

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



December 17, 2013

**Advice Letter 3421-G / 4294-E—Addendum**

Brian K. Cherry  
Vice President, Regulation and Rates  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

**SUBJECT: California Solar Initiative – Thermal Program Statewide and Local Market Facilitation 2014 Plan – Single-Family Low-Income Addendum**

Dear Mr. Cherry:

Your addendum to Advice Letter 3421-G / 4294-E is approved effective October 31, 2013.

Sincerely,

A handwritten signature in cursive script that reads "Edward F. Randolph".

Edward F. Randolph, Director  
Energy Division

**PUBLIC UTILITIES COMMISSION**505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298

November 5, 2013

**Advice Letter 3421-G / 4294-E**

Brian K. Cherry  
Vice President, Regulation and Rates  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

**SUBJECT: California Solar Initiative – Thermal Program Statewide and Local Market Facilitation 2014 Plan**

Dear Mr. Cherry:

In the course of reviewing PG&E's 2014 California Solar Initiative – Thermal (CSI Thermal) Local Market Facilitation plan, the Energy Division has noted the dearth of single-family low income homeowner participation in CSI Thermal despite the availability of sizeable incentives. The lack of information about the program and about solar water heating technologies may be a significant limitation to low income participation. To help improve participation in the program, it is important for the CSI Thermal Program Administrators to detail the strategies they intend to use in reaching out to this key target market. These details have not yet been formally submitted to the Energy Division.

The Energy Division expects the CSI Thermal Program Administrators to file a single-family low-income program outreach addendum to their 2014 Local Market Facilitation Plans by December 13, 2013. Such an addendum should be sent as a business letter on company letterhead to the Energy Division, in both electronic and hard-copy format. The activities proposed on this addendum will be approved next year using the Marketing & Outreach Approval Request Form (MOARF) process developed by the CPUC under D.07-05-047.

Because this information was not specifically requested before the filing date of your 2014 plan, and because the remainder of your proposed activities are sensible and comply with Commission policies and decisions, your plan is approved.

Accordingly, Advice Letter 3421-G / 4294-E is effective October 31, 2013.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Randolph", written over a light blue horizontal line.

Edward F. Randolph, Director  
Energy Division



**Brian K. Cherry**  
Vice President  
Regulatory Relations

Pacific Gas and Electric Company  
77 Beale St., Mail Code B10C  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415.973.7226

October 1, 2013

**Advice 3421-G/4294-E**

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject: California Solar Initiative – Thermal Program Statewide and Local Market Facilitation 2014 Plan**

**Purpose**

In compliance with Decision (D.) 10-01-022, *Decision Establishing the California Solar Initiative Thermal Program to Provide Solar Water Heating Incentives*, Pacific Gas and Electric Company (PG&E) hereby submits this advice filing of the California Solar Initiative Thermal Program Statewide and Local Market Facilitation 2014 Plan.

**Background**

On January 21, 2010, the California Public Utilities Commission (Commission or CPUC) approved D.10-01-022. In Ordering Paragraph (OP) 13.b of this Decision, the Commission directed PG&E and the Program Administrators (PAs), to “separately submit an Advice Letter with proposed California Solar Initiative Thermal market facilitation budgets and activities for each calendar year, which addresses the activities identified in Appendix A, no later than October 1 of the preceding year.”

PG&E’s local market facilitation plan and the statewide market facilitation plan and budget for 2014 are detailed in Attachments 1 and 2 of this filing.

**Protests**

Anyone wishing to protest this filing may do so by letter sent via U.S. mail, facsimile or E-mail, no later than **October 21, 2013**, which is 20 days after the date of this filing. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Brian K. Cherry  
Vice President, Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B10C  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-7226  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

**Effective Date**

PG&E requests that this Tier 2 advice filing become effective on regular notice, **October 31, 2013**, which is 30 calendar days after the date of filing.

**Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for Rulemaking (R.) 12-11-005. Address changes to the General Order 96-B service list should be directed to PG&E at email address [PGETariffs@pge.com](mailto:PGETariffs@pge.com). For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov). Send all electronic approvals to [PGETariffs@pge.com](mailto:PGETariffs@pge.com). Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs>

A handwritten signature in cursive script that reads "Brian Cherry /sw".

Vice President, Regulatory Relations

**Attachments:**

Attachment 1 - PG&E Local Market Facilitation Plan  
Attachment 2 - California Solar Initiative – Thermal Program Statewide Market  
Facilitation Plan and Budget (2014)

cc: Service List R.12-11-005

# CALIFORNIA PUBLIC UTILITIES COMMISSION

## ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 M)**

Utility type:

ELC

GAS

PLC

HEAT

WATER

Contact Person: **Shirley Wong**

Phone #: **(415) 972-5505**

E-mail: **slwb@pge.com and PGETariffs@pge.com**

### EXPLANATION OF UTILITY TYPE

ELC = Electric

GAS = Gas

PLC = Pipeline

HEAT = Heat

WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **3421-G/4294-E**

Tier: **2**

Subject of AL: **California Solar Initiative – Thermal Program Statewide and Local Market Facilitation 2014 Plan**

Keywords (choose from CPUC listing): **Compliance**

AL filing type:  Monthly  Quarterly  Annual  One-Time  Other \_\_\_\_\_

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: **Decision 10-01-022**

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: **No**

Summarize differences between the AL and the prior withdrawn or rejected AL:

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: **No**

Confidential information will be made available to those who have executed a nondisclosure agreement: **N/A**

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: \_\_\_\_\_

Resolution Required?  Yes  No

Requested effective date: **October 31, 2013**

No. of tariff sheets: **N/A**

Estimated system annual revenue effect (%): **N/A**

Estimated system average rate effect (%): **N/A**

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed:

Protests, dispositions, and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division

ED Tariff Unit

505 Van Ness Ave., 4th Floor

San Francisco, CA 94102

E-mail: **EDTariffUnit@cpuc.ca.gov**

Pacific Gas and Electric Company

Attn: **Brian K. Cherry, Vice President, Regulatory Relations**

77 Beale Street, Mail Code B10C

P.O. Box 770000

San Francisco, CA 94177

E-mail: **PGETariffs@pge.com**

## Attachment 1

**California Solar Initiative – Thermal Program  
Local Market Facilitation Plan  
Pacific Gas and Electric Company  
October 1, 2013  
Advice Letter 3421-G/4294-E**

### Local Market Facilitation Plan

#### A. Background:

On January 21, 2010, the California Public Utilities Commission (Commission) approved D.10-01-022, (Decision), establishing the California Solar Initiative Thermal Program (CSI Thermal) to provide Solar Water Heating (SWH) incentives. In Ordering Paragraph (OP) 6 of this Decision, the Commission directed Pacific Gas and Electric Company (PG&E) as well as the other Program Administrators (PAs), by April 1, 2010, to each file a separate advice letter, “that includes: a) a detailed estimate of its program budget for the first year of program implementation, indicating direct and indirect expenses, labor and non-labor, for incentives, administration, market facilitation, and measurement and evaluation; and b) its proposed market facilitation strategic plan and detailed budget for the first two years of program implementation.”

OP 13.b directs the PAs to “Separately submit an Advice Letter with proposed California Solar Initiative Thermal market facilitation budgets and activities for each calendar year, which addresses the activities identified in Appendix A, no later than October 1 of the preceding year”.

In accordance with OP 6, the Statewide Market Facilitation Plan, running from July 1, 2011, to June 30, 2013, was approved by Energy Division effective September 30, 2011. The concurrent Local Market Facilitation Plans for each of the four PAs were also approved by Energy Division effective September 30, 2011.

On September 28, 2012, Energy Division Staff approved the PA’s proposal that given certain time lapses during the planning of the Statewide Campaign, the PAs filed plans to cover the remaining six months of 2013 on April 1, 2013. Annual local market facilitation plans from each PA would henceforth be due on October 1 of the preceding year in accordance with D.10-01-022.

The 2014 statewide campaign was developed and will be executed in cooperation with all Program Administrators with Southern California Gas as the lead administrator. PG&E’s 2014 Local Market Facilitation Plan for the CSI Thermal Program herein supports the goals, strategies, and tactics articulated in the statewide marketing plan. Leveraging the messaging, materials, and taking a complementary tactical approach is intended to enhance the visibility and impact provided by the statewide campaign at the local level in PG&E’s service territory. PG&E’s local market utilization plan in 2014 will focus solely on gas displacing solar water heating systems

and utilizes only the gas program budget given the electric displacing incentives are currently depleted.

**B. Goals and Objectives:**

In preparing this plan, PG&E referenced Appendix A of the Decision and the market facilitation “guidance document” as well as leveraged market research and learnings from the outreach activities of the last two years. PG&E continues to aim to increase adoption of the solar water heating (SWH) technologies and participation in the CSI Thermal Program by focusing efforts on the following goals:

- (1) Build awareness of SWH and the available CSI Thermal incentives among its target audience.
- (2) Drive understanding of SWH to address a lack of consumer confidence in SWH technology.
- (3) Promote engagement and action by educating customers about the benefits (environmental and financial, if applicable).
- (3) Reduce other market barriers to SWH adoption, such as availability of trained and knowledgeable installers.

**C. Strategies:**

The statewide efforts will be focused on driving overall awareness and providing a foundation from which PG&E’s local market facilitation plan will build upon to achieve the overarching goals. The local plans are structured to complement and supplement the efforts of the statewide activities. The proposed local tactics will serve to further engage and motivate customers to consider and embark in the decision making process for SWH.

In support of the goals outlined above, PG&E proposes marketing and outreach tactics centered on several strategic objectives:

- Refine targeting efforts to reach the right customers at the right time that benefit from solar water heating and who have a higher likelihood to install.
- Position SWH as a proven viable clean, green technology that is distinct from solar photovoltaic (PV) by demonstrating its environmental and financial value in easy to understand way.
- Coordinate local and statewide efforts in order to achieve maximum effectiveness by reinforcing a consistent message.
- Enable customers to take action by simplifying the overall customer experience and seamlessly bridging the gap between customers and contractors.

- Build and support a contractor base through continued education and availability of relevant tools and resources.

#### **D. Target Markets:**

The local CSI Thermal Market Facilitation effort will target PG&E customers that are most likely to benefit from a solar water heating system and show a greater propensity to install. These attributes could include high hot water use and customers interested in green technologies such as those who have already installed solar PV, own an electric vehicle or show similar characteristics of being environmentally conscious. Furthermore, with the introduction of new technologies into the program that provide incentives for additional end uses—such as commercial pool heating, process heating, absorption cooling, etc.—, PG&E will explore new potential audiences.

The specific customer segments that PG&E will be targeting within each target market are:

- Residential customers
  - Single-family homeowners
  - Eligible low-income homeowners
- Multifamily
  - Property owners with a central water heating system for multiple units or common area
- Business customers
  - Decision-makers within targeted commercial and industrial organizations as well as facilities with heavy hot water usage and/or can be benefit from new end uses.
- Contractors
  - Installers actively installing new solar water heating projects and pursuing prospective program participants.

#### **E. Local Tactics:**

In 2014, PG&E plans to meet the above outlined objectives by building upon the success of past marketing activities and executing a variety of strategic marketing tactics that are effective and efficient. To support the strategy, PG&E's local tactics are designed to complement the statewide plan to maximize its value, deploy communications and outreach consistently across the various customer segments within the target audience and utilize various channels for deploying the message. The specific tactics for each target market are outlined in detail in the following section and will focus on the main objectives of—driving awareness and understanding of SWH, motivating customers to take action and ensuring contractors can successfully engage with interested customers.

## All Target Market Segments:

### *Research*

To date there has been relatively low uptake of the CSI Thermal Program, and as a result, PG&E would like to conduct additional research to gather additional insights into consumer attitudes towards solar water heating, its perceived benefits and key barriers to adoption. The findings from this research will help PG&E understand the true market potential and prioritize target audiences including, but not limited to specific customer segments, geographic and demographic information. This research will help inform and optimize efforts in 2014 and beyond to ensure marketing activities are approached in the most efficient and cost-effective manner.

### *Integrated Marketing*

In order to present a comprehensive set of solutions that will benefit the customers, PG&E is taking a holistic approach to communicating with customers. By participating in integrated marketing efforts, it increases awareness of the CSI Thermal Program by further promoting SWH technology to customers as an option to manage their energy usage. Furthermore, it provides an opportunity to underscore the benefits of participating in various PG&E program offerings including the importance of energy efficiency as the first step prior to installing any distributed generation, including SWH, in order to maximize the return on investment. However, some efforts may include specifically focusing on green technologies for those customers further along the energy management path that have already completed energy efficiency and demand response. PG&E will evaluate feasible opportunities to integrate CSI Thermal marketing messaging with various other programs and services to ensure it makes sense to include solar water heating messaging.

### *Local Media*

Research has shown that comprehensive multi-channel, multi-touch outreach garners the most response from prospective customers. Therefore, PG&E would like to deploy additional local media to complement and supplement other marketing efforts to provide continuity and reinforcement of the SWH message. The local media plan would consist mainly of digital elements (such as online advertising, search and social media) as well as radio and print advertising—the specific tactic will be dependent on which would have the maximum effectiveness given the demographics of the particular market. In order to allow for increased reach and frequency, the execution would be closely tied to the statewide efforts. Additionally, the statewide creative materials would be repurposed to provide a more targeted, local presence while still maintaining a cohesive message.

## *Education*

Given the technical nature of solar water heating and the process involved with purchasing and installing SWH, PG&E will continue to focus on consumer and contractor education to ensure a full understanding of the technology, its benefits and CSI Thermal program. PG&E will continue to host online webinars and in-person classes throughout the service area as these classes have been well attended by both customers and contractors alike. PG&E's education center has dedicated staff to ensure that solar water heating related classes and training will continue to deliver a high quality of content that informs them about the overall and as well as specific information about the technology and the CSI Thermal program. It also provides an opportunity to target attendees of these classes that have demonstrated an interest in solar water heating through outreach efforts, such as direct mail or email communications.

### Single Family Residential Customers:

#### *Retail/Co-Promotions*

PG&E would like to explore a new channel for engaging customers in the marketplace that could deliver the solar water heating message at the right place at the right time. PG&E recommends establishing a retail presence to provide awareness and promote SWH since there is a natural nexus between home improvement and energy management. PG&E plans to work with retailers such as home improvement stores. Such establishments provide an opportunity to engage customers about energy related products and technologies, such as SWH, while they are in the right mindset.

#### *Community Events*

PG&E plans to develop an interactive experience for customers to bring SWH to their communities and make it personal and relevant to their daily lives. PG&E will explore participating in existing community based events such as, but not limited to, home and garden shows and local fairs that will provide a platform for promoting SWH to the single-family residential consumer market. To further educate and engage prospective customers, customers who have already installed solar water heating will be invited to tell their success stories. PG&E also plans to have subject matter experts on hand as well as local installers and contractors to aid in facilitating the process of evaluating SWH with interested customers to begin the decision making process. Additionally, to provide an entertainment element, PG&E would like to develop a standalone solar water heating display to provide a live demonstration of how these systems work and viable uses. The mobile display would be designed and created with mobility and flexibility in mind, so that it could be used at other local non-SWH events PG&E participates in.

### *Email Marketing*

Findings from previous marketing efforts conclude that direct communications with customers produce the highest response rates. Therefore, PG&E would like to pursue a targeted email campaign designed to clearly communicate the solar water heating product and technology through personalized and relevant messaging. A targeting analysis would be conducted to target potential customers by geography and relevant demographics as well as the overlay of ensuring access to a contractor in their area. PG&E may also target customers who have shown interest to green technologies in the past and/or responded to previous marketing efforts but have not yet installed. The messaging would be crafted to inspire and drive customers to take the next step in the process and potentially connect them with a contractor to provide an easy and seamless process. Furthermore, in some areas, direct mail will be used as a communication tactic to support the above outlined community events and including an invitation and call to action to attend to learn more.

### Small/Medium Business (SMB) and Multifamily (MF):

#### *Direct Mail/Email and Telemarketing*

As mentioned above, PG&E has seen success with direct customer outreach and proposes leveraging findings from past efforts to reengage SMB and MF customers that have previously responded to marketing efforts but not acted. Additionally, since financial considerations more heavily influence the decision to install SWH for SMB and MF customers and with the cost of SWH technology being definitively less expensive than PV, there is an opportunity to reach out to other SMB and MF customers that are interested in renewable energy for financial reasons. As such, PG&E is proposing a direct communication and telemarketing campaign to these environmentally-focused, cost-conscious customers. The messaging of the direct mail or email would position SWH as a viable, green option with a lower price point than PV. The direct outreach would be followed up with a telemarketing call prompting the potential customer to take action and connect with approved contractors and installers. To further support these efforts, existing customer case studies and testimonials will be leveraged to showcase the benefits of SWH.

### Large Commercial:

#### *Internal Stakeholder Training*

In an effort to better educate PG&E's large business customers about new products and services, PG&E's Sales and Service team—account representatives and managers—maintain a relationship with these customers and often serve as the first line of communication to help address their energy management needs. PG&E will leverage these relationships by providing training and materials such as factsheets and case studies on solar water heating and the CSI

Thermal program. This will allow the Sales and Service team engage with their business customers and provide relevant information.

#### *Industry Events and Partnerships*

As PG&E works to increase SWH adoption and expand the target market, the need to align with a cross-section of industry stakeholders also becomes increasingly important. PG&E has found strategic alliances and partnerships to be valuable in helping to facilitate engagement with large commercial customers. As such, PG&E recommends leveraging industry events and trade shows that are geared towards specific business segments or industries with a higher likelihood to install SWH such as those interested in renewable technologies and with sustainability goals. PG&E will also be investigating participation in sustainability focused forums and events as they may present opportunities to showcase SWH as an energy management product, particularly with the new technologies being introduced into the CSI Thermal program.

#### Contractors/Installers:

##### *Contractor Workshops*

PG&E has successfully offered and completed several SWH training courses which offers a hands-on curriculum to become a SWH installer. PG&E proposes continuing these courses and providing technical training on the various aspects of solar water heating including how systems qualify under the CSI Thermal rebate program. The training provides participants the ability to gain credibility and expertise in doing systems installation as well as expand their existing business model into SWH, if not already active in that space.

#### Other:

##### *Unallocated*

Similar to previous years, PG&E requests the allowance to set aside funds to be able to adapt and execute any new opportunities that may arise during the course of the year. Potential uses for the funds include the supplement of planned outreach needs, sponsorship opportunities or the ability to address unexpected issues or changes. PG&E will assess the feasibility of each opportunity in consultation with Energy Division staff to determine if it aligns with the goals and strategies outlined above and the proper level of funding.

##### *Overhead and Labor*

In order to continue to provide ongoing support and materials, PG&E requests funding for fixed costs and activities including, but not limited to, reprinting existing and new materials, regular web maintenance and updates, collateral management and fulfillment. This amount also includes the necessary funding for adequate staff to support the marketing and outreach of the

CSI Thermal program including PG&E marketing employees as well as support from other internal staff members and management.

**F. Measurement/Metrics:**

PG&E will implement a comprehensive evaluation plan that measure how successful the marketing activities have been in driving awareness and understanding of SWH and CSI Thermal as well as how effectively the tactics are in creating engagement and an intent to install. The mechanism PG&E will use to measure will include surveys as well as the tracking of specific metrics for individual local marketing efforts. The findings and metrics that are measured will also serve to provide optimizations throughout the year to the various tactics and direction for subsequent marketing plans by showing which are most effective and garner the most response.

Among the key performance indicators that will be tracked and monitored are:

- Web trends: website traffic, download of information
- Call center: call volume, categorization of reason for calling
- E-mail/Direct Mail/Telemarketing: recipients, response rates such as click-through from emails, request for information, contractor locator tool access
- Events: number of event attendees, on-site surveys, lead generation
- Projects: number of new application by customer class, therms displaced

**G. Timing:**

| Local PG&E Jan-Dec 2014 Calendar* |                                  | Planning |     | Production |     | In-Market |     |     |     |      |     |     |     |  |
|-----------------------------------|----------------------------------|----------|-----|------------|-----|-----------|-----|-----|-----|------|-----|-----|-----|--|
| Activity                          |                                  | Jan      | Feb | Mar        | Apr | May       | Jun | Jul | Aug | Sept | Oct | Nov | Dec |  |
| All                               | Research                         |          |     |            |     |           |     |     |     |      |     |     |     |  |
|                                   | Integrated Marketing             |          |     |            |     |           |     |     |     |      |     |     |     |  |
|                                   | Local Media                      |          |     |            |     |           |     |     |     |      |     |     |     |  |
|                                   | Education                        |          |     |            |     |           |     |     |     |      |     |     |     |  |
| Res                               | Retail/Co-Promotion              |          |     |            |     |           |     |     |     |      |     |     |     |  |
|                                   | Community Events                 |          |     |            |     |           |     |     |     |      |     |     |     |  |
|                                   | Email Marketing                  |          |     |            |     |           |     |     |     |      |     |     |     |  |
| SMB/MF                            | Direct Mail/Telemarketing        |          |     |            |     |           |     |     |     |      |     |     |     |  |
| Large Commercial                  | Stakeholder Training             |          |     |            |     |           |     |     |     |      |     |     |     |  |
|                                   | Industry Events and Partnerships |          |     |            |     |           |     |     |     |      |     |     |     |  |
| Contractors                       | Training                         |          |     |            |     |           |     |     |     |      |     |     |     |  |

\*Timing is estimated and based on receiving plan approval by the end of 2013. Delays in approval will result in delayed in-market.

**H. Budget:**

In previous years, PG&E has requested marketing facilitation funding from both the electric-displacing budget and electric-displacing budget. However, as of May 2013, PG&E began to

waitlist electric-displacing solar water heating projects applying under the CSI Thermal program due to the depletion of CSI General Market incentives. Therefore, the plan herein is for marketing and outreach for gas-displacing solar water heating systems.

PG&E requests the use of gas only market facilitation funding for its Local plan as well as PG&E's contribution to the Statewide plan since effectively there is no longer an electric-displacing Thermal program in PG&E's service area. If the electric-displacing incentives become available in 2014, PG&E requests the discretion to use additional funding to expand outreach and marketing and will seek approval to do so via the established Marketing and Outreach Approval Request Form (MOARF) process. The total budget request is outlined below.

Additionally, PG&E budget request includes \$1,374,022.56 in unspent market facilitation funds from previous years since the start of the program due to the delay of marketing activities.

| <b>2014 CSI Thermal Local Marketing Plan and Budget</b> |                    |                         |
|---|--------------------|-------------------------|
| <b>Tactics</b>  | <b>Budget</b>      | <b>Customer Segment</b> |
| Research  | \$125,000          | All                     |
| Integrated Marketing                                    | \$100,000          | All                     |
| Local Media   | \$400,000          | All                     |
| Education/Classes                                       | \$25,000           | All                     |
| Retail  | \$175,000          | Residential             |
| Community Events  | \$300,000          | Residential             |
| Email   | \$150,000          | Residential             |
| Direct Mail/ Telemarketing                              | \$150,000          | SMB/MF                  |
| Industry Partnership and Trade Shows                    | \$25,000           | Large Business          |
| Contractor Training                                     | \$25,000           | Large Business          |
| Labor/Fixed Costs                                       | \$175,000          | NA                      |
| Unallocated   | \$75,000           | NA                      |
| <b>Total Local Budget</b>                               | <b>\$1,725,000</b> |                         |

| <b>2014 CSI Thermal Total Marketing Budget</b> |                       |
|--|-----------------------|
| PG&E Local Plan                                | \$1,725,000.00        |
| PG&E Statewide Plan                            | \$624,022.56          |
| <b>Total</b>                                   | <b>\$2,349,022.56</b> |

**I. Previous Local Marketing Activities/Budgets:**

| <b>Local Spend Forecast: July - Dec 2013</b> |  |
|--|--|
| <b>Activity Details</b>                      | <b>Notes</b>   |
| <b>RES - \$230,000</b>                       |  |
| Enhanced Contractor Locator Tool             | Enhance the contractor locator tool landing page- a key call to action for tactic DM & EM below.   |
| Direct Mail/Email                            | Target residential customers (in key markets) with propensity to install - drive to enhanced contractor tool.  |
| <b>SMB/MF - \$415,000</b>                    |  |
| Multi-family Events                          | Convince MF building owners to install SWH through engagement with the technology, program and contractors who can help customers take the next step to install SWH. |
| Email/MF Association Advertising             | Advertising associated with MF event above   |
| SF Environment Outreach                      | Continued partnership with SFE to increase awareness of CSI Thermal in SF.   |
| <b>LC&amp;I - \$248,000</b>                  |  |
| Sales Collateral                             | Update business SWH fact sheet   |
| Ongoing Training                             | Provide SWH updates and training to sales team and partners  |
| Sponsorships                                 | Participate in industry sponsorships (i.e., InterSolar, Greenbuild, etc.). The Ag Symposium is a potential event featuring renewables.                               |
| Ag Symposium                                 |  |
| Print Publications                           | Highlight biz installs in trade pubs, SWH is a viable solution   |
| Video Testimonials/Case Studies              | Highlight success stories of installed large customers.  |
| <b>2014 Planning - \$60,000</b>              |  |
| Agency fees for 2014 planning                | Funds set aside to build plan for 2014.  |
| <b>Training - \$35,000</b>                   |  |
| Contractor trainings (1-2)                   | Series of in-depth contractor trainings w/ outside national training company.  |
| Pacific Energy Center - Training             | Continuation of PEC courses for contractors and customers.   |
| <b>Labor - \$175,000</b>                     |  |
| Labor  | Estimated labor for July-Dec 31st  |
| <b>Un-allotted Funds - \$116,700</b>         |  |
| Un-allotted Funds                            | Funds will be used to strengthen high performing areas and/or explore new tactics with Energy Division consult.  |
| <b>Local Total: \$1,204,700*</b>             |  |

## **Attachment 2**

### **California Solar Initiative – Thermal Program**

### **Statewide Market Facilitation Plan and Budget (2014)**

#### **Background - Situation Analysis**

In its Guidance Memo dated November 4, 2010, Energy Division staff recommended that the four Program Administrators (PAs) of the CSI-Thermal Program, Southern California Gas Company (SoCalGas®), Pacific Gas and Electric Company (PG&E), California Center for Sustainable Energy (CCSE) and Southern California Edison Company (SCE), “hire a specialized marketing and outreach firm to manage a statewide campaign building off the established *Go Solar, California!* program.”

In June 2011, the four PAs jointly appointed a marketing agency and prepared a Scope of Work for the campaign designed to develop a Statewide Market Facilitation Plan. Based on the Scope of Work, with input and contribution from the PAs, SoCalGas managed the appointed firm and the campaign. The goals of Statewide Market Facilitation campaign were to: 1) Build awareness and understanding of the CSI-Thermal Program to help motivate adoption; 2) Educate consumers about the advantages and availability of CSI-Thermal Program rebates; and 3) Drive consumers to the WaterHeatedbytheSun.com (WHBTS.com) site. Formative steps, planning and production of the campaign initiated 3Q2011 and ended 1Q2012. The campaign rolled out successfully with in-market activity from 2Q2012 until 2Q2013 (June).

In June 2013, the working group of the PAs jointly appointed Phelps Total Market (PTM), an integrated marketing communications firm, to manage and provide continuity to the existing program based on the campaign’s achievements, with the objective of continuing to increase awareness of the program and taking it to completion as originally envisioned in December 2013. The continuation program is based on digital marketing focused on extending the program’s online presence to further increase awareness and drive more traffic to the WHBTS.com site. The six-month continuation plan has been optimized for improved and increased efficiency.

In August 2013, the PAs jointly reconfirmed their intent to continue building on the success of the program, engaging PTM to prepare and develop a Statewide Market Facilitation Program for 2014. Subsequently, the working group activated primary research efforts to better understand current perceptions and attitudes towards solar technology, particularly SWH. Research learnings, additional secondary research data, post-wave 2012-13 campaign top-line results, as well as media recaps from the original efforts served as tools to refine, optimize and develop a new 2014 outreach campaign with the overarching goals of: 1) Increasing awareness and understanding of the CSI-Thermal Program and 2) Deepening engagement and interest to increase applications statewide.

Based on general learnings from activating local and statewide plans, PAs are planning a new approach for 2014 that will focus on a more engaging and motivating approach to encourage adoption. Data has revealed that customers have a number of misperceptions as a result of the lack of reliable information about SWH. Therefore, the working group concluded that the program needs to give consumers increased accessibility to view and engage with the technology, as well as streamline communication to connect in a more interactive and concise capacity. This will help further raise awareness and communicate the value proposition.

**Attachment 2**  
**California Solar Initiative – Thermal Program**  
**Statewide Market Facilitation Plan and Budget (2014)**

The working group and PTM recommend addressing these barriers to entry through an integrated approach. The approach will drive consistency and alignment across all customer contact points over time. The goal is to increase awareness and understanding of SWH and deepen engagement by demonstrating the value of the systems. The approach incorporates multiple channels, builds buzz and leverages successes about the technology to gain more interest and action.

The 2014 marketing plan builds from learnings and elevates the success of the previous campaigns while setting the foundation for future phases for a long-term strategy. The plan establishes goals, objectives, strategies and tactics by target markets, and defines the campaign timetables and budget. The 2014 plan is designed to solidify the SWH position, increase awareness of the recent program expansions (new end uses and commercial/multifamily pool applications now accepted), connect with markets through meaningful consistency of messaging, communications and outreach statewide as well as integrate and complement each PA's Local Market Facilitation Plan. The statewide plan provides a solid marketing platform for disseminating the CSI-Thermal Program message across each service area. Approval of the 2014 plan is scheduled to be received 4Q2013 with in-market full rollout starting 1Q2014.

## **Attachment 2**

### **California Solar Initiative – Thermal Program**

### **Statewide Market Facilitation Plan and Budget (2014)**

#### **Goals & Objectives**

The goal of the Statewide Market Facilitation Plan is to deliver a consistent and compelling message that leverages the learnings and successes of the past two years by focusing on increasing awareness and understanding, fostering engagement and encouraging consideration and adoption through an integrated (owned, earned and paid) approach amongst our key target audiences.

The statewide program will serve as the overarching campaign to deliver messaging across service areas and will work in conjunction with the Local Market Facilitation Plan designed and implemented by each of the four PAs. The statewide program is designed to accomplish the following objectives:

1. Increase awareness and understanding of the SWH technology and its benefits
2. Communicate the SWH value proposition and systems' processes in a concise and compelling format
3. Foster engagement with the technology and the program's offerings to stimulate interest and increase application volume

#### **Target Market**

##### **Residential**

1. Single-family residence homeowners
  - a. Female and male heads of household
  - b. Influencers: community leaders, schools, friends and extended family
2. Multi-family property owners and managers (condominiums, duplex, etc. including, but not limited to properties featuring pools suitable of SWH)

##### **Business**

1. Commercial and small-business enterprise operators, including but not limited to, gymnasiums, laundromats, hotel/motel, agricultural processing and related industrial operations
2. Contractors and installers

#### **Strategies**

SWH marketing strategies are designed to overcome the barriers identified by the CSI-Thermal Program and serve as a guide for PAs in pursuing their own market planning. The working group has identified four primary barriers to SWH market growth, which will be addressed to expand the market. The barriers include:

- Cost. Customers report high up-front and out-of-pocket costs and long payback periods that deter them from installing SWH technology.

## **Attachment 2**

### **California Solar Initiative – Thermal Program**

### **Statewide Market Facilitation Plan and Budget (2014)**

- Awareness. The absence of widely accepted SWH in the public's eye and confusion about its performance and capabilities create concerns and misunderstanding about the reliability of solar water heating technology; it is not perceived as functional for household energy needs.
- Complexity. The time consuming and complex nature of purchasing and installing solar water heating systems discourages potential adopters.
- Momentum. The lengthy decision-making process (education, decision to adopt, application, installation and procurement of rebates) and financial complexity of SWH systems result in low consumer adoption momentum.

For the program to be effective it must lead to actions: strong adoption consideration and application(s) submission. While the State SWH program does not directly sell SWH installations to customers, it will measure success in the form of applications. Starting with this direction in mind, the statewide program will focus on addressing the four major marketing barriers, overcoming consumer resistance and broadening the market by highlighting the technology's value proposition, attributes and benefits.

PAs will take an owned, earned and paid engagement approach, based on the following key platform strategies:

1. Prioritize and focus on best prospects per market and channel
2. Develop compelling messaging and content across multiple platforms to be implemented consistently across defined touch points
3. Increase overall brand awareness, foster interest, deepen engagement and drive inquiries and adoption
4. Maximize impact through state and local program synergies

#### **Tactics - Overall**

The tactics are designed to create a desire to further engage and learn more about SWH. Marketing tactics will guide how, when and where SWH can connect with their target audiences with the ultimate goal of consideration and adoption. State SWH tactics will serve as a critical path to information, clarifying how SWH works for them, explaining the general price/value equation and positioning the program and PAs as the fundamentally credible sources of information.

To support the strategy, the following key initiatives will drive tactical implementation of marketing activations to address and accomplish:

- Brand Position: Refresh the SWH marketing campaign's brand positioning and messaging based on research and findings to date
  - Issue SWH brand guidelines
- Messaging and Content: Based on revised positioning, develop consistent and concise communications tailored to highlight benefits for each priority audience respectively

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**California Solar Initiative – Thermal Program**  
**Statewide Market Facilitation Plan and Budget (2014)**

- Develop advertising and promotional content and guidelines for creative materials targeted and streamlined for each defined audience
- Achieve cost efficiencies in production for multi-platform use
- Design materials with the capacity to be repurposed for local efforts
- **Engagement:** Deploy targeted communications consistently across defined owned, earned and paid channels
  - **Owned:** Develop a more comprehensive online user experience for disseminating information to prospects
  - **Earned:** Build credibility in the marketplace, communicate successes and implement a social platform for increased engagement
  - **Paid:** Focus on targeting best prospects (including those impacted by the recent program expansion, i.e. industrial and non-residential pool applications), identify paid media channels that efficiently and effectively engage the defined targets, negotiate pricing and implement plan
- **Measurability:** Establish campaign metrics, implement tracking, track performance and analyze and optimize the campaign ongoing

Residential

Tactics – Research

- 1) Utilize the existing campaign post wave research results as the benchmark and pre-wave point of reference for 2014 campaign measurability.
- 2) Conduct post-wave campaign awareness and response research effort via an online panel survey conducted statewide.

Tactics – Owned

- 1) Optimize and improve the WHBTS.com user experience: Refresh content, call-to-action messages and update site with latest information with a more streamlined information flow.

Tactics – Paid

- 1) Develop an integrated marketing plan delivering on multiple customer touch points:
  - a. Paid search programming (Search Engine Marketing, SEM): Develop a targeted placement campaign for maximum visibility.
    - i. Develop, design and produce SEM copy
    - ii. Monitor and continually optimize
  - b. Online and/or Mobile Advertising: Develop a laser-targeted digital advertising effort for extended reach and frequency with advertising in relevant site content, network, social (infiltrate social networking space via Twitter promoted posts and Facebook right rail and newsfeed ads) and email sponsorship, plus re-marketing (site publishers and social).
    - i. Online media planning, buying, reporting and optimization
    - ii. Concept, design, develop and produce online and/or mobile advertising

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**California Solar Initiative – Thermal Program**  
**Statewide Market Facilitation Plan and Budget (2014)**

- c. Local Market Broadcast: Develop a local market television campaign to drive awareness and impact.
  - i. Cable TV media planning, buying and post-buy reporting
  - ii. Select stations with profiled viewership
  - iii. Conceptualize, develop and produce TV creative

Tactics – Earned

- 1) Content Development: Create compelling content that effectively communicates the benefits, ease of adoption and community of like-minded SWH users with simple, targeted messaging derived from the new positioning.
  - a. Content accounts for new updates and will address the program’s expansion
  - b. Includes creative and copy for one user acquisition program on Facebook
- 2) Content Outreach Toolkit: Develop and share a social media toolkit that can be used by program administrators for their own channels, including a content calendar, sample postings, messaging, images and details about cross-promotion opportunities. The kit will be updated regularly and it will comprise feature story pitches highlighting various pitch angles including:
  - a. Launch of the creative platform and public education campaign
  - b. Cost/benefits of solar water heating for residential and commercial real estate
  - c. Solar hot water as part of the future of eco technologies
  - d. Profile of the new ‘eco chic’ consumer
  - e. Hall of fame users of solar hot water

Business

Tactics – Owned

- 1) Business-customized Content: Add tailored California Solar Initiative SWH call-to-action messages exclusively for business customers on WHBTS.com featuring business-related information, engaging messages and more prominent delivery of the latest expansion information.

Tactics – Paid

- 1) Develop a direct mail marketing plan, analyzing, selecting and isolating best business prospects for delivery — commercial, industrial and small-business focus (including those subject to performance based incentives).
  - a. Direct Mail: Prepare a full direct mail campaign with multiple drops to deliver messages to select business categories
    - i. Concept, design, develop and produce direct mail packages
    - ii. List procurement, letter shopping production, postage and delivery
    - iii. Track program response via a unique business landing page and/or call-to-action on main landing page
- 2) Develop a digital marketing plan, testing business-to-business social networking via LinkedIn.
  - a. Identify best prospects via profile pages, industries and job titles
  - b. Engage with digital and/or mobile advertising ads

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**California Solar Initiative – Thermal Program**  
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Tactics – Earned

- 1) Develop a marketing campaign targeted to business customers to update them about the latest on solar water heating systems, available rebates and program expansion to capitalize on SWH opportunities.
  - a. SWH Business Champion Profiles: Identify targeted business customers such as LEED certified hotels or industrial businesses that have installed SWH and can act as a case study example to seed with statewide and local media
  - b. Business/Commercial Outreach: Reach out to and garner coverage by various associations, trade organizations and media outlets that influence decision makers and owners of businesses with operations that rely on hot water, such as hotels/resorts, sports clubs, spas, etc. Such associations and publications may include but not be limited to:
    - California Hotel & Lodging Association
    - California Lodging Magazine
    - Dayspa
    - HotelExecutive.com
    - GreenBuilding News
    - GreenBiz.com
    - GreenBuzz
    - California Spa Association
    - Today's Facility Manager
    - Hotel Business
    - Hospitality Design

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**California Solar Initiative – Thermal Program**  
**Statewide Market Facilitation Plan and Budget (2014)**

Tactics – Campaign Timetables

| <b>Statewide Market Facilitation Plan 2014</b>     |      |      |      |      |      |      |
|--|------|------|------|------|------|------|
|  | 4Q13 | 1Q14 | 2Q14 | 3Q14 | 4Q14 | 1Q15 |
| CPUC Program Approvals                             |      |      |      |      |      |      |
| Production, campaign development                   |      |      |      |      |      |      |
| In-market Live                                     |      |      |      |      |      |      |
| Refresh/release WHBTS.com                          |      |      |      |      |      |      |
| Earned, Paid Search, Social and Online Advertising |      |      |      |      |      |      |
| Broadcast TV                                       |      |      |      |      |      |      |
| Direct Mail Marketing                              |      |      |      |      |      |      |
| Post-wave Market Research                          |      |      |      |      |      |      |

**Attachment 2**  
**California Solar Initiative – Thermal Program**  
**Statewide Market Facilitation Plan and Budget (2014)**

**Budget**

| <b>Statewide Market Facilitation Plan 2014</b>   |                        |
|--|------------------------|
| <b>Tactics - Research</b>  |                        |
| Hard Costs, market research post-wave panel.   | \$ 50,000.00           |
| Agency Fees, strategic and project management.   | \$ 6,000.00            |
| <b>Tactics - Messaging</b>   |                        |
| Agency Fees, strategic management, concept development, project management.  | \$ 35,000.00           |
| <b>Tactics - Owned</b>   |                        |
| Redesign and refresh WHBTS.com site, include hard costs site development.  | \$ 55,000.00           |
| <b>Tactics - Paid</b>  |                        |
| Hard Costs, campaign production and media placement.   | \$ 1,035,000.00        |
| Paid Search, Online and Print Advertising, Broadcast TV, Direct Mail and Social programming.                               |                        |
| Agency fees, campaign production, implementation, optimization and reporting. Creative development and project management. | \$ 229,000.00          |
| <b>Tactics - Earned</b>  |                        |
| Agency Fees, strategic management, concept development, Social and PR project management.                                  | \$ 90,000.00           |
| <b>Reserve</b>   |                        |
| Unplanned marketing opportunities.   | \$ 325,222.56          |
| <b>TOTAL</b>   | <b>\$ 1,825,222.56</b> |

Budget – Breakout by Target Market

|   | Residential | Business   | Total               |
|---|-------------|------------|---------------------|
| Research.   | \$ 33,600   | \$ 22,400  | \$ 56,000           |
| Messaging.  | \$ 21,000   | \$ 14,000  | \$ 35,000           |
| Redesign WHBTS.com  | \$ 38,500   | \$ 16,500  | \$ 55,000           |
| Marketing campaign: broadcast & digital media, paid search, direct mail, social and public relations. Production costs. | \$ 543,000  | \$ 492,000 | \$ 1,035,000        |
| Public Relations & Social.  | \$ 54,000   | \$ 36,000  | \$ 90,000           |
| Agency Fees.  | \$ 137,400  | \$ 91,600  | \$ 229,000          |
|   | \$ 827,500  | \$ 672,500 | <b>\$ 1,500,000</b> |
|   | 55%         | 45%        |                     |
| Residential includes: Single- and Multi-family home owners and property managers  |             |            |                     |
| Business includes: Commercial & Small-business operations and Contractors & Installers                                  |             |            |                     |

**Attachment 2**  
**California Solar Initiative – Thermal Program**  
**Statewide Market Facilitation Plan and Budget (2014)**

Cost-sharing Amounts by Program Administrators

In order to allow the statewide continuation effort to be implemented, and because it is more cost efficient to co-fund a statewide digital effort than individually fund separate ones, CCSE, PG&E and SoCalGas will contribute their proportionate shares of the budget using the same percentages as the two-year statewide market facilitation plan (Table A). PG&E has notified the PAs that they will be contributing a portion of their proportionate share towards the statewide component of the 2014 Local Market Facilitation Plan from January to December 2014. The budget is revised to \$1,825,222.56 to reflect this adjustment from PG&E’s share, which was originally \$798,800 and is now \$624,022 (Table B)<sup>1</sup>. To accommodate the reduction in budget based on PG&E’s share, funds were reduced in the “reserve” funds.

Table A

|                                 |      |        |                        |
|---------------------------------|------|--------|------------------------|
| <b>PROPORTIONATE<br/>SHARES</b> | SCG  | 40.80% | \$ 816,000.00          |
|                                 | PG&E | 39.94% | \$ 798,800.00          |
|                                 | CCSE | 10.06% | \$ 201,200.00          |
|                                 | SCE  | 9.20%  | \$ 184,000.00          |
|                                 |      |        | <b>\$ 2,000,000.00</b> |

Table B

| <b>REVISED STATEWIDE IF APPROVED</b> |      |        |                        |
|--------------------------------------|------|--------|------------------------|
|                                      | SCG  | 40.80% | \$ 816,000.00          |
| MINUS ELECTRIC                       | PG&E | 39.94% | \$ 624,022.56          |
|                                      | CCSE | 10.06% | \$ 201,200.00          |
|                                      | SCE  | 9.20%  | \$ 184,000.00          |
|                                      |      |        | <b>\$ 1,825,222.56</b> |

<sup>1</sup> Please reference PG&E’s local plan for additional details.

**PG&E Gas and Electric  
Advice Filing List  
General Order 96-B, Section IV**

|   |   |  |
|---|---|--|
| 1st Light Energy                              | Douglass & Liddell                          | OnGrid Solar   |
| AT&T  | Downey & Brand                              | Pacific Gas and Electric Company                           |
| Alcantar & Kahl LLP                           | Ellison Schneider & Harris LLP              | Praxair  |
| Anderson & Poole                              | G. A. Krause & Assoc.                       | Regulatory & Cogeneration Service, Inc.                    |
| BART  | GenOn Energy Inc.                           | SCD Energy Solutions                                       |
| Barkovich & Yap, Inc.                         | GenOn Energy, Inc.                          | SCE  |
| Bartle Wells Associates                       | Goodin, MacBride, Squeri, Schlotz & Ritchie | SDG&E and SoCalGas   |
| Braun Blasing McLaughlin, P.C.                | Green Power Institute                       | SPURR  |
| California Cotton Ginners & Growers Assn      | Hanna & Morton                              | San Francisco Public Utilities Commission                  |
| California Energy Commission                  | In House Energy                             | Seattle City Light   |
| California Public Utilities Commission        | International Power Technology              | Sempra Utilities   |
| California State Association of Counties      | Intestate Gas Services, Inc.                | SoCalGas   |
| Calpine                                       | Kelly Group                                 | Southern California Edison Company                         |
| Casner, Steve                                 | Linde                                       | Spark Energy   |
| Cenergy Power                                 | Los Angeles Dept of Water & Power           | Sun Light & Power  |
| Center for Biological Diversity               | MAC Lighting Consulting                     | Sunshine Design  |
| City of Palo Alto                             | MRW & Associates                            | Tecogen, Inc.  |
| City of San Jose                              | Manatt Phelps Phillips                      | Tiger Natural Gas, Inc.                                    |
| Clean Power                                   | Marin Energy Authority                      | TransCanada  |
| Coast Economic Consulting                     | McKenna Long & Aldridge LLP                 | Utility Cost Management                                    |
| Commercial Energy                             | McKenzie & Associates                       | Utility Power Solutions                                    |
| County of Tehama - Department of Public Works | Modesto Irrigation District                 | Utility Specialists  |
| Crossborder Energy                            | Morgan Stanley                              | Verizon  |
| Davis Wright Tremaine LLP                     | NLine Energy, Inc.                          | Water and Energy Consulting                                |
| Day Carter Murphy                             | NRG Solar                                   | Wellhead Electric Company                                  |
| Defense Energy Support Center                 | Nexant, Inc.                                | Western Manufactured Housing Communities Association (WMA) |
| Dept of General Services                      | North America Power Partners                |  |
| Division of Ratepayer Advocates               | Occidental Energy Marketing, Inc.           |  |