

- Requiring building operator training for properties receiving ESA MFWB CAM funding for central systems;
- Encouraging hiring of staff residing in DACs to fill positions created as a result of ESA MFWB;
- Pathways to employment for members of low-income or disadvantaged who participate in local job training programs; and
- Coordinate and leverage relationships with workforce development and contractor associations such as California Workforce Development Boards, Center for Sustainable Energy, Brightline Defense Project, EE for All, and community colleges.
b. The Massachusetts LEAN Multi-family Program has a single application portal for a multi-family retrofit program funded by different programs and agencies. Address how the MF solicitation will address the goal to, where feasible, create a seamless customer interface for delivering energy efficiency services for owners and tenants of multi-family buildings.

As part of PG&E’s MFWB Program solicitation, PG&E proposes to request bidders to identify how their MFWB Program will create a seamless customer interface for delivering EE services for owners and tenants of multi-family buildings by using the Massachusetts LEAN Multi-family Program as a best practice. PG&E also proposes to request bidders to identify specific requirements for PG&E and/or for other program and agencies to support the bidder’s implementation of a seamless customer interface for owners and tenants of multi-family buildings.

c. Describe how the solicitation process will address the following:

i. Offer existing demand response tools, technology or education to help multi-family households shift load to off-peak times.

PG&E proposes to include in its MFWB Program solicitation that bidders include in their proposals how they will integrate offering existing demand response tools, technology or education to help multi-family households shift load to off-peak times in their MFWB Program.

ii. Provide multi-family building owners flexibility in choosing a contractor to implement ESA-funded energy efficiency measures, including processes with open or continuous enrollment and trainings, cost control measures (such as competitive bids), and coordinated statewide requirements.  

As part of PG&E’s MFWB Program solicitation, PG&E proposes to request bidders to define how they will provide multi-family property owners flexibility in choosing a contractor.

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153 SB 454 (2011) requires that recipients of utility incentive dollars to warrant they have complied with building permit requirements and used licensed contractors.
to implement ESA-funded EE measures for common areas while utilizing the expertise of existing ESA-trained contractors as stated above in Section D.9.a.iv. PG&E is focused on ensuring a seamless transition of the program from one cycle to another and will encourage bidders to be mindful of the cost and the importance of local businesses in the communities we serve.

PG&E proposes to request bidders to detail their contractor processes, including the following:

- **Contractor Strategy**, including: Properties requesting full MFWB treatment, properties requesting CAM only measures, properties requesting in-unit only treatment only, or MF low-income households requesting in-unit treatment;
- **Contractor Management Processes**, including: Contractor recruitment, open or continuous contractor enrollment, contractor licensing verification, on-boarding, training, technical support, contractor performance, and how to utilize current local trained and certified ESA contractors;
- **Cost Control Measures**: Such as competitive bids and direct install components they plan to implement to ensure ratepayer funds are being utilized most effectively; and
- **Coordinate Statewide Requirements**: For properties receiving a fuel source from another IOU.

iii. **Address the need to work with multi-family building owners/managers to plan ESA energy efficiency projects that coincide with other building upgrades or building refinancing.**

PG&E proposes to include in its MFWB Program solicitation that bidders include how they will work with multi-family building owners/managers to plan ESA EE projects that coincide with other building upgrades or building refinancing in their proposals.
iv. *Address whether bidders may submit bids that propose serving the entire state, or specific geographic areas, or specific prioritized populations.*

PG&E proposes that bidders will submit proposals that serve PG&E’s entire geographical area. PG&E proposes to use a single administrator to facilitate collaboration, leveraging and integration with other state or federally funded income-qualified programs to fully cover PG&E’s territory. PG&E proposes that the single third-party administrator subcontract with other providers serving specific geographic areas or specific prioritized populations as needed to deliver an innovated, robust MFWB Program that drives deep energy savings. PG&E anticipates that having a single MFWB Program administrator for PG&E’s territory will enable a smooth transition should the Commission direct a single administrator to serve the entire state.

v. *Address whether feasible and appropriate opportunities for job training, job creation, or pathways to employment for members of low-income or disadvantaged communities who participate in local job training programs are incorporated.*

As part of PG&E MFWB Program solicitation, PG&E expects to request bidders to use local hiring practices, including engagement with local job training programs for placement into job opportunities prior to listing with the general public. PG&E is focused on ensuring a seamless transition of the program from one cycle to another and will encourage bidders to be mindful of cost and the importance of local businesses in the communities we serve. As stated in Section D.9.c.ii., PG&E will encourage vendors to consider the benefits of working with all local-trained and certified ESA contractors.

In addition, the solicitation process will request bidders to explore feasible opportunities to encourage workforce development, such as:
- Encouraging hiring of staff residing in DACs to fill positions created as a result of ESA MFWB;
- Develop a workforce development network list; and
- Coordinate and leverage relationships with workforce development and contractor associations, such as California Workforce Development Boards, Center for Sustainable Energy, and community colleges.

**Other Elements in ESA Program Design and Delivery**

10. **Proposed Performance Assessments To Inform Future Cycle Decision Making [WITNESS: O’DRAIN]:**

    *If designed with meaningful purpose, conducted rigorously, and the results used effectively, assessing performance and benefit to the ESA Program participants allows for course correcting within the 2021-2026 timeframe.*

    To support the assessment of program performance and benefit to the ESA participants, PG&E is proposing two changes in the approach to define and budget of ESA studies:

    1) Forming an ESA/CARE Study Working Group; and

**Formation of an ESA/CARE Study Working Group**

PG&E, in conjunction with the other IOUs, proposes the formation of an ESA/CARE Study Working Group to provide a transparent and robust study process. The ESA/CARE Study Working Group will provide input on the scope, timeline, and budget of studies. The Study Working Group could take a consensus driven approach with the goal of maximizing timely results. The IOUs expect the Study Working Group to hold quarterly meetings, jointly review proposed study statements of work, and participate in project kick-offs. This approach is expected to facilitate more relevant and focused studies that include budgets that are commensurate with the specific objectives and methodology necessary to execute the work for each study.
Adopting Energy Efficiency’s Measurement and Evaluation Studies

Funding Approach

PG&E proposes adopting Energy Efficiency’s approach of defining an overall statewide study budget along with a study roadmap process that provides both transparency and flexibility to scope forthcoming study proposals and associated budgets. The IOUs propose to include their annual study roadmap in their Annual ESA-CARE Reports. With this approach, statewide budgets are proposed for study categories, not specific studies. Specific budgets for each specific study would be designated as they are scoped. The IOUs plan to work with the ESA/CARE Study Working Group to finalize the project scope and timing of each study.

Appendix C provides additional details regarding the proposed ESA/CARE Study Working Group process along with the studies roadmap process.

a. Impact Evaluation

Propose a budget, scope, objectives, schedule, and methodology for the next impact evaluation. Present a detailed discussion of how 2015-2017 impact evaluation results influenced current (PY 2018-2020) program goals and planning. How would the proposed next impact evaluation(s) have improved value and aid prompt improvements to program performance and benefit to participants?

As detailed in Appendix C, for the 2021 to 2026 ESA/CARE application, the IOUs propose two to four statewide impact evaluation studies with a total statewide budget of $1,500,000. Each study will have a not-to-exceed budget of $500,000.

PG&E anticipates at least two impact evaluations to occur; one of the ESA Plus Program for PYs 2022-2023 and one of the MFWB Program for PYs 2023-2024. This would allow evaluation of new program changes to potentially be completed in time to use results in next application planning. Other impact evaluation studies could be more focused on specific measures or other program areas of interest.
The IOUs are anticipating extensive program design and implementation changes during this program cycle. As discussed elsewhere in this application, PG&E is anticipating a 15-month transition to solicit and implement new proposed program designs for its ESA Plus Program, and a 22-month transition to solicit and implement its MFWB Program. As stated in the Application, these transition periods may be adjusted based on the solicitation of each program. The IOUs are proposing to use impact studies to focus on effectiveness of their new program design and measures.

In addition to the impact evaluation, the IOUs are proposing some complementary process evaluation elements, discussed in Section D.10.c., to augment the program impact study, especially in light of the extensive program design and implementation changes. The specific scope and budget for each of the impact evaluations will be finalized in the ESA/CARE Study Working Group.

The specific impact evaluation studies, including the scope, timeline, and budget for each specific impact evaluation are undefined at this time. PG&E proposes the IOUs work with the ESA/CARE Study Working Group (proposed in Section D.10. above and in Appendix C) to finalize scope and timing of the evaluation studies.

PG&E continues to leverage findings and data from studies conducted during prior program cycles to inform its ESA portfolio proposals and ongoing program improvements. The 2015-2017 Impact Evaluation Phase 2 results are used in this application to determine energy savings. PG&E’s proposed ESA Program addresses the challenges of decreasing energy savings by changing the balance of benefits between energy savings and hardship reduction. PG&E presents a detailed discussion of how 2015-2017 Impact Evaluation results influence both current and application program goals and planning in its discussion of Impact Evaluation results in Section B.2.a., and in its detailed discussions of the effect of lower ESA energy savings in Sections A.2., C.3, and D.6.
b) **Low-Income Needs Assessments (LINA)**

Propose a budget and topics for the 2022 LINA and budget only for the 2025 LINA. Present a detailed discussion of why these areas warrant study for the 2022 LINA report and how you would incorporate future LINA information to establish program goals and/or facilitate accomplishing those goals.

**LINA Studies:** Per Pub. Util. Code Section 382(d), the CPUC is mandated to complete a LINA Study every three years with the assistance of the LIOB.

Given the current study will is anticipated to be completed in December 2019, a forthcoming Needs Assessment is required to be conducted. The IOUs plan to start the 2022 LINA study in 2020 and will scope it in 2019 in order to solicit and onboard a consultant in 2020. Since this study will begin in 2020, the IOUs will file an AL to request authorization and budget for the 2022 LINA Study. The requested funding for the 2022 LINA Study is proposed to fund 2020 related expenditures and unspent authorized, committed 2022 LINA budget from the 2017-2020 cycle will carry over into the 2021-2026 program cycle to complete the study by December 31, 2022.

As detailed in Appendix C, the IOUs propose two LINA Studies to begin during the 2021-2026 program cycle, with not-to-exceed statewide budgets of $500,000 each (allocated evenly between the CARE and ESA Programs):

1) 2025 Statewide LINA (to be scoped and solicited in 2023); and
2) 2028 Statewide LINA (to be scoped and solicited in 2026).

As with the 2022 LINA Study, the 2028 LINA Study will cross program cycles and required authorized committed funding to be carried forward into the next program cycle.

PG&E anticipates continuing to use the LINA studies to help improve CARE and ESA Programs ability to meet customer needs.

The LINA studies accommodate changing markets and

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154 The Low-income Needs Assessment is required every third year pursuant for Pub. Util. Code Section 382 (d).
implementation strategies through examination of low-income needs and research questions, as described in Section B.2.

c) **Studies and Pilots:**

   *Discuss all other proposed studies/pilots or any alternative or additional proposed assessment of performance. All proposals must include budgets, a timeline, and detailed justification and implementation plans for the proposed study/pilot.*

**Studies**

In addition to the Impact Evaluations and LINA studies discussed above in Section D.10.a. and D.10.b., PG&E, in conjunction with the other IOUs, is proposing the following statewide studies for the 2021-2026 program cycle:

- One to four ESA Process Evaluations as recommended in the 2017 Impact Evaluation;
- One CARE-ESA Categorical Eligible Program Update Study Funding for this Study will be split between the CARE and ESA Programs at 50 percent each; and
- One NEB Study.

As described in Section D.10 and Appendix C, statewide budgets are proposed for study categories, not specific studies. Budgets will be designated for each specific study as it is scoped. PG&E proposed the IOUs work with the ESA/CARE Study Working Group to finalize the project scope and timing. Table I-36, below, summarizes the study budget by study category.

In addition, PG&E is requesting additional EM&V Research funding of $300,000 that will enable additional PG&E-specific research projects or data analyses during the 2021-2026 program cycle to assist in answering questions not included in a specific study but that may arise during the course of running the low-income programs. These are expected to be deployed following the Study Working Group process described in Section D.10 and Appendix C.
A summary of each of the proposed studies is included below. Additional details regarding the study description, rationale, budget, and timing for each of the evaluations is described in Appendix C.

**Statewide Process Evaluations**: IOUs are proposing one to four process evaluations to review new and specific ESA Program elements to be defined within the ESA/CARE Study Working Group. The total statewide proposed budget for these studies is $500,000. This proposed process evaluation(s) will assess program progress once the program has operated for a minimum of 12 months, and is anticipated to begin in late 2023 or early 2024. It will assess whether and how the program is achieving desired outcomes according to original planning and design. Lessons learned and recommendations will inform if the program is operating as intended and what may be the elements should be adjusted to achieve optimal program impacts. The key objective of the study(s) is to ensure the program activities are consistent and producing intended outputs and outcome and to propose processes to help the program better achieve its goals and objectives.

**NEBs Primary Research and NEBs Model Update**: One of the recommendations from the 2019 NEBs study is for California to invest in primary data collection to form California specific values for a selected set of NEBs. Until now, IOUs have relied on literature research to gather best available and most recent NEBs documentations and NEB value data. This approach has not yielded the robust and reliable results that the IOUs and stakeholders desired. During 2021-2026, IOUs are proposing a focused primary market research effort to collect California specific NEBs values. This focused study will use outputs and recommendations from the 2020 NEBs Follow-Up Study and it is anticipated to begin in 2021. The results from this primary research will feed into the NEBs model for benefit calculation. The preliminary statewide budget for this study is $500,000. PG&E proposes the IOUs work with the ESA/CARE Study Working Group to finalize the project scope, timing, and budget.
Statewide CARE-ESA Categorical Program Study: The IOUs propose to conduct a study to update the list of categorically-eligible programs. ESA and CARE programs are allowed to categorically-enroll households that participate in other means-tested programs. The income requirement for enrolling in CARE and ESA Programs is less than or equal to 200 percent of FPL, as set forth in Pub. Util. Code Section 739.1(b)(1). The current list of categorically-eligible programs has not been reviewed or updated since 2013. This study will review eligibility requirements of currently authorized programs and seek other programs with similar eligibility criteria in order to update the list of means-tested programs that may be used to qualify customers to participate in CARE and ESA Programs. In addition, this study will review the income verification process of these programs to determine if their process can be leveraged by CARE in support of the CARE PEV process. This information can be used for program design and updates.

The purpose of this study is to review the effectiveness of these categorical program design, participant eligibility requirements and other implementation concerns, relative to the targeted population for these services. The proposed budget for this statewide study is $150,000. Funding for this study would be evenly allocated between the CARE and ESA budgets. This study is anticipated to begin in 2021.

Summary of Study Budget: Table I-36 provides a summary of the proposed budget for each study category for 2021-2026. As discussed in Section D.10. and in Appendix C, the budget for each specific study will be determined once the study has been scoped.
### TABLE I-36
2021-2026 STATEWIDE STUDIES AND BUDGETS

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Statewide Study Categories</th>
<th>Statewide Budget</th>
<th>PG&amp;E Study Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Statewide</td>
<td>Care (50%)</td>
</tr>
<tr>
<td>1</td>
<td>Statewide Study Categories</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Impact Evaluations (2-4 studies)</td>
<td>$1,500,000</td>
<td>$1,500,000</td>
</tr>
<tr>
<td>3</td>
<td>Process Evaluations (1-4 studies)</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>4</td>
<td>LINA (2 studies)&lt;sup&gt;(a)&lt;/sup&gt;</td>
<td>1,000,000</td>
<td>500,000</td>
</tr>
<tr>
<td>5</td>
<td>Non Energy Benefits Study (1 study) Statewide CARE-ESA Categorical Study (1 study)</td>
<td>500,000</td>
<td>500,000</td>
</tr>
<tr>
<td>6</td>
<td>Statewide Subtotal</td>
<td>150,000</td>
<td>75,000</td>
</tr>
<tr>
<td>7</td>
<td>IOU Discretionary Studies</td>
<td>$3,650,000</td>
<td>$3,075,000</td>
</tr>
<tr>
<td>8</td>
<td>PG&amp;E</td>
<td>$300,000</td>
<td>$300,000</td>
</tr>
<tr>
<td>9</td>
<td>SCE</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>10</td>
<td>SoCalGas</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>11</td>
<td>SDG&amp;E</td>
<td>300,000</td>
<td>300,000</td>
</tr>
<tr>
<td>12</td>
<td>Province Subtotal</td>
<td>$4,850,000</td>
<td>$4,275,000</td>
</tr>
</tbody>
</table>

(a) LINA 2022 Study will be requested from 2017-2020 budget in an AL to be filed in Q4 2019. The AL will request to carryover committed funding to the 2021-2026 cycle.
PG&E supports the continuation of the current Joint Utility Funding Split for joint projects funded between the four IOUs. The funding split is detailed in Table I-37.

**TABLE I-37**

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Utility</th>
<th>Funding Split</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>PG&amp;E</td>
<td>30%</td>
</tr>
<tr>
<td>2</td>
<td>SCE</td>
<td>30%</td>
</tr>
<tr>
<td>3</td>
<td>SoCalGas</td>
<td>25%</td>
</tr>
<tr>
<td>4</td>
<td>SDG&amp;E</td>
<td>15%</td>
</tr>
</tbody>
</table>

Pilots **[WITNESS: LEIVA JUNGBLUTH]**

PG&E is proposing two pilots for the 2021-2026 program cycle as detailed below.

**Virtual Energy Coach Pilot:** The purpose of PG&E’s proposed Virtual Energy Coach Pilot is to extend and enhance the results of the Low-Income Disaggregated Load Profiles Project, which was ordered by D.16-11-022 and modified by D.17-12-009. The plan is to use the disaggregated load profiles of CARE and ESA customers to test the impact of personal use information, communications and interactions on energy savings, residential rate selection, participation in other programs and changes in behavior.

The proposed pilot will provide ESA Program participants with a Virtual Energy Coach (VEC) to help them implement their personalized energy action plan. The results are anticipated to assist in determining if additional support, follow up, progress tracking, and recognition can cost-effectively make a positive difference in energy use, hardship reduction, customer engagement and satisfaction. See detailed VEC Pilot Implementation Plan in Attachment A.

**Long-Term CARE Customer (LTC) Pilot:** The LTC Pilot is proposed during the 2021-2026 program cycle to test the effectiveness of different outreach and communications to increase ESA participation with long-term CARE customers (defined as 10 or
more years continuously) that have not previously enrolled in ESA. Both groups will receive information that require their response or risk losing their CARE discount. However, one group of customers will receive communications focused on the benefits of ESA. The other group will receive communications focused on the economic impact of potentially losing their CARE discount. Data collection and analysis on the impacts of both positive benefits and negative economic impacts will be important in informing future ESA and CARE enrollment policies. See detailed LTC Pilot Implementation Plan in Appendix D.

11. **Cost-Effectiveness [WITNESS: O’DRAIN]**

a. *Provide a summary of quantitative valuation of the benefit to cost ratio of ESA Program (using cost-effectiveness tests), demonstrating any notable trends in cost-effectiveness of the ESA Program (e.g., over time, over different populations) or other analytical results that informed proposed Program goals and approach. Include tables or graphs to illustrate cost-effectiveness trends discussed.*

PG&E used the two cost effectiveness tests authorized for the ESA Program: the ESACET and the Resource Test.\(^{155}\) Table A-7 in Chapter IV illustrates cost effectiveness trends over time.

D.19-05-019 required all Distributed Energy Resources to perform the TRC, Ratepayer Program Administrator Cost, and Ratepayer Impact Measure (RIM) Tests when performing cost-effectiveness analyses.\(^{156}\) While the TRC is not considered the primary test for ESA, in compliance with D.19-05-019, these three tests were run at the portfolio level and included for informational purposes in Table A-7 in Chapter IV.

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\(^{155}\) These two tests were authorized by the Commission in D.14-08-030 and reiterated again for continued use in this application in D.19-06-022, D.14-08-030, OP 43.c, Conclusion of Law (COL) 45.c, p. 66; and D.19-06-022, Attachment A, Section I.D.11.a.i, p. 24 and Attachment B, Tables A-7, A-8, and A-9.

The ESACET has been specifically developed and authorized as the primary test to assess cost-effectiveness, including consideration of NEBs for the ESA Program and includes: all measures, all known benefits (including energy savings and NEBs), and all costs (including administrative costs). NEBs included in this test were updated in 2019.

The Resource Test excludes measures designated as “non-resource” measures. Non-resource measures are measures with “little to no energy savings, but significant NEBs, such as health, comfort and/or safety.” For example, the regular furnace repair and replacement measure (as opposed to the recently added High Efficiency Furnace measure) is driven by its Natural Gas Appliance Test (NGAT) failure, not by potential to save energy. In fact, repaired HVAC applications frequently lead participating households to use cooling and heating services that they were not using before, thus generating more energy usage. However, these negative savings may also promote and produce favorable HCS benefits for the program participants.

Non-resource measures excluded from the Resource Test include those sub-measures with zero or negative kWh or Therm annual savings. The Resource Test includes only the avoided cost benefits and the installation costs for the resource measures; NEBs

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157 D.14-08-030, OP 43.c, COL 45.c, p. 66; adopted the Cost-Effectiveness Working Group’s Final Report (July 15, 2013), describing the two new ESA cost effectiveness tests (available at the following link: http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=99753158). Tests were refined in the CEWG’s June 1, 2018 recommendations; available at: http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=99753158. In their June 2018 report, the CEWG recommended the IOUs continue to use ESACET as the primary cost effectiveness test for ESA, and continue to use the renamed Resource Test for informational purposes only (Table 1, p. 4), and to revisit the usefulness of the Resource Test in the future.


159 Recommendations of the ESA Program CEWG, dated June 1, 2018. The CEWG’s Reports can be seen at the following link: http://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=99753158.
and administrative costs are not included in the test. Therefore, the
Resource Test is not comparable to the ESACET but provides some
information on the contribution of resource measures to the ESA
Program. The Resource Test is included for informational uses
only.

The CE WG recommended that a team reconvene to discuss
and determine what cost-effectiveness threshold to use for the ESA
Program. In the meantime—absent a specified threshold—PG&E
set a 0.7 average portfolio threshold for the cycle as its goal. PG&E
determined that considering available data, the 2021-2026 ESA
portfolio proposed in this application provides a balanced
cost-effective ESA portfolio, balancing potential energy savings with
increased HCS for its low-income customers.

Cost-effectiveness results for ESA are shown in Chapter IV,
Table A-7.

i. In presenting cost-effectiveness results and trends apply
consistent and compliant methodology for calculating
cost-effectiveness (see D.14-08-030 for adopted
Cost-Effectiveness Working Group recommendations) and use
the updated savings values from the 2015-2017 ESA
Impact Evaluation.

PG&E followed the cost-effectiveness methodology adopted
in D.14-08-030, as well as the directives of D.19-05-019
regarding cost effectiveness.160 PG&E used the updated ESA
2015-2017 ESA Impact Evaluation Phase 2 results in the
ESACET and Resource Tests, as well as in the TRC, PAC, and
RIM tests. Updated NEBs from the 2019 NEBs Study were also
used. Both Impact and NEBs Study results were described
previously, in Section B.2.

b. The Commission is to “take into consideration both the
cost-effectiveness of the services and the policy of reducing the

160 D.14-08-030, OP 43.c, COL.45.c, p. 66; and D.19-06-022, Attachment A,
hardships facing low-income households\textsuperscript{161} when setting policy
governing energy efficiency services for low-income households.
i. **What changes, if any, do you propose for the method of**
cost-effectiveness calculation adopted in D.14-08-030 per
Cost-Effectiveness Working Group recommendations?\textsuperscript{162}

Consistent with the CEWG’s recommendations, PG&E is
using the ESACET and Resource Tests with the aspirational
goal of achieving a cost/benefit ratio as close to one as possible
which is a significant challenge given PG&E’s approach with
increasing comfort and health measures aimed at addressing
the need states. As stated above, considering available data,
PG&E’s average 2021-2026 ESACET ratio of 0.72 includes a
balanced mix of measures providing both energy and NEBs to
low-income customers. PG&E proposes no changes to the
method of cost-effectiveness calculation for ESACET adopted in
D.14-08-030 per CEWG recommendations.\textsuperscript{162}

PG&E proposes that the Resource Test no longer be
required because it provides little additional value. In their June
2018 report, the CEWG recommended the IOUs continue to use
ESACET as the primary cost effectiveness test for ESA, and to
revisit the usefulness of the Resource Test in the future.\textsuperscript{163}
The Resource Test includes only the avoided cost benefits and
the installation costs for the measures; NEBs and administrative
costs are not included in the test to understand the contribution
of resource measures to the program. Cost effectiveness
without NEBs are calculated for the TRC, RIM, and PAC tests,
and ESACET includes both the energy and NEBs provided by
the program. PG&E believes the Resource Test provides little
additional value and proposes it be discontinued.

(See Section D.7.)

\textsuperscript{161} Pub. Util. Code Section 2790.
\textsuperscript{162} D.14-08-030, OP 43.c, COL 45.c, p. 66.
\textsuperscript{163} The CEWG’s June 1, 2018 recommendations (Table 1, p. 4); available at:
ii. Explain how cost-effectiveness results have informed design and/or delivery and identify any proposed changes.

PG&E performed the ESACET on its proposed 2021-2026 ESA Program and adjusted the measure mix to help achieve an ESA Program design that is cost effective at the portfolio level. Refer to Section D.6. for proposed changes. ESACET results are provided in Tables A-7, A-8, and A-9 in Chapter IV.

**E. ESA Program Administration**

1. **Components of Program Administration [WITNESS: BENASSI]**
   a. *Per the proposed design and delivery, list and define the necessary components of program administration (e.g., Contract solicitation, negotiation, and management; sharing data and information; reporting for compliance; audits; change management). Suggest any proposed changes to policies that would significantly reduce utilities' administrative costs in offering ESA services.*

   Program administration components are identified in Table I-38 below and cover both the ESA Plus Program (introduced in Section B.1.) and the third-party administrator for the MFWB Program (Section D.9.). Table I-38 discusses responsibilities of PG&E, third-party vendors, and program subcontractors.
<table>
<thead>
<tr>
<th>Line No.</th>
<th>Program Administration Components</th>
<th>Program Element Definition</th>
<th>PG&amp;E</th>
<th>Third-Party Vendors</th>
<th>Subcontractors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Contracts</td>
<td>Request for Proposal (RFP), including contract negotiation through contract execution</td>
<td>Manages solicitation process via PRG/IE; result is contract execution</td>
<td>Participates in solicitation process, including contract negotiations; result is executed contract</td>
<td>May provide input to third-party vendors in support of RFP</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Contract management</td>
<td>Contracts with third-party vendors</td>
<td>Contracts with subcontractors, if applicable</td>
<td>N/A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Performance evaluation – development and ongoing assessment (KPIs)</td>
<td>Evaluation of third-party vendors and feedback as well as corrective action planning</td>
<td>Adherence to KPIs and evaluation of subcontractors, if applicable</td>
<td>Adherence to KPIs and improvement plan development and execution</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Payment structure and process for payments</td>
<td>Payments to third-party vendors for measure installation work and for program administration</td>
<td>Payment to subcontractors, if applicable</td>
<td>N/A</td>
</tr>
<tr>
<td>2</td>
<td>Change Management</td>
<td>Program transition plan</td>
<td>Development and management of program transition plan</td>
<td>Review and adherence to program transition plan</td>
<td>May contribute to program transition plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Program design plan</td>
<td>Development and management of program design plan</td>
<td>May contribute to program design plan</td>
<td>May contribute to program design plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Program transition plan</td>
<td>Development and management of program design plan</td>
<td>May contribute to program design plan</td>
<td>May contribute to program design plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Program database</td>
<td>Development and implementation of database requirements</td>
<td>Support requirements development, manage subcontractors</td>
<td>Test and report data or system issues</td>
</tr>
<tr>
<td></td>
<td></td>
<td>WE&amp;T</td>
<td>Energy Training Center to train third-party vendors and subcontractors, if applicable</td>
<td>Supplemental training of subcontractors or full training of workforce, if applicable</td>
<td>Soft skills and database tools training</td>
</tr>
<tr>
<td>3</td>
<td>Customer Data Sharing</td>
<td>Maintain customer database</td>
<td>Develop customer data sharing guidelines and governance, share customer data with third-party vendors and subcontractors</td>
<td>Utilize and safeguard customer data appropriately</td>
<td>Utilize and safeguard customer data appropriately</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Capture program enrollments</td>
<td>N/A</td>
<td>Validate projects</td>
<td>Create projects in customer database</td>
</tr>
<tr>
<td>4</td>
<td>Program Delivery</td>
<td>Customer pipeline management</td>
<td>Overview customer pipeline management</td>
<td>Development and management of customer pipeline</td>
<td>Support and maintain pipeline management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer acquisition</td>
<td>PG&amp;E marketing and outreach support</td>
<td>Support in outreach events and connecting with local organizations with relationships with low-income customers or properties</td>
<td>Leverage various acquisition channels including: outreach events, outbound calling, canvassing, etc.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer enrollment</td>
<td>Provide program forms and channels for enrollment</td>
<td>Validate enrollments are complete</td>
<td>Enroll customers</td>
</tr>
<tr>
<td>5</td>
<td>Program Delivery</td>
<td>Materials management, if applicable</td>
<td>Specifications development, solicit and maintain bulk purchasing contract and negotiate pricing</td>
<td>Ensure bulk purchase materials are used</td>
<td>Order and install bulk purchase materials</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Measure installation</td>
<td>Post NGAT Gas Service Representatives (GSR) dispatch, if applicable</td>
<td>Oversease measure installation</td>
<td>Install measures</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer support</td>
<td>PG&amp;E call center support and complaint resolution</td>
<td>Call center support and complaint resolution</td>
<td>Call center support</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Customer satisfaction</td>
<td>Customer survey to evaluate customer experience and program performance</td>
<td>Quality assurance of subcontractors</td>
<td>N/A</td>
</tr>
<tr>
<td>6</td>
<td>Reporting</td>
<td>Regulatory reporting</td>
<td>Reporting to CPUC and stakeholders</td>
<td>Data entry adherence to support reporting</td>
<td>Data entry adherence to support reporting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Internal reporting</td>
<td>Program metrics, third-party vendors goals and KPIs</td>
<td>Reporting to PG&amp;E</td>
<td>Reporting to third-party vendors</td>
</tr>
<tr>
<td>7</td>
<td>Audits</td>
<td>Income verification audits</td>
<td>Perform sample audit</td>
<td>Audit subcontractor enrollments</td>
<td>Audit enrollments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Measure installation audits</td>
<td>Sample through Central Inspection Program</td>
<td>Inspect subcontractor work</td>
<td>Inspect work</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GA/QC of measure installation payments</td>
<td>GA/QC of invoice payments to third-party vendors</td>
<td>GA/QC of invoice payments to subcontractors</td>
<td>GA/QC of invoice payments</td>
</tr>
<tr>
<td></td>
<td></td>
<td>GA/QC of program payments to third-party vendors</td>
<td>GA/QC of invoice payments to third-party vendors</td>
<td>GA/QC of invoice payments</td>
<td>N/A</td>
</tr>
</tbody>
</table>
PG&E proposes to continue to contract with third-party vendors to implement the ESA Plus Program. In addition, PG&E proposes to use a third-party vendor for the design and implementation of its entire MFWB Program, including all in-unit and common area treatments. PG&E expects to oversee the administrator contracts and the administrators will manage their own contracts with program subcontractors.

i. Suggest any proposed changes to policies that would significantly reduce utilities’ administrative costs in offering ESA services.

While PG&E is proposing several changes to the program policies in Section D.7. above, none of these changes significantly reduce utilities’ administrative costs in offering ESA services.

2. Program Implementers [WITNESS: BENASSI]:

a. List all solicitations the IOU would run to contract implementers to carry out programs described in the Design and Delivery sections above. Which Design and Delivery elements, if any, will not be solicited for implementation by third-party entities, and why? Energy efficiency programs per Commission D.18-01-004 are third-party designed and delivered in part to keep administration costs low and optimize effectiveness of installed measures through innovation in a competitive marketplace. For Design and Delivery elements that are solicited, how will you ensure that there is a sufficient number of third-party program implementers competing?

i. List all solicitations the IOU would run to contract implementers to carry out programs described in the Design and Delivery sections above.

PG&E proposes to hold two solicitations in support of the programs described in the Design and Delivery sections above:

1) Program administrator(s) to implement the ESA Plus Program. PG&E will maintain ownership of the program design. Refer to Section B.1. for ESA Plus Program
proposal summary and Section D.1. for details regarding the
ESA Plus Program; and
2) Third-party administration of the MFWB Program to include
program design and implementation. Refer to Section 9 for
details regarding the MFWB Program.

ii) *Which Design and Delivery elements, if any, will not be solicited*
*for implementation by third-party entities, and why?*

PG&E will not include program design elements in the ESA
Plus Program solicitation as PG&E has extensive experience in
running the ESA Program, and has detailed insights into
low-income single family and mobile home customer segment to
be able to address these customers’ needs.

The RFPs for the ESA Plus and the MFWB Programs
propose to solicit for the delivery of program elements identified
in Table I-38 above. For both programs PG&E anticipates it will
continue to:

- Utilize internal marketing resources for program awareness
  marketing campaigns and to cross-promote ESA with other
  programs administered by PG&E. Program administrators
  are expected to also employ their own marketing resources
  and strategies to promote the programs and drive program
  participation;
- Utilize PG&E call centers to provide customer support for
  customers interested in enrolling in the ESA Programs as
  some customers require a reassurance in program
  legitimacy by a PG&E representative. Program
  administrators are expected to also provide their own
  call center customer support as needed;
- Utilize PG&E Energy Training Center to continue to provide
  subcontractor onboarding and training to ensure adherence
  to the program and installation policies. Program
  administrators are also expected to provide supplemental
  workforce training as needed;
• Offer NGAT as a measure to eligible customers and performed by administrators' NGAT technicians; this measure will continue to be funded by PG&E’s General Rate Case (GRC). PG&E GSR will be expected to continue assisting customers on NGAT related issues in support of ESA Program delivery; and
• Offer inspections through PG&E’s Central Inspection Program (CIP) of work performed under the ESA Plus and the MFWB Programs. PG&E expects the administrators to perform their own Quality Assurance/Quality Control as well.

iii) For Design and Delivery elements that are solicited, how will you ensure that there is a sufficient number of third-party program implementers competing?

To ensure that there is a sufficient number of third-party program implementers competing in the solicitations, PG&E plans continue to leverage existing best practices of publicizing the ESA Plus and MFWB Programs RFPs across multiple platforms, including:

• PG&E website on the Bid Opportunities section;
• Proposal Evaluation & Proposal Management Application website;
• PG&E’s e-mail distribution lists of known suppliers and past RFP participants;
• CPUC’s e-mail distribution list of low-income suppliers; and
• ESA stakeholder working groups, such as the MFWG.

In addition, PG&E will host solicitation webinars to ensure vendors understand program requirements and solicitation process details. New to this program cycle, PG&E plans to publicize the RFPs on LinkedIn to test the effectiveness of that channel in attracting new bidders. PG&E will also explore the possibility of announcing the RFPs at forums attended by third parties such as industry association conferences, if deemed appropriate.
b. Which Design and Delivery elements, if any, do the IOUs propose to administer as a statewide program, with a single third-party program implementer for all IOU regions?

PG&E does not propose to administer any program design and delivery elements as a statewide program, with a single third-party program implementer for all IOU regions.

c. Detail a proposed process for soliciting program implementers for your territory and statewide programs (if proposed above). Include discussion of solicitation and contracting processes from the current cycle, noting best practices, and lessons learned on each of the following elements:

Detail a proposed process for soliciting program implementers for your territory and statewide programs (if proposed above).

To provide an additional level of transparency, PG&E proposes to establish a PRG, which will include low-income expertise, and an IE similar to EE’s third-party solicitation process per D.18-01-004 for soliciting program implementers. As described in Section D.9, the PRG and IE will monitor, evaluate and provide oversight of all phases of the solicitation process and this process will be used for selecting program administrators for PG&E’s ESA Plus and MFWB Programs. PG&E will leverage EE expertise in setting up the PRG and IE and proposes to leverage and modify EE’s PRG and IE Handbook to detail roles and expectations of the PRG and the IE, specific to ESA’s solicitation process. The handbook will discuss eligibility requirements, guiding principles, roles and responsibilities of PRG, IE and PG&E, Non-Disclosure Agreements, and declaration of absence of conflict of interest.

The solicitation process includes the following steps as illustrated in Figure I-6 below:
PRG/IE setup: PG&E will announce the PRG membership and IE opportunities to relevant stakeholders who do not have a financial interest in the outcome of any solicitations. PG&E will review eligibility, select members of the PRG and the IE and inform them of what is expected of them during the RFP process to be outlined in the PG&E ESA PRG and IE Handbook. PG&E will leverage Energy Efficiency’s experience in setting up the PRG and the IE.

RFP preparation: PG&E will prepare the RFP which will include a reasonable RFP schedule, clear scoring criteria, and a detailed scope of work. The PRG and the IE will be given the opportunity to review the RFP package and provide feedback. During this stage, PG&E will host pre-bidder conferences as discussed in Section E.2.c.i. below.

RFP release and submission: PG&E will announce the RFP and post the RFP package in the Power Advocate platform allowing bidders to prepare and submit their proposals. Refer to Section E.2.c.i. below for additional insight on the use of Power Advocate in the solicitation process.
RFP evaluation and selection: PG&E will review the RFP proposals, score and rank them. Scoring and ranking will be shared with the PRG and IE for their review and feedback.

Negotiations and contracting: PG&E will enter contract negotiations with the selected RFP finalists. The PRG and the IE will review the final contract. PG&E will execute the contracts.

i. Propose an outreach and communications strategy for the solicitation process that will garner a strong (in quantity and quality) response from third parties to the Request for Offer (RFO).

PG&E proposes the following outreach and communication strategy for the solicitation process to garner a strong response from third parties:

- Announcing the RFPs via multiple communication channels;
- Hosting a pre-bidding conference;
- Posting the RFPs in Power Advocate; and
- Utilizing Power Advocate for communication with participating bidders.

Additional insight regarding PG&E’s communication strategy is detailed in Section E.2.a.iii. above. PG&E plans to host solicitation conferences and webinars in support of each RFP which will provide information on the ESA Program and goals and will discuss the RFP process and timeline. The purpose of these conferences is to clarify the need for the RFP and to provide clear guidance on how to go through the bidding process. Interested parties who meet the bid pre-qualification requirements, will be invited to register on Power Advocate to participate in the RFP process. All communication between PG&E and bidders will be carried out via Power Advocate. All relevant RFP materials will be posted on Power Advocate and all proposals will be completed and submitted in Power Advocate. Utilization of Power Advocate will ensure that all bidders receive consistent information and that there is
transparency in the sharing of information and what documents must be submitted and the RFP timeline.

PG&E does not intend to use the two-stage RFP process utilized in EE’s third-party solicitation process. PG&E will forgo the Request for Abstract (RFA) stage because the ESA solicitations are intended for: (1) the implementation portion of program delivery of the ESA Plus Program; and (2) the MFWB Program is for a single administrator. Removing the RFA stage is likely to compress the RFP schedule so PG&E can execute its program more expeditiously.

ii. What controls ensure a fair, unbiased, transparent, and rigorous solicitation process, from RFO design, through bidder evaluation, to contract negotiation? Address whether there should be an independent evaluator, a procurement review group, and/or Commission review of contracts exceeding a certain amount, similar to requirements in D.18-01-004.

A. What controls ensure a fair, unbiased, transparent, and rigorous solicitation process, from RFO design, through bidder evaluation, to contract negotiation?

To ensure a fair, unbiased, transparent, and rigorous solicitation process from RFP design, through bidder evaluation, to contract negotiation, PG&E plans to utilize the following:

- Review ESA RFP requirements defined by the Commission prior to RFP commencement;
- Two-part RFP process: (1) written proposal based on RFP package; and (2) interviews based on questions relating to submitted proposals;
- RFP scorecard is developed prior to the release of the RFP to identify subject areas for individual scoring and determine the appropriate weighting for each area;
- Once the RFP COA has been posted and through contract execution, all communications with potential
bidders and bidders is conducted through PG&E’s sourcing team;

- Run the solicitations in Power Advocate, allowing all bidders to have access to the same information at the same time;
- All questions from bidders and PG&E responses are shared with all bidders; and
- Set up PRG and IE for solicitation for the program administration for the ESA Plus Program and for the third-party administration of the MFWB Program as discussed in Section E.2.c. above.

B. Address whether there should be an independent evaluator, a procurement review group, and/or Commission review of contracts exceeding a certain amount, similar to requirements in D.18-01-004.

PG&E proposes formation of the PRG and hiring an Independent Evaluator as described above in Section E.2.c. above since this ensures a high level of transparency in the procurement process. It is not proposed at this time to request Commission review of contracts.

iii. What contract terms and conditions must the IOUs include in contracts to:

- Allow the IOUs to ensure that third-party program implementers comply with program rules and regulations;
  
  Several provisions can be included in PG&E’s third-party implementer contracts to ensure they comply with program rules and regulations in accordance with the ESA Policies and Procedures Manual, Installation Standards Manual and the Income-Qualified Programs Decision requirements. These may include, but are not limited to:
  
  – Flow through provisions in the contracts with the ESA Plus Program implementer(s) and MFWB administrator
to ensure they include program rules and regulations in contracts with their contractors;

- Provisions for audits of records related to subcontracting, including, but not limited to California Contractor B License and any other license or certificates required by the state of California, and training required by the program; and

- Provisions to audit program documents and inspect work performed to ensure compliance with program standards and quality of work performance.

- Allow the IOUs to track implementer progress and ensure meeting performance milestones and goals;

  ESA Program will adhere to PG&E’s best practices around tracking implementer progress and ensuring that program performance milestones and goals are met. Currently these include monthly reports and Quarterly Business Reviews with third-party vendors to review their performance on KPIs and Service Level Agreements (SLA). Performance reviews are anticipated to be conducted more frequently when warranted by deviation from the program plan. In the case of under-performance, timely corrective action plan will be developed as needed and PG&E will ensure that program implementers adhere to the plan. Weekly meetings with program implementers may be utilized to discuss day-to-day program operations and to identify and address any barriers to meeting program goals. Conducting program goal reporting monthly and invoicing work monthly has proven successful in providing timely insight into program’s actual performance, as compared to forecasts and program goals.

- Allow the IOUs to hold third-party program implementers accountable if progress and performance milestones are not met;
PG&E proposes to include provisions in the third-party contracts that will hold program implementers accountable if progress and performance milestones are not met. The provisions under consideration may include, but are not limited to:

- Termination of contract for non-performance;
- Limiting work or access to customer data; reassigning work; and
- Contract provisions for liquidated damages if key requirements or program goals are not met:
  - Tying timing of implementer compensation to meeting program milestones; and
  - Building-in an amount of compensation at risk for under-performance on key quality components (such as home inspection pass rate) impacting overall program cost and customer experience.

In addition, PG&E can leverage any best practices and contract terms for under-performance not included above that will emerge from EE Third-Party contracts once third-party RFPs and contract negotiations are concluded.

- **Attract third-party entities to submit bids in response to solicitations; and**

  PG&E will take several measures to attract third parties to submit bids in response to solicitations as defined in Section E.2.a.iii. above. In addition, PG&E will propose realistic and attainable RFP timelines which will be vetted by the PRG and the Independent Evaluator. This will ensure that bidders’ resources are used effectively and that they receive consistent and timely feedback during the RFP process.
• Allow third-party entities the certainty and ability to propose bids to implement programs without high price risk premiums.

PG&E plans to allow third-party entities the ability to propose bids to implement programs without high price risk premiums. PG&E is aware that, at times, vendors propose bids with high price risk premiums when faced with uncertainty. To mitigate this PG&E plans to develop well-defined Scope of Work for the ESA Plus and the MFWB Program RFPs that will be reviewed by the PRG(s) and the IE(s) to ensure that vendors are provided clear program requirements. PG&E will continue to leverage existing Company practices of holding pre-bidding conferences to offer new bidders insight into the program and the RFP process. PG&E will continue to utilize its internal two-part RFP process in which bidders are requested to submit a written bid which is followed by bidder interviews giving them two opportunities to explain their proposals to PG&E.

iv. Please identify all contract terms and conditions that can feasibly be standard across all contracts and/or all the IOUs.

Based on EE’s efforts in support of D.18-01-004, PG&E believes that common contract terms and conditions can be feasibly made standard across ESA contracts and all IOUs. PG&E proposes to work with other IOUs to develop standard ESA contract terms and conditions that can be used for ESA administrator contracts. PG&E recommends that the IOUs leverage the Proposed Standard Third-Party Contract Terms and Modifiable Contract Terms developed by the IOUs for the administration of third-party EE programs165 to develop Standard Contract Terms and Modifiable Contract Terms.

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165 D.18-01-004, OPs 3 and 5.
These terms could be applicable to PG&E’s ESA Plus and the MFWB Program administrator contracts. Standard Contract Terms could include:

- Eligibility (type of business, license requirements, insurance and bonding requirements, etc.);
- Safety Requirements;
- Dispute Resolution Process; and
- Termination Process.

Contract provisions that are negotiable and subject to change based on third-parties’ program design and implementation proposals can be captured in the Modifiable Contract Terms.

Modifiable Contract Terms could include:

- Workforce Standards and Quality Installation Procedures;
- Progress and Evaluation Metrics;
- Contract Term/Length;
- Payment Schedule and Terms;
- Data Collection and Ownership Requirements; and
- Coordination with other program administrators.

v. Include a schedule for issuing the necessary solicitations and executing contracts.

PG&E’s schedule for issuing the ESA Plus Program solicitation and executing contracts is illustrated in Figure I-7.
Based on the EE third-party solicitation process, PG&E estimates the timeline for this solicitation process from PRG and IE setup through contract execution to take nine to eleven months as illustrated above. PG&E proposes to begin the solicitation process for the ESA Plus Program implementer within the first month following receipt of the Commission’s final decision.

This timeline is based on the following:

- **PRG/IE Setup Phase**: 2-3 months, which includes one month overlapping with RFP preparation;
- **Solicitation Process**: 8-10 months from RFP preparation through contract execution.
- **RFP Preparation Phase**: Includes PRG/IE review of the RFP and scoring criteria.
  - RFP release and submission phase for bidders to prepare and submit their proposals;
  - RFP evaluation and selection phase includes PRG/IE review of RFP proposals, scoring and ranking; and
Negotiations and contracting phase includes PRG/IE review of final contract.

PG&E’s schedule for issuing the ESA MFWB Program solicitation and executing a contract is detailed in Section D.9.a.iii., above. PG&E proposes to begin the solicitation process for the ESA MFWB Program third-party administrator within three months following of initiating the solicitation process for the ESA Program.

Since EE has not yet completed a third-party solicitation through contract award, PG&E proposes to work with the PRGs and IEs to modify the timelines for each solicitation based on the timing and directives of the final Decision. PG&E also proposes to adjust the program launch based on the solicitation process results.

3. Audits [WITNESS: O’DRAIN]:
   a. Changes and improvements should leverage learnings from both internal and external audits. Provide background via response to ‘i’ and ‘ii’ below and how audit results have influenced this application in response to ‘iii’.
      i. Internal Audits: Describe internal audits of the utility’s ESA Program during the current program cycle and all utility-initiated audits of the ESA Program by a third-party consultant
         PG&E initiated an internal audit for the current program cycle in May 2019 that is targeted to be completed by the end of October 2019. The focus of this audit is to assess controls for managing the ESA Program, including: participant eligibility, service provider performance, inspection of installed EE measures, and IT security in compliance with CPUC requirements. The goal of the audit is to ensure: ineligible applicants are not participating in the ESA Program; implementers adhere to the contractual terms; inspections are properly performed to ensure customer’s safety, and unauthorized users are prevented from inappropriately modify unit cost in the system which may result in financial loss.
PG&E, for the 2012-2014 program cycle, conducted a two-part internal audit that began in 2014 and completed in 2015.

- **Part 1:** Evaluated PG&E’s controls for managing the ESA Program and focused on ensuring that: (1) the ESA Program is in compliance with CPUC requirements, (2) participants meet the program’s eligibility requirements, (3) payments for services provided by Richard Heath and Associates (RHA), PG&E’s ESA implementer, and its subcontractors are valid, and (4) user access to the Energy Partners Online (EPO) system, ESA’s program database from approximately 2004 – Q2 2018, is adequately monitored. Part 1 of internal audit concluded that PG&E’s controls over the processes for managing the ESA Program need strengthening in the following areas: (1) reviewing and approving measure price changes, (2) documenting CIP inspector performance, and (3) monitoring user access to EPO.

- **Part 2:** Evaluated PG&E’s for complying with CPUC requirements for recording and reporting ESA Program costs. Part 2 of the internal audit concluded that PG&E’s controls for recording and reporting ESA Program costs needed strengthening in the following areas: (1) obtaining guidance from the CPUC on the reporting of fixed costs to the ESA Program, (2) establishing a procedure for recording the monthly and year-end accruals, (3) maintaining documentation to support the reports submitted to the CPUC, and (4) preventing and detecting duplicate payments.

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166 To classify risks, PG&E’s Internal Auditing uses the categories of low, medium, and high, based on the likelihood and significance of the risk resulting in harm to the Utility.

167 To classify risks, PG&E’s Internal Auditing uses the categories of low, medium, and high, based on the likelihood and significance of the risk resulting in harm to the Utility.
PG&E’s response and corrective action for each conclusion of the two-part internal audit that began in 2014 and completed in 2015 for the 2012-2014 program cycle is provided below.

- **Part 1:** PG&E’s response was a Management Action Plan that defined the corrective actions for each audit conclusion as follows:
  
  **Conclusion 1** found the ESA Program needs to strengthen reviewing and approving measure price changes, PG&E implemented the following corrective actions based on the Management Action Plan:
  
  - Revised its measure price processes and created a Utility Procedure;
  - Created an additional attachment to RHA Contract Work Authorization listing all measures and their prices by contractor and project area to serve as the single source from which measure prices will be entered into EPO;
  - Created a procedure for the review and approval of measure price changes that requires coordination with the Sourcing Department to record any price changes in the contract; and
  - Worked with External Verification to develop a process for receiving bill credits from RHA for any measures not installed or inappropriately installed, as identified during the CIP quality assurance review.

  **Conclusion 2** found the program needs to strengthen documenting CIP inspector performance, PG&E implemented the following corrective actions based on the Management Action Plan:
  
  - PG&E revised its CIP process;
  - Created a new CIP Field Observation Form to ensure that required supervisors ride-alongs are monitored, completed, and documented; and
  - Internal Audit provided CIP with fraud training.
Conclusion 3 found the program needs strengthen the monitoring user access to EPO, PG&E implemented the following corrective actions based on the Management Action Plan:

- PG&E revised its EPO user access process and created two Utility Procedures;
- Created a procedure to remove users who are inactive for 45 days;
- Developed a policy and procedure for granting and managing user access to EPO; and
- Assigned an owner to manage user access to EPO.

Part 2: PG&E’s response was a Management Action Plan that defined the corrective actions for each audit conclusion as follows:

Conclusion 1 found the program needs guidance from the CPUC on the reporting of fixed costs to the ESA Program, PG&E implemented the following corrective actions based on the Management Action Plan:

- PG&E added on-going footnote to the 2014 CARE/ESA Annual Report ESA-Table 1 and CARE/ESA monthly report ESA-Table 1: “This measure category includes the primary contractor administration fees and subcontractor direct costs.” PG&E’s best recollection is that PG&E communicated with the Energy Division prior to inserting the footnote into tables;
- PG&E completed a comprehensive pricing transparency review in 2015 that included analysis of material, labor, and administrative costs;
- PG&E determined the dollar amount of CIP labor costs for performing NGAT testing from 2009-2015.
  - In June 2015, PG&E moved approximately $10 million from the ESA Balancing Account to GRC funding for CIP NGAT testing labor costs from the 2010 to June 2015 period. Going forward,
PG&E allocated CIP labor costs for NGAT to a GRC balancing account.

PG&E’s ESA Program team communicated with CIP that all NGAT inspections were to be charged to the GRC.

PG&E served supplemental testimony on June 17, 2015 in the hearings on A.14-11-007, et al. That supplemental testimony disclosed changes to the tracking of funding for NGAT-related costs.

**Conclusion 2** found the program needs to establish a procedure for recording the monthly and year-end accruals, PG&E implemented the following corrective actions based on the Management Action Plan:

– Revised its ESA accrual process and created a Utility Procedure; and

– Developed document, and implement process for the monthly and annual accrual.

**Conclusion 3** found the program needs to maintain documentation to support the reports submitted to the CPUC, PG&E implemented the following corrective actions based on the Management Action Plan:

– Created a password protected Low-income Programs folder to store documentation in support of monthly and annual reports filed with the CPUC.

**Conclusion 4** found the program needs to strengthen process to prevent and detect duplicate payments, PG&E implemented the following corrective actions based on the Management Action Plan:

– Implemented software changes to correct the root cause that permitted double payments in the program database (EPO);

– Revised its payment review process and incorporated changes into procedure document for Repair and Placement invoice processing; and
Resolved double payments made by PG&E to Repair and Placement contractors.

**ii. External Audit Findings:** Include your utility’s response to the audits conducted by the State Controller’s Office for PYs 2013-2015 along with a summary of all corrective measures implemented to ensure compliance. Specify where each corrective measure is also properly reflected and/or documented e.g. monthly and/or annual report, formal filings, etc.

The State Controller’s Office (SCO) conducted an audit of PG&E’s ESA PY2013-2015 program. This audit was finalized in December 2018. A summary of all corrective measures implemented by PG&E to ensure compliance follows.

a) “Finding 1: PG&E did not consistently maintain validation checklists for ESA expenditures."

- **SCO Recommendation:** “We recommend that PG&E ensure that all recorded ESA Program expenditures are fully supported by sufficient, appropriate documentation, and that all documentation is preserved in such a manner that it may be readily examined."

PG&E implemented process improvements related to routing and storage of documents. To facilitate proper record keeping including the transaction validation checklists, PG&E implemented the following process improvements related to routing and storage of the documents since 2015:

- In January 2016, the ESA Program implemented Utility Standard 2015-118891 (“Energy Savings Assistance Program Contract Price”). This standard defines the steps the ESA Program uses for Quality

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168 PG&E responded to the SCO October 2017 draft external audit findings and recommendations on December 1, 2017. In 2018, PG&E moved to a new ESA Program database (Energy Insights) and as result the procedures and documents described in PG&E’s response may have changed.
Assurance/Quality Control on a sample of weekly invoices over $500,000 to ensure the contractually agreed upon measure amount was correctly captured in the invoice before final approval. This validation process compares the costs listed in the invoice to the costs identified in the contract to ensure they match. This is done in addition to the Validation Checklist and is also attached to the invoice as supporting documentation and proof of review.

- Beginning in March 2016, the review and approval of all invoices, including supporting Validation Checklist, for the ESA Program are conducted through PG&E’s Electronic Document Routing System (EDRS). Implementing electronic routing for approval ensures all supporting documentation for expenditures are included in the approval request and mitigates the risk of documents being lost.

  In August 2019, the EDRS was replaced with the Customer Energy Services (CES) Validation SharePoint. The new SharePoint will help serve three functions:
  - Standardize the process for reviewing, approving, and storing invoices;
  - Ensure that CES is in compliance with the Enterprise Records Management Standard; and
  - Support audit and data requests for Invoices.

- In 2018, ESA launched Energy Insight—With this new ESA Program database, PG&E began an automated Quality Assurance/Quality Control process which validates payments made through Energy Insight. The process validates:
  - Measure quantities;
  - Total Approved cost;
  - Accuracy of data;
b) “Finding 2: PG&E lacked an appropriate method to capture and account for administrative costs.”

- **SCO Recommendation:** “We recommend that PG&E continue to work with the CPUC to devise an accounting and reporting system to capture and account for all ESA Program administrative costs in one reporting area.”

PG&E implemented the following corrective actions regarding the finding and recommendation:

- PG&E implemented a stand-alone Implementation line item to account for ESA Program administrative costs incurred by prime contractors in one reporting category of the proposed budget tables. PG&E proposed this change in an AL filed on June 20, 2017, and the proposal was approved by the Commission on December 14, 2017.¹⁶⁹

- Beginning January 2018, PG&E’s monthly ESA Program report to the Commission incorporated the revised budget template that identifies the prime contractors’ administrative costs on a monthly basis;¹⁷⁰ and

- PG&E also tracks these payments internally on a monthly basis and has developed a guidance document to manage this process.

c) “Finding 3: PG&E did not provide adequate supporting documentation for contract procurement.”

- **SCO Recommendation:** “To adhere to its procurement policies and procedures, we recommend that PG&E

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¹⁷⁰ See ESA-CARE Monthly Report for January 2018 (February 21, 2018), ESA Table 1, fn 2, and ESA Table 1a, fn 3.
document in sufficient detail the rationale for its procurement methods, decision criteria, and award justification.”

PG&E implemented action plans to mitigate the risk of a similar finding in the future. To assure continuous improvement and consistency across work portfolios, PG&E formalized a revised strategic sourcing process and associated training that specifically covers document retention. This mandatory training was rolled out in December 2016 and requires annual renewal.

d) Compliance with Prior ESA Audit

The SCO was also tasked to review PG&E’s compliance with the recommendations of the Commission’s audit of the PY2009-2010 ESA Program. PG&E discusses corrective measures implemented to ensure compliance with the CPUC’s observations in Table I-39 below.\footnote{SCO. PG&E Audit Report ESA Program: January 1, 2013, through December 31, 2015 (December 2018), Appendix 2—Summary Schedule of Prior CPUC Audit Findings.}
<table>
<thead>
<tr>
<th>Line No.</th>
<th>CPUC Observations and Recommendations</th>
<th>Status</th>
<th>SCO Comments</th>
<th>PG&amp;E Corrective Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>RECOMMENDATION: PG&amp;E should ensure that all recorded program expenditures are fully supported by sufficient appropriate documentation, including documents substantiating its performed procedures.</td>
<td>Not implemented</td>
<td></td>
<td>PG&amp;E implemented process improvements to ensure prime contractor administrator costs are captured in a separate budget line item. See PG&amp;E’s response to Finding 2.</td>
</tr>
<tr>
<td>3</td>
<td>CPUC OBSERVATION 6: PG&amp;E failed to demonstrate compliance with general accounting best practices and § 581. PG&amp;E reports its prime contractor costs to administer its ESAP within other cost areas such as within the measures.</td>
<td>Not implemented</td>
<td>Our audit found similar issues related to accounting for administrative costs. See Finding 2.</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>RECOMMENDATION: To accurately reflect the true extent of the ESAP general administrative costs, the Commission and all four large utilities providing ESAP should devise an accounting and reporting system to capture all costs to administer ESAP in the administrative cost category whether incurred internally or by the utility or externally by a utility contractor. Within 90 days of the date of this memo, ED should provide its guidance or decision to the utilities and UAFCB on how it plans to resolve this matter.</td>
<td>Not implemented</td>
<td></td>
<td>PG&amp;E implemented process improvements to ensure prime contractor administration costs are captured in a separate budget line item. See PG&amp;E’s response to Finding 2.</td>
</tr>
<tr>
<td>5</td>
<td>CPUC OBSERVATION 7: PG&amp;E failed to demonstrate compliance with the USOA, GO 28, D.05-04-052 and §§ 451, 581, and 584. Thirty-nine percent of the contracted hourly rates of PG&amp;E’s implementation contractors are unidentified general administrative costs and lack proper substantiation.</td>
<td>Not implemented</td>
<td>PG&amp;E stated that guidance regarding the level of detail that must be provided by its contractors is pending from the CPUC Energy Division.</td>
<td>PG&amp;E agrees with the SCO’s comments.</td>
</tr>
<tr>
<td>6</td>
<td>RECOMMENDATION: PG&amp;E should begin to require its contractors to provide a full breakdown and substantiation of their costs as required in D.05-04-052 and GO 28 and provide the results of such when requested to do so by the Commission.</td>
<td>Not implemented</td>
<td>PG&amp;E stated that guidance regarding the level of detail that must be provided by its contractors is pending from the CPUC Energy Division.</td>
<td>PG&amp;E agrees with the SCO’s comments.</td>
</tr>
<tr>
<td>7</td>
<td>CPUC OBSERVATION 8: PG&amp;E failed to demonstrate compliance with the FERC USOA, GO 28 and its own internal accounting controls. Two recorded entries from the sample reviewed were lacking supporting employee timecards.</td>
<td>Not implemented</td>
<td>PG&amp;E stated that: (1) It will include the detail level of hours worked requirement in all subsequent contracts with Direct Technologies. We did not verify this update to the contracts. (2) A recovery from the contractor was not warranted because the revised support for the invoice reconciled with the invoice total. We validated this assertion; however, our review of the revised invoice support differed from the invoice total by $3. (3) It provided UAFCB with evidence that all program managers in ESAP on June 27, 2013, completed an invoice review refresher training program to ensure accurate and complete vendor billing support before making payments.</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>RECOMMENDATION: PG&amp;E should ensure all recorded program expenditures are fully supported by sufficient appropriate documentation and maintain said documentation so that UAFCB may readily examine them at its convenience.</td>
<td>Not implemented</td>
<td>SCG’s comments accurately reflect PG&amp;E’s actions to address UAFCB’s Recommendation.</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>CPUC OBSERVATION 9: PG&amp;E failed to demonstrate compliance with §§ 451, 581, and 584. PG&amp;E overpaid one of its contractors by $8,272.</td>
<td>We did not test the effectiveness of PG&amp;E’s implementation of these processes. However, we did validate that PG&amp;E implemented SAP ESS/SMSS.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>RECOMMENDATION: PG&amp;E should: (1) revise the terms of its existing contracts to include a provision requiring a detail-level hours worked schedule from its vendors; (2) refund ESAP funds with either (a) a charge against its Investors’ account or (b) a recovery from the contractor in question; and (3) ensure accurate and complete vendor billing support before making payments. Within 90 days after the UAFCB provides its Energy Division Director memo and Appendix A and C to PG&amp;E, it should provide the UAFCB with a summary of the steps it has taken to resolve this matter.</td>
<td>Not implemented</td>
<td>PG&amp;E provided a corrective action plan.</td>
<td>PG&amp;E respectively disagrees with the SCO’s comment to the extent SCO found invoices did not support $3 in contractor costs. PG&amp;E’s review of the revised invoices shows that the invoices accurately reflect all costs. PG&amp;E will provide a second copy of this information to the SCO through a separate communication.</td>
</tr>
<tr>
<td>Line No.</td>
<td>CPUC Observations and Recommendations</td>
<td>Status</td>
<td>SCO Comments</td>
<td>PG&amp;E Corrective Actions</td>
</tr>
<tr>
<td>---------</td>
<td>--------------------------------------</td>
<td>--------</td>
<td>--------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>12</td>
<td>CPUC OBSERVATION 10: PG&amp;E failed to demonstrate compliance with the USOA, GO 28 and §§ 451, 581, and 584. UAFCB was unable to determine the accuracy of invoices totaling $266,036.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>RECOMMENDATION: PG&amp;E should: (1) revise its existing contracts to include a provision requiring a detailed level, as opposed to the summary level, of hours worked from its vendors; (2) review the recorded expense entries discussed above against a to-be-re-calculated amount that is to be based on a detailed level of hours worked and, if the entries do not reconcile, make restitution to the program balancing account with either (a) a charge against its investors' account or (b) a monetary recovery from the vendor; and (c) ensure accurate and complete vendors billing support before making payments. Within 90 days after the UAFCB provides its Energy Division Director memo and Appendix A and C to PG&amp;E, it should provide UAFCB with: (1) copies of the detail-level schedules of hours worked for the invoices in question or evidence of making restitution to the program and (2) a copy of a revised contract requiring the contractor to provide a detail-level schedule of hours worked in addition to the summary.</td>
<td>PG&amp;E provided a corrective action plan.</td>
<td>PG&amp;E stated that: (1) it included the detail level of hours worked requirement in all subsequent contracts with Direct Technologies. We did not verify this update to contracts. (2) A recovery from the contractor was not warranted because the revised support for the invoices reconciled with the invoice totals. We validated this assertion; however, our review of the revised invoice support differed from the invoice total by $88.</td>
<td>SCO's comments accurately reflect PG&amp;E's actions to address UAFCB's Recommendation. PG&amp;E implemented invoice validation process improvements since the 2009-10 audit report to address accuracy of invoicing; CES Invoice Validation Standard (Utility Standard: CUST-4015S).</td>
</tr>
<tr>
<td>14</td>
<td>CPUC OBSERVATION 11: PG&amp;E did not demonstrate compliance with §§ 581 and 584. PG&amp;E improperly accounted for or improperly accrued some of its employee's hours.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>RECOMMENDATION: PG&amp;E should ensure proper accounting for its labor hours to ensure accurate data reporting and program labor costing.</td>
<td>PG&amp;E provided SCO with documentation of its current time-entry process.</td>
<td>PG&amp;E stated that it provided staff with a Time Administrator Training Guide, last updated July 16, 2015, and a copy of the New Time Entry Process for CES Business Operations. PG&amp;E stated it implemented SAP ESS/MSS in January 2013 to improve labor recording processes. SAP ESS/MSS provides the following: management employees can submit their time directly; supervisors and their delegates can approve time directly; timekeepers do not need to manually enter time or maintain timesheets in other systems; and the system validates leave balances in real time and implements general time-entry validation rules and controls.</td>
<td>SCO's comments accurately reflect PG&amp;E's actions to address UAFCB's Recommendation.</td>
</tr>
<tr>
<td>16</td>
<td>CPUC OBSERVATION 11: PG&amp;E did not demonstrate compliance with §§ 581 and 584. PG&amp;E improperly accounted for or improperly accrued some of its employee's hours.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td></td>
<td>We did not test the effectiveness of PG&amp;E's implementation of these processes. However, we did validate that PG&amp;E implemented SAP ESS/MSS.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>CPUC OBSERVATION 14: PG&amp;E failed to demonstrate compliance with FERC USOA, GO 28 and its own internal controls and procurement policies and procedures. Over 34% of the payments to contractors that UAFCB sampled lacked proper supporting documentation.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>RECOMMENDATION: PG&amp;E should (1) adhere to and enforce the terms of its existing contracts and (2) preserve all the required documentation supporting all of its recorded expenses in a manner such that UAFCB may readily examine the same at its convenience. (3) If PG&amp;E changes the way it conducts business during an active contract period, PG&amp;E should amend its contracts with its direct service providers and ensure that the terms of the executed contract are adhered to.</td>
<td>PG&amp;E provided a corrective action plan.</td>
<td>For (1) and (3), PG&amp;E stated that it will update Section 8 - Work Authorization Form of the Repair and Replacement contracts to clarify that the information is to be submitted electronically for any new contracts or existing contracts when they are renewed. We did not verify this update to the contracts. For (2), PG&amp;E stated that it continues to require its contractors to electronically enter the Work Authorization Form details directly into the EPO database. We did not test the effectiveness of this process.</td>
<td>SCO's comments reflect PG&amp;E's corrective actions. Since that time, PG&amp;E continues to manage and implement regular contract updates to reflect updates to terms, pricing, rates, and measures.</td>
</tr>
<tr>
<td>20</td>
<td>CPUC OBSERVATION 15: PG&amp;E failed to demonstrate compliance with §§ 451, 581 and 584. Five of the sampled transactions regarding payments to PG&amp;E's direct service providers that UAFCB reviewed had inconsistent accounting for rendered services and allocations between its gas and electric programs.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>RECOMMENDATION: UAFCB should review PG&amp;E's new controls and their implementation in this area in a future audit or examination.</td>
<td>Pg&amp;E did not provide a corrective action of their Energy Partner Online plan.</td>
<td>Based on interviews and flowcharts provided by PG&amp;E of their Energy Partner Online process, any corrections necessary to invoices are sent back to contractors to revise and resubmit for payment. We did not test the effectiveness of PG&amp;E's implementation of this process.</td>
<td>PG&amp;E agrees with the SCO's comments</td>
</tr>
</tbody>
</table>

Note: SCO. PG&E Audit Report ESA Program: January 1, 2013, through December 31, 2015 (December 2018), Appendix 2—Summary Schedule of Prior CPUC Audit Findings.
iii. Describe how internal and External Audits’ findings influenced this proposal for administration of the program.

Internal and external audit results influenced PG&E’s processes in the administration of the ESA Program and corrective actions have been made to address the audit findings. PG&E continually reviews its processes for continuous improvement.

4. Process for Program Revisions in PY 2021-2026

a. Regardless the frequency and set of impact evaluations and other studies in the performance-assessments program elements above, propose a process/methodology for an IOU to correct its course to achieve established goals and targets within the program period. State specifically what course corrections would require Commission approval or not and why, and the proposed process for obtaining Commission approval.

ESA Working Group

PG&E proposes an ESA WG to help manage course corrections during the 2021-2026 program cycle. PG&E proposes that this Working Group have a similar structure to the previous MCWG. This new Working Group would include members from each of the IOUs, Energy Division, California Public Advisor’s Office, LIOB, and other interested stakeholders. Membership would be by organization, with each member organization having one primary representative (and one vote in any voting situation), although additional member organization staff could be designated to work on various task groups. General meetings would convene quarterly with ad hoc task groups meeting as needed in between the general quarterly meetings to accomplish specific tasks.

PG&E proposes that the ESA WG’s Tasks include:

- Update the Policy and Procedures Manual to conform with the decision;
- Update the ESA Installation Standards Manual;
- Monitor progress toward goals;
- Discuss and recommend changes to goals;
Discuss a process for mid-cycle measure adjustments, retirements and additions;
Discuss other mid-cycle course corrections necessary to achieve goals;
Discuss and recommend program revisions required by new laws that become effective during PYs 2021-2026; and
Convene a public meeting every two years to discuss lessons learned and potential program adjustments.

PG&E proposes that this public meeting replace the IOUs' annual report public meetings and create an opportunity for more meaningful public discussion of the Commission's Low-Income Program. The annual report meetings have become less well attended over time, except when they coincide with an application or other major filing.

PG&E proposes that the ESA Working Group would be a consensus-based decision making. The ESA WG would be managed by IOUs: either rotating chairmanship annually or hiring consultant to manage and facilitate, and produce annual report of activity including decisions made and recommendations.

Within six months of decision issuance: the IOUs would convene the working group, propose and define ESA WG rules and processes, establish ESA WG calendar, and prioritize tasks.

**MFWB Program**

In support of the Commission's guidance: *The MFWB Program is not limited to the previously approved measures or other requirements in prior Commission Decisions or to the provisions of the ESA Policy and Procedures Manual,*\(^{172}\) PG&E requests permission to propose policy changes post Decision to align with the selected third-party administrator's design for PG&E's MFWB Program. As discussed in Section D.9., PG&E cannot anticipate what the successful MFWB design will look like at this time. PG&E's

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\(^{172}\) D.19-06-022, p. 21.
request to propose potential multi-family policy changes is discussed in Section D.7. and Appendix B.

Process to Make Program Modifications During the 2021-2026 Program Cycle

Because PG&E is proposing a new program, it requests flexibility to adjust based on its experience as the programs roll out. The 2021-2026 program cycle will be the longest ESA Program cycle to date. Flexibility to make adjustments within the cycle based on lessons learned will be critical to the program's success. In Section D.7, PG&E requested to modify ESA fund shifting rules to allow shifting between categories to align with CARE fund shifting rules authorized in D.06-12-038. In CARE, IOUs are allowed flexibility to shift funds between categories and those fund shifts are reported in the Low-income Monthly and Annual reports.

PG&E also requests more flexibility to make measure changes during the cycle. Currently, measures are modified, added or retired during program applications. D.17-12-009 authorized a Mid-Cycle Update AL filing to make program adjustments in the middle of the 2017-2020 program cycle. Rather than proposing one mid-cycle update in the middle, PG&E prefers a more flexible process that can be used to make adjustments throughout the cycle. PG&E's program proposals will be rolling out over time, as seen in the Gantt charts in Attachment D. PG&E believes the ability to make adjustments will be key to meeting program goals. The EE programs make measure adjustments noticed through their monthly reports. PG&E proposes to work with the ESA WG to develop criteria for reporting measure adjustments (including adding new measures, retiring measures and modifying measures) in the ESA-CARE Monthly Reports.

PG&E is hopeful that the ESA WG process along with the requested ability to make measure modifications and fund shifts through the ESA-CARE Monthly Reports can accommodate the adjustments that will need to be made to run the new innovative programs and implement any program changes that may be
required based on experience and lessons learned over the course of the program cycle. PG&E requests permission to submit ALs as required to request program and budget adjustments beyond the adjustment levels allowed in the new proposed fund shifting rules described in Section D.7.

i. Discuss the effectiveness of the mid-cycle working groups and advice letter process and indicate whether to consider similar or different approaches for PYs 2021-2026.

PG&E believes the working group format was beneficial for discussing and making recommendations on the Policies and Procedures Manual, and on technical issues, such as updating the Installation Standards Manual, and proposes Working Groups for both ESA issues and ESA-CARE Studies during the 2021-2026 program cycle. Refer to Sections B.2.h-B.2.k for details on the work groups for PY 2017-2020. Refer to Sections D.10.C and E.4.9 for proposed working groups for PY 2021-2026.

ii. New laws that become effective during PYs 2021-2026 could require revisions in PYs 2021-2026. What process do you suggest for incorporating changes?

PG&E believes discussion of new laws requiring program revisions should part of the ESA WG’s mandate.

F. Revenue Requirement and Rate Impacts [WITNESS: LI]:

In the ESA Program Revenue Requirement and Impact section of the application:

1. Discuss the revenue requirements necessary to achieve the program plans and objectives proposed for the application period, as well as the projected rate impacts (with quantitative information provided through B-2 and B-3 rate impacts tables).

PG&E’s proposed revenue requirements for PYs 2021-2026 to achieve the ESA Program Goals and Budgets of this testimony discussed in Section C are presented in Table I-40 below. PG&E proposes to recover in rates $588 million in the electric PPP’s Revenue Adjustment Mechanism and $516 million in the gas Public Purpose
Program Surcharge – LIEE in 2021-2026 subject to change due to the benefit burden and Revenue Franchise Fees & Uncollectibles (RF&U) approved in future GRCs.
<table>
<thead>
<tr>
<th>Line No.</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Electric:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Benefit Burden</td>
<td>980,609</td>
<td>980,609</td>
<td>980,609</td>
<td>980,609</td>
<td>980,609</td>
<td>980,609</td>
</tr>
<tr>
<td>4</td>
<td>RF&amp;U(a)</td>
<td>1,043,991</td>
<td>1,006,954</td>
<td>1,143,106</td>
<td>1,139,767</td>
<td>1,135,509</td>
<td>1,134,063</td>
</tr>
<tr>
<td>5</td>
<td>Total Electric Revenue Requirement:</td>
<td>$93,033,695</td>
<td>$89,733,183</td>
<td>$101,866,166</td>
<td>$101,568,608</td>
<td>$101,189,174</td>
<td>$101,060,295</td>
</tr>
<tr>
<td>6</td>
<td>Gas:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Program Budget</td>
<td>$80,706,179</td>
<td>$77,812,154</td>
<td>$88,450,853</td>
<td>$88,189,942</td>
<td>$87,857,238</td>
<td>$87,744,231</td>
</tr>
<tr>
<td>9</td>
<td>Total Gas Revenue Requirement:</td>
<td>$81,575,776</td>
<td>$78,681,751</td>
<td>$89,320,450</td>
<td>$89,059,539</td>
<td>$88,726,835</td>
<td>$88,613,828</td>
</tr>
<tr>
<td>10</td>
<td>Total ESA Revenue Requirement</td>
<td>$174,609,471</td>
<td>$168,414,934</td>
<td>$191,186,616</td>
<td>$190,628,147</td>
<td>$189,916,009</td>
<td>$189,674,123</td>
</tr>
</tbody>
</table>

(a) The benefit burden and RF&U are based on 2017 GRC for illustration purposes. The revenue requirement shall be adjusted accordingly when the benefit burden and RF&U are approved in future GRCs applicable to the year.
Benefit Burden

The benefit burden costs include medical, vision, dental, employee healthcare contributions, group life insurance, short-term incentive payments, 401k expenses, relocation expense, short-term disability, and tuition reimbursement. D.14-08-032 approving PG&E’s 2014-2016 GRC Application directed PG&E to track and recover benefit burden through the Customer Programs, including the electric and gas Public Purpose Program Low-income Balancing Account (PPPLIBA), electric Public Purpose Program Revenue Adjustment Mechanism (PPPRAM) and gas Public Purpose Program Low-income Energy Efficiency Balancing Account. Since then, the benefit burden is determined in PG&E’s GRC filed every three years.

The benefit burden shown on Table I-40 for 2021-2026 ESA Program Electric and Gas Revenue Requirements represents the benefit burden for 2019 determined in PG&E’s 2017 GRC pursuant to D.17-05-013 allocated between electric and gas for illustration purposes. The revenue requirement shall be adjusted accordingly with the benefit burden approved in future GRCs applicable to the year.

Revenue Fees and Uncollectible Factor

The RF&U is determined through GRC and updated on an annual basis. The RF&U shown on Table I-40 for 2021-2026 ESA Program Electric represents the RF&U using the 2019 factor, 0.011349, determined in D.17-05-013 for illustration purposes. The revenue requirement shall be adjusted accordingly with the RF&U approved in future GRCs applicable to the year.

Electric and Gas Split

The electric and gas split is based on the impacts of program expenses to electric and gas customers. For 2021-2026, PG&E proposes to assign 53 percent of the ESA Program expenses to electric customers and 47 percent to gas customers. The annual electric and gas split for PY 2021-2026 is detailed in Table I-41.

Per D.04-08-010 PPP surcharge rates (which ESA is a component of) do not include a factor for revenue fees and uncollectible expense.
TABLE I-41
PG&E ELECTRIC (53%) AND GAS (47%) SPLIT FOR 2021-2026

<table>
<thead>
<tr>
<th>Line No.</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
<th>2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Electric(a)</td>
<td>$91,989,704</td>
<td>$88,726,229</td>
<td>$100,723,060</td>
<td>$100,428,841</td>
<td>$100,053,665</td>
</tr>
<tr>
<td>2</td>
<td>Gas</td>
<td>$81,575,776</td>
<td>$78,681,751</td>
<td>$89,320,450</td>
<td>$89,059,539</td>
<td>$88,726,835</td>
</tr>
</tbody>
</table>

(a) Does not include RF&U. See Table I-40, line 4.

**Rate Impacts**

PG&E’s proposed ESA Program rate and bill impacts among PG&E’s electric and gas customer classes are shown in Tables I-42 and I-43 for PG&E’s electric and gas customers, respectively.

Under PG&E’s ESA Program expense forecast proposal, the bill impact for a typical bundled residential electric customer using 500 kWh per month in 2021 will decrease $0.30 from $121.17 to $120.87. The bill for a typical bundled residential customer using approximately twice the average baseline allowance in 2021, or 700 kWh per month, will decrease $0.42 from $179.01 to $178.59.
### TABLE I-42
PG&E ESTIMATED ELECTRIC RATE IMPACTS FROM 2021 ESA PROGRAM REQUEST

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Class/Schedule</th>
<th>October 1, 2019 Present Rates (cents/kWh)</th>
<th>Proposed 2021 ESA Expense (cents/kWh)</th>
<th>Rate Change (cents/kWh)</th>
<th>Percentage Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bundled</td>
<td>22.05</td>
<td>22.00</td>
<td>(0.05)</td>
<td>(0.2)%</td>
</tr>
<tr>
<td>2</td>
<td>Residential</td>
<td>25.47</td>
<td>25.42</td>
<td>(0.06)</td>
<td>(0.2)%</td>
</tr>
<tr>
<td>3</td>
<td>Small Commercial</td>
<td>22.65</td>
<td>22.60</td>
<td>(0.05)</td>
<td>(0.2)%</td>
</tr>
<tr>
<td>4</td>
<td>Medium Commercial</td>
<td>20.06</td>
<td>20.02</td>
<td>(0.04)</td>
<td>(0.2)%</td>
</tr>
<tr>
<td>5</td>
<td>Large Commercial</td>
<td>26.14</td>
<td>26.08</td>
<td>(0.06)</td>
<td>(0.2)%</td>
</tr>
<tr>
<td>6</td>
<td>Streetlights</td>
<td>16.03</td>
<td>16.00</td>
<td>(0.04)</td>
<td>(0.2)%</td>
</tr>
<tr>
<td>7</td>
<td>Standby</td>
<td>21.62</td>
<td>21.58</td>
<td>(0.04)</td>
<td>(0.2)%</td>
</tr>
<tr>
<td>8</td>
<td>Agriculture</td>
<td>16.03</td>
<td>16.00</td>
<td>(0.04)</td>
<td>(0.2)%</td>
</tr>
<tr>
<td>9</td>
<td>Industrial</td>
<td>21.62</td>
<td>21.58</td>
<td>(0.04)</td>
<td>(0.2)%</td>
</tr>
<tr>
<td>10</td>
<td>Total Bundled</td>
<td>21.09</td>
<td>21.05</td>
<td>(0.04)</td>
<td>(0.2)%</td>
</tr>
<tr>
<td>11</td>
<td>Direct Access/CCA Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Residential</td>
<td>16.55</td>
<td>16.50</td>
<td>(0.05)</td>
<td>(0.3)%</td>
</tr>
<tr>
<td>13</td>
<td>Small Commercial</td>
<td>16.40</td>
<td>16.35</td>
<td>(0.06)</td>
<td>(0.4)%</td>
</tr>
<tr>
<td>14</td>
<td>Medium Commercial</td>
<td>13.11</td>
<td>13.06</td>
<td>(0.05)</td>
<td>(0.4)%</td>
</tr>
<tr>
<td>15</td>
<td>Large Commercial</td>
<td>10.59</td>
<td>10.55</td>
<td>(0.04)</td>
<td>(0.4)%</td>
</tr>
<tr>
<td>16</td>
<td>Streetlights</td>
<td>16.95</td>
<td>16.90</td>
<td>(0.06)</td>
<td>(0.3)%</td>
</tr>
<tr>
<td>17</td>
<td>Standby</td>
<td>15.69</td>
<td>15.65</td>
<td>(0.04)</td>
<td>(0.3)%</td>
</tr>
<tr>
<td>18</td>
<td>Agriculture</td>
<td>15.51</td>
<td>15.46</td>
<td>(0.05)</td>
<td>(0.3)%</td>
</tr>
<tr>
<td>19</td>
<td>Industrial</td>
<td>6.93</td>
<td>6.90</td>
<td>(0.03)</td>
<td>(0.4)%</td>
</tr>
<tr>
<td>20</td>
<td>Total Direct Access/CCA</td>
<td>12.64</td>
<td>12.60</td>
<td>(0.04)</td>
<td>(0.4)%</td>
</tr>
</tbody>
</table>

Under PG&E’s ESA Program expense forecast proposal, the bill for a typical bundled residential customer using 32 therms per month in 2021 will increase $0.07 from $52.32 to $52.39.
<table>
<thead>
<tr>
<th>Line No.</th>
<th>Customer Class(^{(b)})</th>
<th>October 1, 2019 Gas Transmission and Storage Implementation</th>
<th>Proposed 2021 ESA Program</th>
<th>$ Change</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bundled—Retail Core(^{(a)})</td>
<td>$1.635</td>
<td>$1.637</td>
<td>$0.002</td>
<td>0.1%</td>
</tr>
<tr>
<td>2</td>
<td>Residential Non-CARE</td>
<td>$1.118</td>
<td>$1.118</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>3</td>
<td>Small Commercial Non-CARE</td>
<td>$0.809</td>
<td>$0.809</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>4</td>
<td>Uncompressed Core NGV</td>
<td>$0.688</td>
<td>$0.688</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>5</td>
<td>Compressed Core NGV</td>
<td>$2.189</td>
<td>$2.189</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>7</td>
<td>Transport Only—Retail Core</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Residential Non-CARE</td>
<td>$1.297</td>
<td>$1.299</td>
<td>$0.002</td>
<td>0.2%</td>
</tr>
<tr>
<td>9</td>
<td>Small Commercial Non-CARE</td>
<td>$0.800</td>
<td>$0.800</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>10</td>
<td>Large Commercial</td>
<td>$0.524</td>
<td>$0.524</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>11</td>
<td>Uncompressed Core NGV</td>
<td>$0.406</td>
<td>$0.406</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>12</td>
<td>Compressed Core NGV</td>
<td>$1.907</td>
<td>$1.907</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>13</td>
<td>Transport Only—Retail Noncore – Non-Covered Entities(^{(c)})</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Industrial – Distribution</td>
<td>$0.357</td>
<td>$0.357</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>15</td>
<td>Industrial – Transmission</td>
<td>$0.198</td>
<td>$0.198</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>16</td>
<td>Industrial – Backbone</td>
<td>$0.099</td>
<td>$0.099</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>17</td>
<td>Uncompressed Noncore NGV – Distribution</td>
<td>$0.350</td>
<td>$0.350</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>18</td>
<td>Uncompressed Noncore NGV – Transmission</td>
<td>$0.185</td>
<td>$0.185</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>19</td>
<td>Electric Generation – Distribution/ Transmission</td>
<td>$0.156</td>
<td>$0.156</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>20</td>
<td>Electric Generation – Backbone</td>
<td>$0.066</td>
<td>$0.066</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>21</td>
<td>Transport Only—Retail Noncore - Covered Entities(^{(c)})</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Industrial – Distribution</td>
<td>$0.309</td>
<td>$0.309</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>23</td>
<td>Industrial – Transmission</td>
<td>$0.150</td>
<td>$0.150</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>24</td>
<td>Industrial – Backbone</td>
<td>$0.051</td>
<td>$0.051</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>25</td>
<td>Uncompressed Noncore NGV – Distribution</td>
<td>$0.302</td>
<td>$0.302</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>26</td>
<td>Uncompressed Noncore NGV – Transmission</td>
<td>$0.137</td>
<td>$0.137</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>27</td>
<td>Electric Generation – Distribution/ Transmission</td>
<td>$0.108</td>
<td>$0.108</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>28</td>
<td>Electric Generation – Backbone</td>
<td>$0.018</td>
<td>$0.018</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>29</td>
<td>Transport Only—Wholesale</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Alpine Natural Gas (T)</td>
<td>$0.105</td>
<td>$0.105</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>31</td>
<td>Coalinga (T)</td>
<td>$0.105</td>
<td>$0.105</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>32</td>
<td>Island Energy (T)</td>
<td>$0.114</td>
<td>$0.114</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>33</td>
<td>Palo Alto (T)</td>
<td>$0.102</td>
<td>$0.102</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>34</td>
<td>West Coast Gas – Castle (D)</td>
<td>$0.310</td>
<td>$0.310</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>35</td>
<td>West Coast Gas – Mather (D)</td>
<td>$0.372</td>
<td>$0.372</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>36</td>
<td>West Coast Gas – Mather (T)</td>
<td>$0.106</td>
<td>$0.106</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

(a) CARE Customers receive a 20 percent discount off of PG&E's total bundled rate and are exempt from the CARE portion of PG&E's Public Purpose Program Surcharge (G-PPPS) rates and cost recovery of the California Solar Initiative Thermal Program.

(b) Transportation rates paid by all customers include an additional GHG Compliance Cost Recovery component of $0.05049 per therm.

(c) Covered Entities (i.e., customers that currently have a direct obligation to pay for allowances directly to the Air Resources Board) will pay a GHG Obligation Cost component of $0.00268 per therm to cover PG&E allowance costs associated with lost and unaccounted for gas and compression costs. Covered entities will see a line item credit on their bill equal to $0.04781 ($0.05049 minus $0.00268) per therm times their monthly billed volumes.

(d) ESA Programs are allocated based on the Direct Allocation Method adopted in D.95-12-053 and updated in PG&E's 2018 GCAP (D.19-10-036).
PG&E will incorporate the annual electric ESA Program revenue requirement authorized in this proceeding into electric rates in the Annual Electric True-Up (AET) with other rate changes effective January 1 of each year in the program forecast period, or as soon thereafter as possible. Any required ESA Program electric rate change resulting from this proceeding will be implemented in accordance with the then-current adopted revenue allocation and rate design methods adopted for the ESA Program revenue component of electric PPP rates.

PG&E will incorporate the gas funding requirement authorized in this proceeding into gas rates in its annual gas PPP surcharge AL and Annual Gas True-Up (AGT) filings with other rate changes effective January 1 of each year in the program forecast period, or as soon as thereafter as possible. Similarly, any gas ESA program revenue change will be allocated among customer classes consistent with then-current adopted practices.\(^{174}\) If a decision is not issued in time to incorporate the proposed revenue requirement in PPP surcharge rates by January 1, 2021, PG&E will incorporate changes adopted in this proceeding in the following year’s PPP surcharge advice letter.\(^{175}\)

PG&E requests Commission authority to implement its PY 2021-2026 funding request on January 1, 2021, should a final decision on PG&E’s application not be issued on or before January 1, 2021. If this request is approved then, upon the issuance of a final decision, PG&E will true-up the difference between the final decision and its filed request through its annual AET and PPP surcharge AL process.

2. *Include detailed accounting of unused funds from prior budget cycles and show how these funds reduce the revenue requirement.*

Table I-44 illustrates PG&E’s unspent, uncommitted funds for prior years’ program cycles. Balances are through July 31, 2019.

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\(^{174}\) ESA Programs are allocated based on the Direct Allocation Method adopted in D.95-12-053 and updated in PG&E’s 2018 Gas Cost Allocation Proceeding (GCAP) (D.19-10-036, COL 15 and OP 10).

\(^{175}\) D.04-08-010 adopted that utilities may request a change in gas PPP surcharge rates during the year only if failure to make the rate change would result in a forecasted total rate increase of 10 percent or more on January 1 of the next year.
PG&E intends to use these unspent, uncommitted funds of $67.7 million to offset collections for PY 2020, as ordered by D.16-11-022, and modified by D.17-12-009, OP 132, and the Mid-Cycle AL Non-Standard Disposition Letter, approved on January 4, 2019. The 2009-2016 electric unspent, uncommitted funds of $60 million were included in PG&E’s AET AL 5661-E, which was filed on October 15, 2019. The gas unspent, uncommitted funds of $7.7 million were included in PG&E’s AGT AL 4173-G, which was filed on October 31, 2019.

### TABLE I-44
Prior Years’ Unspent, Uncommitted Funds As of July 2019

<table>
<thead>
<tr>
<th>Line No.</th>
<th>Year</th>
<th>Electric</th>
<th>Gas</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2015</td>
<td>$20,500,466</td>
<td>–</td>
<td>$20,500,466</td>
</tr>
<tr>
<td>2</td>
<td>2016</td>
<td>37,335,084</td>
<td>$1,298,449</td>
<td>38,633,533</td>
</tr>
<tr>
<td>3</td>
<td>2009-2016 Pool</td>
<td>2,174,096</td>
<td>6,369,816</td>
<td>8,543,912</td>
</tr>
<tr>
<td>4</td>
<td>Total Unspent, Uncommitted</td>
<td>$60,009,646</td>
<td>$7,668,265</td>
<td>$67,677,911</td>
</tr>
</tbody>
</table>

3. **Include a brief discussion of the costs and the benefits of these programs and how they impact the rates.**

   The mandate of the ESA Program is to assist low-income customers reduce energy expenditures by providing EE measures, and reducing hardship by providing measures that address HCS. These important and meaningful benefits of energy savings, reduced expenditures, and improved HCS, serve a valuable purpose for the most vulnerable population; and, based on the overall cost effectiveness test, the program is designed to deliver these benefits in the most reasonable and equitable way.

   Details around the budget costs and goals are discussed Section C. The benefits are discussed in Section D and impact to rates is discussed in Section F.1.

4. **Include a brief description of the balancing accounts for the ESA Program and explain any changes.**

   There are no changes to the balancing accounts that PG&E uses to track the program cost and revenue requirement for 2021-2026 ESA.
Program. PG&E uses the following balancing accounts to track the program cost and revenue requirement:

Public Purpose Program Low-income Balancing Account (PPPLIBA)

PPPLIBA is split between Electric and Gas.

PPPLIBA – Electric is a subaccount of Electric Preliminary Statement Part P – the Customer EE Adjustment balancing account and tracks the electric portion of the ESA Program expense.

PPPLIBA – Gas tracks the gas portion of the ESA Program expense in accordance with Gas Preliminary Statement Part Y.

Public Purpose Program Revenue Adjustment Mechanism (PPPRAM)

PPPRAM, Electric Preliminary Statement Part DA, records the authorized electric revenue requirement for ESA Program and actual revenue collected through rates. Any over or under collection will be adjusted through the AET process or as otherwise determined by the Commission.

Public Purpose Program – Low-income Energy Efficiency (PPP-LIEE)

PPP-LIEE, Gas Preliminary Statement Part BH, records the authorized gas revenue requirement for ESA Program and actual surcharge collected. Any over or under collection will be adjusted through the AGT process or as otherwise determined by the Commission.

II. Conclusion [WITNESS: LEIVA JUNGBLUTH]

Summarize requests for which you are seeking the Commission’s approval as part of the ESA and CARE Program plans and budgets for PYs 2021-2026.

As described throughout this application, PG&E requests the Commission approve the following as just and reasonable:

1) PG&E’s total ESA Budget request of approximately $1.1 billion for 2021-2026 program cycle and associated revenue requirements and rate impacts;

2) PG&E’s energy savings and participation goals;

3) New ESA Plus Program design with Basic, Comprehensive, and Comprehensive Plus approach measure offerings;

4) Changes in measure offerings based on new approach, including additions, modifications and removal of certain measures;
5) Solicitation of Third-party administration of PG&E’s MFWB Program
modelled after PG&E’s EE third-party solicitation process, as applicable; and
6) Changes in policy as spelled out in the Policy Chart.