

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



JAN 30 2012

January 30, 2012

REVENUE &amp; TARIFFS DEPT.

Advice Letter 2548-E-A

Akbar Jazayeri  
Vice President of Regulatory Operations  
Southern California Edison  
2244 Walnut Grove Avenue  
Rosemead, California 91770

Re: Staff Disposition of SCE's Advice Letter 2548-E-A regarding 2010-2012 Palm Desert  
Demonstration Partnership Program Implementation Plan Supplement

Dear Mr. Jazayeri:

After a lengthy analysis, Energy Division staff have determined that Advice Letter 2548-E-A is in compliance with decisions (D.) 09-09-047 and (D.) 10-12-027. Energy Division approves the supplemental advice letter filed on July 29, 2011, with an effective date of August 28, 2011, 30 days after it was filed. The supplemental advice letter (AL) replaces the original advice letter 2548-E in its entirety.

SCE filed AL 2548-E on January 31, 2011. The Division of Ratepayer Advocates (DRA) protested AL 2548-E on February, 22, 2011. Energy Division staff determined there was merit in DRA's protest, and that the advice letter lacked information needed to meet the requirements of the two decisions. On March 28, 2011, Energy Division sent SCE a detailed request for a large amount of supplemental information on the program, as required by the decisions and to resolve the DRA protest. SCE responded five months later with a supplemental advice letter that was reorganized to be easier to understand, and contained new information throughout. In its review of the supplemental advice letter in the fall of 2011, Energy Division staff determined a table was needed to focus particular information in one place. SCE filed the table as a substitute sheet on January 6, 2012.

Nearly one year has passed since SCE filed the original advice letter. The original and supplemental advice letters are both long, with multiple sections of 20 or more pages each. In addition, the nature of the Palm Desert Demonstration Partnership, with its many disparate components and program theories, is challenging to understand, and time consuming to analyze.

Attachment 1 contains a technical review and analysis of how Energy Division staff determined the supplemental advice letter complies with the two decisions, and resolves the DRA protest.

Please contact Jean Lamming of Energy Division staff at [JL2@cpuc.ca.gov](mailto:JL2@cpuc.ca.gov) if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Ed Randolph".

Edward Randolph  
Director, Energy Division

Cc: Alyssa Cherry, Southern California Edison  
Nancy Jenkins, Southern California Edison  
Diana Lee, Attorney, Division of Ratepayer Advocates

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July 29, 2011

**ADVICE 2548-E-A**  
**(U 338-E)**

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA  
ENERGY DIVISION

**SUBJECT:** 2010-2012 Palm Desert Demonstration Partnership Program  
Implementation Plan Supplement

In compliance with Decision (D.)10-12-027, Southern California Edison Company (SCE) hereby submits for filing its 2010-2012 Palm Desert Demonstration Partnership (Palm Desert Partnership) Program Implementation Plan. All necessary supporting documentation is attached hereto. This supplemental advice letter is being filed at the request of Energy Division and replaces Advice 2548-E in its entirety.

**PURPOSE**

The purpose of this advice letter is to comply with the California Public Utilities Commission's (Commission's) directive to submit an Advice Letter in accordance with D.10-12-027, and with supplemental requests from the Energy Division, per the supplemental notice received by SCE on March 28, 2011, and additional informal recommendations received by SCE on June 30, 2011.

**BACKGROUND**

As part of its 2010-2012 energy efficiency application, SCE originally included a funding request for the Palm Desert Partnership. In D.09-09-047, the Commission authorized limited funding of \$3.5 million for SCE to implement this program from January 2010 through June 2010, and directed SCE to reapply in a separate application for further funding for this program.<sup>1</sup>

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<sup>1</sup> D.09-09-047, dated Septemeber 24, 2009, OP #39.

On April 22, 2010, SCE and Southern California Gas Company (SoCalGas) jointly filed a Petition for Modification of D.09-09-047.<sup>2</sup> SCE and SoCalGas requested that the Commission modify D.09-09-047 to authorize continuation of the Palm Desert Partnership on a month-to-month basis, at the then-currently authorized budget level of approximately \$578,000 per month for SCE until the Commission issued a decision on the forthcoming applications for continuation of the Palm Desert Partnership for the remainder of the 2010-2012 cycle. D.10-06-039 granted the Petition for Modification to continue the Palm Desert Partnership on a month-to-month basis until the end of 2010, at a reduced budget level of \$289,000 per month for SCE, contingent upon SCE filing an application by July 16, 2010 to continue the Palm Desert Partnership through 2012.

On July 1, 2010, SCE filed an application for the continuation of the Palm Desert Partnership through the remainder of the 2010-2012 program cycle. In D.10-12-027, the Commission approved the requested continuation of the Palm Desert Partnership through 2012. In addition, the Decision stated that:

1) Southern California Edison Company is authorized to shift a total of \$6.936 million, from the following energy efficiency funds approved in Decision 09-09-047, to the Palm Desert Demonstration Partnership for 2010 through 2012:

- a. \$5,744,000 from the Residential Energy Efficiency Program;
- b. \$638,000 from the Commercial Energy Efficiency Program;
- c. \$176,600 from the Residential and Commercial Heating, Ventilation and Air Conditioning Program; and
- d. \$422,000 from the Energy Leader Partnership Program.

2) Southern California Edison Company shall file an Advice Letter no later than 45 days after the effective date of this decision to revise the Palm Desert Demonstration Partnership Program Implementation Plan (PIP), consistent with D.09-09-047 and recommendations of the Energy Division Impact and Process Evaluations (see Attachment B).

3) The Advice Letter shall also include information responsive to the items in Appendix A to this decision (see Attachment A).

On January 31, 2011, SCE filed the required Advice Letter for the Palm Desert Demonstration Partnership Program. On February 22, 2011, DRA filed a protest to this Advice Letter, stating that SCE's Advice Letter did not include sufficient detail to support how the Program will accomplish its goals. On March 1, 2011, SCE filed a response to the issues raised by DRA. On March 28, 2011, SCE received a supplemental notice from the Energy Division requesting additional information. Table 1 below includes all of

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<sup>2</sup> Southern California Edison Company's and Southern California Gas Company's Joint Petition for Modification of D.09-09-047, filed April 22, 2010.

Energy Division's requests, and a reference to SCE's response for each item.

In addition, SCE notes that of the \$3.5 million initially authorized in D.09-09-047 for the first six months of implementation in 2010, \$1.27 million is remaining as unspent, uncommitted funds. As such, SCE will reduce the amount to be shifted from the Residential Energy Efficiency Program by this unspent, uncommitted amount. Fundshifts will occur as follows:<sup>3</sup>

- a. \$4,425,492 from the Residential Energy Efficiency Program;
- b. \$638,000 from the Commercial Energy Efficiency Program;
- c. \$176,600 from the Residential and Commercial Heating, Ventilation and Air Conditioning Program; and
- d. \$422,000 from the Energy Leader Partnership Program.

As such, pursuant to D.10-12-027, SCE's Palm Desert Demonstration Budget for program years 2011-2012 will be \$6.936 million, funded in part from unspent, uncommitted funds previously authorized for the Palm Desert Partnership in D.09-09-047, and in part by fundshifts from approved 2010-2012 energy efficiency programs, as specified above.

SCE also notes that the original program implementation plan was developed using the program implementation plan template required for the general local government partnerships. While the Palm Desert Partnership is a local government partnership, due to its demonstration nature, its overall structure and design differ from the standard local government partnership design. As such, SCE has revised the program implementation plan to focus more on the initiatives primarily offered through the Palm Desert Partnership, rather than the standard offerings available through all local government partnerships. Energy Division has also reviewed this format.

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<sup>3</sup> SCE also notes that the sum of the authorized fundshifts by program included in OP #1 of D.10-12-027 is greater than the total authorized budget of \$6.936 million by \$44,600. Therefore, the originally authorized fundshift from the Residential Energy Efficiency Program of \$5,744,000 is reduced by the unspent, uncommitted funds (\$1,273,908) and by the \$44,600 that was incorrectly included in this total.

**Table 1: Energy Division Recommendations Per Supplemental Notice Received March 28, 2011**

#	Compliance Item	Response
1	SCE should add the supplements in track changes – and not make any other changes to the Advice Letter. At the same time, SCE should remove duplications across the Advice Letter and PIP, including sections of text, tables or diagrams that are provided in more than one place.	<ul style="list-style-type: none"> <li>• All duplications have been removed from the Advice Filing. As a result, Attachment A of the original Advice 2548-E has been removed. All the information previously included in this Attachment is now included in Attachment A (program implementation plan) of this supplemental Advice 2548-E-A.</li> <li>• All changes made in Attachment A (program implementation plan) are shown in track changes mode. SCE notes this includes limited additional changes as a result of refined EM&amp;V plans, hypotheses, etc. All changes have been reviewed by Energy Division.</li> <li>• All information provided in Attachments B, C, D, and E is new, in response to Energy Division recommendations. This information has been reviewed by Energy Division.</li> </ul>
2	SCE must supplement the Advice Letter to fully address the requirements in Section 4.3 of D.09-09-047, including each of the 10 pilot criteria, and identifying the concern, gap or problem that each element of the pilot is addressing, as well as the	<ul style="list-style-type: none"> <li>• Attachment B includes full pilot criteria responses for each of the Partnership's unique pilot initiatives.</li> </ul>

	<p>“new and innovative” concepts that the pilot is testing.”</p>	
3	<p>Regarding multi-element initiatives SCE must:</p> <ul style="list-style-type: none"><li>a) Distinguish which initiatives with multiple elements form a “whole” package that would always be replicated as such.</li><li>b) Clarify which pilot initiatives with multiple program elements have no program theory about the role of the effectiveness of each of the elements, and why.</li><li>c) Identify the initiatives with a “specific hypothesis” about the effectiveness of one element over another, and what this hypothesis is.</li><li>d) Document in each of these cases how it will measure the success of the multi-element initiatives.</li></ul>	<ul style="list-style-type: none"><li>• Attachment A (PIP Section 4) discusses multi-element issues at a high level.</li><li>• Attachment B includes an addendum for each unique pilot initiative that addresses required items a-d specifically for each pilot initiative.</li></ul>
4	<p>Per D.10-12-027, SCE must provide the EM&amp;V plan required in Section 4.3 of D.09-09-047, and the detailed description of the data and tracking described in #6 of Appendix A of D.10-12-027. (This plan should tie to the “concern or gap” that SCE will report on for pilot criteria #1, and to 2.d. above.)</p>	<ul style="list-style-type: none"><li>• Attachment C includes an umbrella EM&amp;V Plan for the Palm Desert Program.</li><li>• Attachment B (Criterion 9 of each initiative) includes EM&amp;V plans for each of the unique pilot initiatives. This section also addresses detailed data tracking information for each initiative that will be used to assess the program’s progress.</li><li>• Attachment A (PIP Section 6.g.ii) includes additional detail around data tracking and reporting at the program level.</li></ul>

		<ul style="list-style-type: none"><li>• Attachment E includes a data tracking worksheet that details additional specific data that will be collected for each initiative, based on EM&amp;V recommendations from the “Effectiveness and Impacts for Non-Resource Elements of the 2006-2008 Government Partnership Programs.”</li></ul>
5	<p>As part of its evaluation plan, SCE must describe how it proposes to “empirically determine” as it states in its reply, the net-to-gross (NTG) values for each of its piloted elements, including each of the cases where it uses increased incentives. To resolve this issue in its supplemental filing, ED requests that SCE add the following language to the supplemented version in the section where net to gross is addressed:</p> <p>“SCE will take responsibility for performing any net-to-gross assessments, and producing net-to-gross ratios for each piloted element, until such time as Energy Division directs otherwise, in order to provide information necessary for determining whether or not the piloted measures should be continued.”</p>	<ul style="list-style-type: none"><li>• Attachment C (EM&amp;V Plan) includes the required language, with minor modifications.</li><li>• Attachment B (Pilot Criteria, see Criterion 9 of each initiative) includes a discussion of net-to-gross assessments for each unique pilot initiative.</li></ul>
6	<p>SCE must set aside a portion of the \$6.9 million program budget for an SCE-led evaluation of the pilot. ED requests that SCE add a line item for the evaluation cost in its budget table in Attachment A of the Advice Letter, under Section II.1, Responses to Appendix A Questions, Budget</p>	<ul style="list-style-type: none"><li>• Attachment A (PIP Table II-2), includes the updated budget, including new EM&amp;V evaluation costs. The required language is included below the referenced table. SCE notes a minor adjustment to this</li></ul>

<p>Allocation. In this section, ED requests SCE also note in the text this budget line item dollar amount, and that it is for the evaluation of the pilot, and add: “These program dollars will be the only source SCE will draw on for its evaluation of the Palm Desert pilot. SCE is planning to cover all evaluation costs with this program budget line item, including an SCE-led net-to-gross assessment. SCE understands that this evaluation must follow appropriate California standards and protocols. It must definitively and rigorously answer all the questions posed for pilots in D.09-09-047 and D.10-12-027, in order to allow the Commission to decide on the merit of the piloted initiatives. (e.g. questions raised by DRA, questions regarding NTG, cost-effectiveness, success of discrete program elements, replicability, scalability, etc.)”</p>	<p>language, and has modified the statement to state that the evaluation will “attempt to” definitively and rigorously answer all questions posed for pilots. SCE will make every effort to evaluate the success of the pilot, and will follow all required EM&amp;V protocol standards.</p>
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In addition to the recommendations in Table 1, following issuance of the supplemental notice, SCE collaborated with Energy Division on details of the final supplement, and has incorporated additional Energy Division recommendations. This includes refinements to the pilot criteria, clarification on the proposed impact evaluation, additional detail and/or support for several program activities, modified language around adopted recommendations from past evaluation studies, and other minor modifications. All modifications made to the PIP (Attachment A hereto) filed by SCE on January 31, 2011, are shown in track changes. All other attachments are entirely new, based on new requirements, and have been reviewed by the Energy Division.

This Advice Letter includes the following attachments:

Attachment A	Palm Desert Partnership program implementation plan. All changes from January 31, 2011 version shown in track changes.
Attachment B	Pilot criteria for each unique pilot initiative. Also addresses multi-element issues as an

	addendum to each set of pilot criteria.
Attachment C	Umbrella EM&V plan for the Palm Desert Partnership
Attachment D	Cover, table of contents, and executive summary of the <i>2007-2008 Palm Desert Partnership &amp; Demonstration Program Implementation Assessment</i>
Attachment E	Data tracking worksheet

The information attached hereto comports with all applicable Commission directives regarding this Advice Letter and with subsequent direction from the Energy Division.

No cost information is required for this advice filing.

This advice filing will not increase any rate or charge, cause the withdrawal of service, or conflict with any other schedule or rule.

### **TIER DESIGNATION**

Pursuant to General Order (GO) 96-B, Energy Industry Rule 5.1, this advice letter is submitted with a Tier 1 designation.

### **EFFECTIVE DATE**

This advice filing will become effective on August 28, 2011, the 30<sup>th</sup> calendar day after the date filed.

### **NOTICE**

Anyone wishing to protest this advice filing may do so by letter via U.S. Mail, facsimile, or electronically, any of which must be received no later than 20 days after the date of this advice filing. Protests should be mailed to:

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, California 94102  
E-mail: [inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Copies should also be mailed to the attention of the Director, Energy Division, Room 4004 (same address above).

In addition, protests and all other correspondence regarding this advice letter should also be sent by letter and transmitted via facsimile or electronically to the attention of:

Akbar Jazayeri  
Vice President of Regulatory Operations  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, California 91770  
Facsimile: (626) 302-4829  
E-mail: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

Bruce Foster  
Senior Vice President, Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2030  
San Francisco, California 94102  
Facsimile: (415) 929-5540  
E-mail: [Karyn.Gansecki@sce.com](mailto:Karyn.Gansecki@sce.com)

There are no restrictions on who may file a protest, but the protest shall set forth specifically the grounds upon which it is based and shall be submitted expeditiously.

In accordance with Section 4 of GO 96-B, SCE is serving copies of this advice filing to the interested parties shown on the attached GO 96-B service list, A.10-07-004 and A.08-07-021 et al. Address change requests to the GO 96-B service list should be directed by electronic mail to [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com) or at (626) 302-4039. For changes to all other service lists, please contact the Commission's Process Office at (415) 703-2021 or by electronic mail at [Process\\_Office@cpuc.ca.gov](mailto:Process_Office@cpuc.ca.gov).

Further, in accordance with Public Utilities Code Section 491, notice to the public is hereby given by filing and keeping the advice filing at SCE's corporate headquarters. To view other SCE advice letters filed with the Commission, log on to SCE's web site at <http://www.sce.com/AboutSCE/Regulatory/adviceletters>.

For questions, please contact Alyssa Cherry at (626) 302-0673 or by electronic mail at [Alyssa.Cherry@sce.com](mailto:Alyssa.Cherry@sce.com).

**Southern California Edison Company**

Akbar Jazayeri

AJ:as;jm  
Enclosures

# 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.: Southern California Edison Company (U 338-E)

Utility type:

ELC       GAS  
 PLC       HEAT       WATER

Contact Person: James Yee

Phone #: (626) 302-2509

E-mail: [James.Yee@sce.com](mailto:James.Yee@sce.com)

E-mail Disposition Notice to: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

EXPLANATION OF UTILITY TYPE

ELC = Electric      GAS = Gas  
 PLC = Pipeline      HEAT = Heat      WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: 2548-E-A

Tier Designation: 1

Subject of AL: 2010-2012 Palm Desert Demonstration Partnership Program Implementation Plan Supplement

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 #:

D.10-12-027

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: \_\_\_\_\_

Summarize differences between the AL and the prior withdrawn or rejected AL<sup>1</sup>: \_\_\_\_\_

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement.

Name and contact information to request nondisclosure agreement/access to confidential information:

Resolution Required?  Yes  No

Requested effective date: 8/28/11      No. of tariff sheets: -0-

Estimated system annual revenue effect: (%): \_\_\_\_\_

Estimated system average rate effect (%): \_\_\_\_\_

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: None

Service affected and changes proposed<sup>1</sup>: \_\_\_\_\_

Pending advice letters that revise the same tariff sheets: \_\_\_\_\_

<sup>1</sup> Discuss in AL if more space is needed.

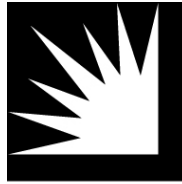
**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this filing, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Ave.,  
San Francisco, CA 94102  
[inj@cpuc.ca.gov](mailto:inj@cpuc.ca.gov) and [mas@cpuc.ca.gov](mailto:mas@cpuc.ca.gov)

Akbar Jazayeri  
Vice President of Regulatory Operations  
Southern California Edison Company  
2244 Walnut Grove Avenue  
Rosemead, California 91770  
Facsimile: (626) 302-4829  
E-mail: [AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com)

Bruce Foster  
Senior Vice President, Regulatory Affairs  
c/o Karyn Gansecki  
Southern California Edison Company  
601 Van Ness Avenue, Suite 2030  
San Francisco, California 94102  
Facsimile: (415) 929-5540  
E-mail: [Karyn.Gansecki@sce.com](mailto:Karyn.Gansecki@sce.com)

# **Attachment A**



SOUTHERN CALIFORNIA  
**EDISON**<sup>®</sup>

An *EDISON INTERNATIONAL*<sup>®</sup> Company

(U 338-E)

***SCE's 2010-2012 Palm Desert Demonstration  
Partnership Revised Program Implementation Plan  
(PIP)***

Before the  
**Public Utilities Commission of the State of California**

Rosemead, California  
July 2011

# Palm Desert Demonstration Partnership

1. Program Name: Palm Desert Demonstration Partnership
2. Projected Program Budget Table

**Table II-1, 2010-2012 Palm Desert Demonstration Partnership Projected Budget<sup>1</sup>**

Funding Period	Administrative Cost	Marketing & Outreach	Direct Implementation	Total
2010 <sup>2</sup>	\$199,024	\$75,910	\$1,576,178	\$1,851,112
2011	\$159,900	\$49,510	\$2,940,466	\$3,149,876
2012	\$169,235	\$74,265	\$3,542,624	\$3,786,124
<b>Total</b>	<b>\$528,159</b>	<b>\$199,685,</b>	<b>\$8,059,268,</b>	<b>\$8,787, 112</b>

**Table II-2, 2010-2012 Palm Desert Demonstration Partnership Projected Budget-Detail<sup>3</sup>**

Palm Desert Budget Table (D.10-12-027) - Admin/Marketing/DI by Program Element				
		SCE	Energy Coalition	Total
Administration		513,159	15,000	528,159
Marketing		199,685	-	199,685
Direct Implementation		7,699,228	360,040	8,059,268
Non-Resource		1,610,679	360,040	
Invoice Processing		435,763		
Technical Assistance <sup>1</sup>		465,418		
Program Planning & Design		312,776		
G&A		96,722		
Energy Coalition		-	360,040	
Evaluation Cost		300,000		
Resource		6,088,549		
One-Stop-Shop For Pool Pumps		1,406,774		
Energy Efficiency Upgrade		2,372,018		
Residential Rebates		1,000,258		
Commercial Rebates		217,137		
Small Business Direct Install		394,411		
Other <sup>2</sup>		697,951		
				8,787,112
Notes				
1. Includes Codes & Standards, Engineering Support, etc				
2. Other includes: Commercial Strategy, Emerging Technologies (multiple technologies), and Municipal Facilities				
3. Table includes 2010 Actuals and 2011-2012 budget				

Note: Palm Desert Program funds include \$300,000 for evaluation costs. These

- <sup>1</sup> Definition of Column Headings: Administrative Cost includes all Managerial and Clerical Labor, Human Resource Support and Development, Travel and Conference Fees, and General and Administrative Overhead (labor and materials). Direct Implementation includes all financial incentives used to promote participation in a program and the cost of all direct labor, installation and service labor, hardware and materials, and rebate processing and inspection used to promote participation in a program. Marketing & Outreach includes all media buy costs and labor associated with marketing production. Total Budget is the sum of all other columns presented here
- <sup>2</sup> 2010 figures reflect actual expenditures, 2011 and 2012 figures reflect estimated budgets. Funding for 2010 activities was authorized in D.09-09-047 and D.10-06-039 based on the program implementation plan filed as part of SCE's A.08-07-021. Continued funding for 2011 and 2012 activities was authorized in D.10-12-027 based on the program implementation plan filed as part of SCE's A.10-04-004, and supplemented as part of this Advice 2548-E-A.

## **Palm Desert Demonstration Partnership**

program dollars will be the only source SCE will draw on for its evaluation of the Palm Desert pilot. SCE is planning to cover all evaluation costs with this program budget line item, including an SCE-led net-to-gross assessment. SCE understands that this evaluation must follow appropriate California standards and protocols. It will attempt to definitively and rigorously answer all the questions posed in D.09-09-047 and D.10-12-027 in order to allow the Commission to decide on the merit of the pilot initiatives (e.g., questions raised by stakeholders, questions regarding NTG, cost effectiveness, success of discrete program elements, replicability, scalability, etc.

### **3. Projected Program Gross Impacts Table**

**Table III-1, 2010-2012 Palm Desert Demonstration Partnership Gross Impacts<sup>4</sup>**

	<b>2010 Achievements</b>	<b>2011 Program Target</b>	<b>2012 Program Target</b>	<b>Total 2010-2012 Target</b>
Energy Savings (GWh)	4.1	6.9	8.0	19.0
Demand Reduction (MW)	.9	2.3	2.6	5.8

**Table III-2, 2010-2012 Palm Desert Demonstration Partnership Gross Impacts-Detail**

The Partnership anticipates achieving energy savings from the following pilot initiatives:

<b>Pilot Initiatives</b>	<b>2010-2012 kWh Savings Estimate</b>
One-Stop-Shop For Pool Pumps	4,875,541
Energy Efficiency Upgrade	4,441,056
Commercial Rebates	840,000
Residential Rebates	4,593, 117
Commercial Strategy (multiple sectors)	2,361,937
Small Business Direct Install	1,689,626

<sup>3</sup> 2010 figures reflect actual expenditures, 2011 and 2012 figures reflect estimated budgets. Funding for 2010 activities was authorized in D.09-09-047 and D.10-06-039 based on the program implementation plan filed as part of SCE's A.08-07-021. Continued funding for 2011 and 2012 activities was authorized separately in D.10-12-027 based on the program implementation plan filed as part of SCE's A.10-07-004, and supplemented as part of this Advice 2548-E-A.

<sup>4</sup> 2010 figures reflect actual achievements, 2011 and 2012 figures reflect estimates. Funding for 2010 activities was authorized in D.09-09-047 and D.10-06-039 based on the program implementation plan filed as part of SCE's A.08-07-021. Continued funding for 2011 and 2012 activities was authorized separately in D.10-12-027, based on the program implementation plan filed as part of SCE's A.10-07-004 and supplemented via this Advice 2548-E-A.

## **Palm Desert Demonstration Partnership**

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Emerging Technologies (multiple technologies)	148,373
Municipal Facilities	100,000
<b>Total</b>	19,049,650

### **4. Program Element Description and Implementation Plan<sup>5</sup>**

SCE would like to clarify terminology used to describe the Palm Desert Partnership. Going forward, the term “elements” refers to the fundamental overarching strategies of the Program. These elements include: 1) delivery approaches, 2) incentives; and 3) technology, as described below:

- **Delivery Approaches:** the Partnership tests how the market behaves when new delivery approaches are used to implement existing energy efficiency measures. The Partnership seeks to test new ways by which to gain end-use customer participation and adoption of energy efficiency measures. The Partnership will test to determine whether the adoption of certain energy efficiency measures is influenced by delivery approaches.
- **Incentives:** the Partnership will test for varying incentive strategies such as seasonality or incentive levels above or below core program offerings. Incentive strategies are closely tied to marketing campaigns where the total cost of driving a customer to take action can be tested and evaluated for replicability outside the Partnership.
- **Technologies:** The Partnership seeks new technologies to introduce to the market. It will also test to determine how best to make the new technology available to the market. The Partnership may try different delivery and/or outreach methods to drive adoption, based on the technology.

The specific customer offerings in the Partnership are termed “pilot initiatives”. Pilot initiatives are typically marketed as a “program” to the customer. The Partnership’s pilot initiatives are designed using one or more of the program elements described above. For example, the One Stop Pool Pump pilot initiative incorporates both an innovative delivery approach as well as incentives as the offering to the customer. Table III-2b below illustrates which elements are typically incorporated into each pilot initiative in the Palm Desert Partnership.

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<sup>5</sup> 2010 activities were authorized through the Palm Desert Partnership program implementation plan included in SCE’s A.08-07-021. 2011 and 2012 activity was authorized through the Palm Desert Partnership program implementation plan included in SCE’s A.10-07-004, and updated herein. As a result, there are some differences in program activities between 2010 and 2011-2012.

## Palm Desert Demonstration Partnership

**Table IV-1: Pilot Initiatives by Element**

The table below has been updated as a result of the development of more detailed EM&V plans for the pilot initiatives. Please note activities related to municipal facilities and reach code support are not standalone “initiatives” using the definition discussed above, but are standard local government partnership offerings that are included as part of the Palm Desert Partnership. In addition, to better support a clear EM&V plan, the Residential Rebates, Commercial Rebates, and Small Business Direct Install Initiatives have been combined under the “Partnership Rebranded Core Programs Initiative,” as they are all operating under the same hypothesis. See PIP section 4a for a description of each of these activities and Advice 2548-E-A, Attachment B for detailed pilot initiative information, including pilot initiative EM&V plans.

<b>Pilot Initiatives</b>	<b>Program Elements</b>		
	<b>Approach</b>	<b>Incentive</b>	<b>Technology</b>
One-Stop-Shop For Pool Pumps	X	X	
Energy Efficiency Upgrade	X		
Partnership Rebranded Core Programs (includes Residential Rebates, Commercial Rebates, Small Business Direct Install)	X		
Commercial Strategy (multiple sectors)	X	X	X
Emerging Technologies (multiple technologies)	X		X

These elements are presented in the chart above to provide a categorization for the different components in the pilot initiatives that may be launched through the program. If and when the pilot initiative's program theory is based on a specific hypothesis about the effectiveness of one element over another, the relative effectiveness of the individual elements will be evaluated. However, there will be many cases where the fact that there are multiple elements in a pilot initiative is merely incidental. A pilot initiative may need to be considered as a whole during the evaluation of the pilot initiatives' replicability, because it would only be considered for replication as a whole. For example, the Commercial Strategies pilot initiative intends to offer special incentives for a limited period of time. The Commercial Strategies pilot initiative has an incentive element (enhanced incentive), an approach element (limited time availability) and

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perhaps a technology element (an emerging technology, or IDSM technology, as opportunities arise). For the program managers' purposes, there is no reason to test whether an incentive element has an effect by itself, and no reason to test the approach element by itself. They would only be replicated in tandem. See Advice 2548-E-A, Attachment B, "Addendum" section of each of the pilot initiatives for specific discussion of multi-element issues.

Through market analysis and technology review, pilot initiatives are designed and implemented in the City of Palm Desert to test the acceptance, replicability and expandability of the offering.

In any pilot initiative, one or more of the program elements may be used in the initial design. When the initiative's design objectives are achieved, the initiative may be modified to further test market acceptance. For example, a higher incentive may be used for an HVAC measure during the off-season to determine if participation levels can be maintained. Once tested, an initiative's design may be modified; for example, the initiative may be modified to utilize the incentive to spur mid-market actors to drive participation levels.

The outcome of each initiative's efforts is captured in a project file for EM&V review. Additionally, this information will be shared with core program management for incorporation into core program offerings where appropriate.

See Advice 2548-E-A, Attachment B, pilot criterion #9 for each pilot initiative's hypothesis including which elements are hypothesized to have an effect. Specifically, each pilot initiative EM&V plan states the independent variables (i.e. type of element), the dependent variables (i.e. program effect), and the expected relationship between the independent and dependent variables. For the emerging technology pilot initiatives, there are no independent variables other than the presence or absence of the emerging technology itself.

Overlaying all of the elements is marketing and outreach. Regardless of the elements used for any initiative, marketing and outreach will also greatly influence the initiative's acceptance by the market. The Partnership generates a grass-roots marketing campaign which is city-wide and includes all customer segments, including both residential and nonresidential customers. Pilot initiatives are supported by marketing and outreach efforts specifically designed to reach the intended target audience.

### **a) List of Pilot Initiatives**

The Partnership has developed a city-wide branding known as the Set To Save Program that serves as the umbrella program through which businesses and residents in the City of Palm Desert engage and participate in energy efficiency activities. All incentives and pilot initiatives (listed below) fall under the brand name of the Set To Save Program and are funded by the Palm Desert Partnership.

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While the residential and commercial rebates and small business direct installation programs closely mirror statewide programs, these offerings are branded under the Palm Desert Set To Save marketing campaign and funded by the Palm Desert Partnership.

Over the program cycle, the Partnership program will also test different approaches in an effort to coordinate with statewide programs such as the Energy Upgrade California (Whole House Retrofit) Program, New Construction Program, and Comprehensive HVAC Program or with third party programs such as MAP or LEEP. In these cases, customers would also be eligible for incentives funded by other programs.<sup>6</sup>

The Partnership delivers these five unique pilot initiatives:

- **Energy Efficiency Upgrade** – This offering is a direct contact approach with residential customers utilizing an energy survey as a basis for educating the customer.<sup>7</sup> Surveys conducted through the Energy Efficiency Upgrade will contribute toward the program’s energy savings achievement. Further, survey results are used to drive increased customer participation in any of the Partnership’s pilot initiatives and rebate offerings such as the Quality Installation incentives offered in coordination with the Comp HVAC program. This residential approach will also be incorporated to promote the statewide Energy Upgrade California program.
- **Commercial Strategies** – This offering is a customized approach toward working with commercial segments across the city, such as lodging, restaurants, and commercial buildings. Energy audits, technical assistance and customized incentive packages will be used to engage these customers and increase energy efficiency participation. Trade associations and industry actors will be leveraged. As an example, unique approaches such as those considered for the lodging industry that include “green packages” with signage for hotels advertising their efficiency, guest rooms demonstrating efficiency measures, new technologies unique to the lodging industry or other specialized offerings may also be used as part of this strategy.
- **A “One-Stop-Shop” for Pool Pumps** – The Partnership will offer a toll-free customer number to request an energy efficient pool pump. Upon customer request, a contractor

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<sup>6</sup> If the Palm Desert Partnership coordinates with other core programs that include offerings not already branded through the Set to Save Program in Palm Desert, the incentives for these programs are paid through the core programs, and any energy savings achievements would be attributed to the core program. For example, if a customer is referred by the Palm Desert Program to Energy Upgrade California, Energy Upgrade would fund any related incentives. SCE notes that for HVAC, Quality Installation incentives are branded under Set to Save and thus would be funded through Palm Desert, while other HVAC offerings (e.g., upstream) are not part of the Set to Save menu and would be paid through the Comprehensive HVAC Program.

<sup>7</sup> In alignment with the Customer Facing Outreach online surveys available through SCE’s core programs. The primary goal of the customer-facing visits is to provide a key point of entry for customers who are interested in Energy Upgrade California and other EE programs. The following services will be provided at every customer-facing (in-home) visit: An assessment of household energy consumption patterns and a walk-through examination of single family (and multi-family) residences receiving service from SCE in a variety of languages such as English, Spanish, Chinese, Vietnamese, & Korean. These visits would educate customers about their energy usage and ways they can reduce their consumption. Upon completion of the survey, the benefits of both prescriptive and comprehensive home retrofits will be conveyed to the homeowner, leveraging the EUC program. In addition, customers will learn about other energy efficiency programs for which they may qualify.

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is assigned to replace the customer's existing working model with a new variable speed unit, which achieves energy savings of up to 90% and can be programmed to operate during off-peak hours only. This offering effectively streamlines the process for the customer, as contractor selection, pricing, installation, and inspections are streamlined into one simple process. In addition, the incentive is built into the customer price, eliminating the need for a rebate after installation. The Partnership may also use this approach with other technologies that can be implemented in this manner.

- **Emerging Technologies** –The Partnership will support the Emerging Technologies program in two ways. First, the Partnership will attempt to identify new energy efficient technologies of interest to the Palm Desert residents; these technologies will be turned over to the Emerging Technologies Program for further consideration. Second, the Partnership will “sponsor” an emerging technology by providing a rebate for the measure if the Emerging Technologies Program determines through assessment that the technology can save enough energy.
  - The emerging technology currently under consideration is LED pool lighting, which is a technology of interest to the hotel industry in Palm Desert. The pilot initiative will include two phases. Phase 1 will be conducted by the Emerging Technologies Program, to verify performance characteristics of the LED pool light technology. Phase 2 will be conducted by the Partnership, to offer an incentive for the LED pool lights.
  
- **Partnership Rebranded Core Programs** –The Partnership will pilot test a cohesive, community-led branding approach designed to unify the different Partnership offerings, including rebate programs, non-resource programs, and LGP support activities. The delivery approach element to be replicated would be the cohesive branding approach.
  - Core program rebates will be offered to Palm Desert customers under the Set to Save branding: rebates will be paid by the Palm Desert Partnership, and the resulting savings will also be claimed by Palm Desert. The core programs to be re-branded include Small Business Direct Install, Residential and Commercial Rebates.
    - **Small Business Direct Install** - This offering will provide free comprehensive replacement of inefficient lighting systems and maintenance and repair of refrigeration systems to small businesses in the City of Palm Desert. Technical assistance and site assessments will determine what additional SCE programs or pilot initiatives could be applicable and the necessary referrals will be made to ensure follow-up services are provided.
    - **Residential and Commercial Rebates** – Under the Set To Save brand, many of SCE's core energy efficiency measures are offered to residential and commercial customers. Rebate incentives are

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fundamental to any energy efficiency program design platform and serve the Partnership's testing of incentive and marketing and outreach schemes.

- Because the Palm Desert Demonstration Partnership has responsibilities as a local government partnership, the Partnership will also conduct general LGP activities. These general LGP activities help “round out” the Partnership’s offerings, reinforcing the cohesive approach that is branded to Set to Save. These LGP activities include Reach Codes support and Municipal Facilities retrofits. While these general LGP activities are also branded to Set to Save, they are not pilot initiatives. Reach Codes: the Partnership will continue to work with the City to develop new energy efficiency codes. Previous codes adopted by the City have sunsetted as a result of recent Title 24 updates. Going forward, the Partnership will work with the statewide Codes and Standards team to assist to explore the development and adoption of new codes.
- Municipal Facilities – The Partnership will continue to work with the City to maintain the efficiency levels it has already achieved and to explore new building retrofit project opportunities. The Partnership will leverage the City’s energy leadership into the community promoting efficiency and other demand side management actions.
- Energy efficiency financing opportunities: The Partnership continues to support the City’s AB 811 initiative by working with the City to ensure alignment of energy efficiency measures eligible for the loan program with those offered through the IOUs’ demand side management programs. The Partnership will also jointly market the City’s AB 811/PACE program through website links to the City’s loan program on Palm Desert’s Set To Save website and referencing the program through Set To Save collateral material. This effort does not require funding, other than very limited staff time to provide this support. While D.09-09-047 limits IOU involvement in AB-811 related activities, SCE believes this type of support is allowable under the exceptions detailed in this Decision.<sup>8</sup>

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<sup>8</sup> SCE believes this level of activity is covered in the third allowable exception in D.09-09-047 language above that states,

“Third, there is clear value in ratepayer supported efficiency programs pointing customers to community (or other) nonutility financing programs when these are available. We anticipate that utilities could assist with these three areas at relatively low expenditure of staff time. Thus we exclude these three types of coordination and leverage from our general prohibition against utility direct involvement of the utilities in community financing program development.”[p.285]

SCE believes these activities are also secondarily covered under the first allowable exception, as part of the support provided to the City is to provide information on eligible IOU energy efficiency measures to ensure alignment between the offerings eligible for AB 811 loans and those eligible for an IOU incentive. The Decision states the first allowable exception as follows:

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- Continuous identification and implementation of new pilot opportunities: As a demonstration program, the Partnership will be assessing the effectiveness of the pilot initiatives on an ongoing basis and may make adjustments to incentive levels, program delivery mechanisms, and other aspects. Initiatives that do not prove to be successful may be discontinued, while new strategies may also be explored. To stay abreast of new, yet proven technologies, and to better meet the needs of all nonresidential customers, the program will also continue to solicit information from industry experts, vendors, and customers to provide input on new innovative measures that might be added and other program improvements.
- See Appendix A for table that illustrates statewide linkages and notable technologies for each initiative.

### **b) Overview**

The Palm Desert Partnership was originally designed as a 5-year<sup>9</sup> sustained campaign with the City of Palm Desert in which SCE and the City have pursued their common goal of reducing overall energy usage and peak load in the City by 30%.<sup>10</sup> The 2010-2012 Partnership is designed to test innovative approaches, technologies, and incentive strategies designed to encourage residential and business customers to make energy efficiency investments. The program is also designed to focus on activities based on a segmented market, while also coordinating with and leveraging SCE's core energy efficiency portfolio of programs. In addition, the program will include initiatives focused on improving the efficiency of municipal facilities within the City and developing new energy efficiency reach codes, in alignment with the activities of SCE's other Energy Leader Partnerships.

### **c) Non-incentive services**

The Partnership will develop a recognition program which will publicly recognize individuals, residents, and businesses for their contribution to the program. Additionally, the Partnership will continue to participate in public events such as community events and energy rallies for Homeowners Associations promoting efficiency and demand reduction.

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"First, it is understandable that the development of financing programs may require some routine information about typical energy improvements, their costs, expected lives, and savings that can be useful to community financing program development. [p.285]

<sup>9</sup> While originally designed as a five year campaign, this partnership will run for six years. 2010 represents the fourth year of implementation, 2011 represents the fifth year of implementation, and 2012 represents the sixth year of implementation for the partnership. This extension is due, in part, to the 2009 EE bridge funding year and the need to align this program with the EE program cycle.

<sup>10</sup> Based on 2005 baseline.

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The Partnership will build a marketing, education, and outreach (ME&O) portfolio of activities to increase community enrollment in energy core programs. The portfolio will include other SCE services, including:

- Mobile Energy Unit;
- SCE's Account Manager/Executive support;
- SCE's Customer Technology Application Center (CTAC) training;
- SCE's Speakers Bureau;
- Limited giveaways (e.g., opportunity drawings); and
- Marketing, design, and printing of brochures and other collateral materials.

### **d) Target audience**

The overarching principle of the Partnership is to provide comprehensive approaches to all customer groups (residential and nonresidential) through targeted strategies with a focus on early replacement of inefficient equipment. Due to the number of Homeowners Associations, restaurants, and customers with pools in Palm Desert, the Partnership will continue to place emphasis on targeting programs to these customer groups through various delivery channels.

The Partnership intends to enhance the resources of SCE Account Representatives with concentrated outreach to commercial customers in Palm Desert. This target audience has been identified as "hard-to-reach" and the Partnership endeavors to create replicable methodologies to successfully reach this market.

### **e) Implementation**

The 2010-2012 program cycle is envisioned as the final three years<sup>11</sup> of a long term, sustained campaign, in which achievements can be classified as energy savings, demand reduction, and the piloting of practices that can be replicated in other communities.

The Partnership plans to implement a number of approaches that are designed to be potentially replicable for implementation in other programs or areas. These include:

- Enhancing City energy efficiency codes;
- Targeting incentives to customer segments based on the community's usage profile;
- Integrating IOU coordination of energy efficiency with the resources available at the community level;
- Team building relationships in energy efficiency partnerships; and
- Implementing a one-stop-shop of energy efficiency offerings.

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<sup>11</sup> While originally designed as a five year campaign, this partnership will run for six years. 2010 represents the fourth year of implementation, 2011 represents the fifth year of implementation, and 2012 represents the sixth year of implementation for the partnership. This extension is due, in part, to the 2009 EE bridge funding year and the need to align this program with the EE program cycle.

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A key driver to encouraging customers to take actions to reduce energy use and peak demand is an outreach and information campaign that continually promotes the efficiency ethic and includes customer follow-up with residents who have expressed interest in energy efficiency. Energy efficiency surveys will continue to be promoted through a joint SCE/Palm Desert communication strategy that may include announcements in local media, newsletter articles, direct mail campaigns, etc.

Energy use specialists will be available to complete comprehensive in-home energy surveys. These specialists will identify appropriate measures for the home, and discuss incentive and financing options, and may install lighting measures. The collected in-home energy survey information will be entered into a database that can be mined for additional messaging and communication opportunities, including special sale offerings, retailer promotions, and reminders to take advantage of energy efficiency opportunities.

Installation contractors will serve as another primary marketing tool. Using informational materials provided by the program (including a package that outlines the energy savings of various devices, environmental impacts, bill reductions, testimonials, available financing, and utility incentives), these contractors will have the ability to apply incentives in many cases at time of sale, making the transaction as streamlined as possible for customers. They will participate in energy events and will make presentations to condominium association meetings, at clubhouse events, etc.

Also included in outreach activities is assistance to City staff, residences, builders, and developers in promoting standards that ensure all new construction and retrofit projects incorporate the most energy efficient designs and measures possible.

### **Program Strategy: Promotion and Outreach**

- A multi-faceted approach impacting all residents and businesses;
- Energy surveys for all customers (Commercial and Residential), with an emphasis on in-home surveys;
- Continuous, targeted communication and education;
- Neighborhood sweeps to sell, finance, and install measures; and
- Demonstration projects showcasing efficiency opportunities within the program.

### **Program Strategy: Comprehensive HVAC**

- Robust program to encourage early replacement in all markets;
- Incentives and financing to replace energy “hogs”;
- Trained, certified contractor/dealer network;
- Proper cooling system installation and air duct repair; and
- Early replacement of A/C equipment or quality installation incentives delivered through SCE’s Comprehensive HVAC Program.<sup>12</sup> Higher incentive levels that

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<sup>12</sup> HVAC Quality Installation Incentives are part of the Set to Save menu and are funded through the Palm Desert Partnership. Other HVAC incentives are funded through the statewide Comprehensive HVAC Program.

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institute a comprehensive suite of measures considered for homeowners and property owners.

### **Program Strategy: Residential Customers**

- In-home surveys and sweeps provide detailed customer information and encouragement for implementation of energy efficiency measures;
- Sales events, community events;
- Low-cost/no-cost equipment installations that address all areas including behavior change, appliances, water heating, space heating & cooling, lighting, and pool heating<sup>13</sup>;
- Consideration of rebates for property owners or managers that institute a comprehensive suite of measures;
- Promotion of emerging technologies; and
- A comprehensive strategy that addresses all segments: single family, multifamily, condominiums, and mobile home.

### **Program Strategy: Nonresidential Customers**

- Incented equipment replacements for small/medium businesses;
- Low-cost/no-cost equipment replacements for businesses;
- Detailed energy audits, technical assistance and incentives;
- Segment-focused (e.g., golf courses, restaurants, motels/hotels) and technology-focused (e.g., efficient pool pumping ) initiatives;
- An enhanced Direct Install element where leads for participation in other energy efficiency programs are generated in real time; and
- Information on on-bill financing opportunities, where applicable.

### **Program Strategy: Residential and Nonresidential New Construction**

- Assistance to the City with developing a new ordinance mandating high efficiency construction;
- Technical and design assistance for developers to meet higher requirements.

## **5. Program Element Rationale and Expected Outcome**

### **a) Quantitative Baseline and Market Transformation Information**

By its nature, market transformation occurs as a result of numerous factors and programs, not single sub-programs. Because of the limited nature of the Palm Desert Partnership's reach, the Partnership is not intended as a market transformation program. The Palm Desert Partnership sees its role as a testing ground for program initiatives that may be later offered across SCE's service territory. However, SCE's service territory arguably still does not constitute a "market". The Palm Desert Partnership will coordinate with SCE's other local government partnerships in data collection and program tracking, to support larger efforts that address the CEESP objectives, but will not propose any

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<sup>13</sup> Note: SCE will be phasing out this offering in early 2011 to pursue more effective and comprehensive/innovative approaches.

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separate market transformation metrics here. Tables V-1 and V-2 below reiterate the Energy Leader Partnership metrics.

**Table V-1, Baseline Metrics for the Energy Leader Partnerships (to include data from the Palm Desert Partnership)**

	Baseline Metric		
	Metric A	Metric B	Metric C
Energy Efficiency Action Plans	Baseline that has adopted such energy planning documents as Energy Action Plans, Climate Action Plans and Sustainability Plans, and General Plans with energy or climate elements.		
Model Reach Codes		In coordination with Codes and Standards, develop a baseline inventory of cities and counties within the IOU territory with adopted model reach codes	
Baseline Compliance Levels			In coordination with Codes and Standards, develop baseline compliance levels for a collection of indicator measures. An example list of measures may include: residential hardwired lighting, residential duct improvement, ducts in existing commercial buildings, pool pumps, general service incandescent lamps, external power supplies, and other measures as appropriate

### **b) Market Transformation Information**

**Table V-2, Energy Leader Partnership Market Transformation Planning Estimates (to include applicable Palm Desert Partnership program data)**

	2010	2011	2012
Baseline inventory of cities, counties and government institutions within the IOU territory with that have adopted Energy Efficiency Action Plans	Improvement over baseline, over time	Improvement over baseline, over time	Improvement over baseline, over time
In coordination with Codes and Standards,	Improvement over	Improvement over	Improvement over

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develop a baseline inventory of cities and counties within the IOU territory with adopted model reach codes	baseline, over time	baseline, over time	baseline, over time
In coordination with Codes and Standards, develop baseline compliance levels for a collection of indicator measures. An example list of measures may include: residential hardwired lighting, residential duct improvement, ducts in existing commercial buildings, pool pumps, general service incandescent lamps, external power supplies, and other measures as appropriate	Improvement over baseline, over time	Improvement over baseline, over time	Improvement over baseline, over time

### c) Program Design to Overcome Barriers

The City of Palm Desert has an unprecedented energy efficiency goal and would not be able to achieve it without the Partnership. The Partnership is designed to empower the community to save money and energy by contributing to the City's goal of reducing its overall energy consumption and peak demand by 30%.<sup>14</sup> To date, the City has demonstrated that creative financing options for large equipment purchases are critical to overcome customer participation barriers. With SCE's support, the City will continue to promote the City's financing programs in conjunction with the Partnership's incentives to overcome customers' financial barriers to participation.

Additionally, the Partnership will continue to create a simpler enrollment and participation process and will increase the emphasis of the "one-stop-shopping" concept, to overcome customer frustration with the installation process.

### d) Quantitative Program Objectives

**Table V-3, Palm Desert Partnership Program Objectives**

<b>Program</b>	<b>2010 Achievements</b>	<b>2011 Program Target</b>	<b>2012 Program Target</b>	<b>Total 2010-2012 Target</b>
<b>OVERALL GOALS</b>				
Energy Savings (GWh)	4.1	6.9	8.0	19.0
Demand Reduction (MW)	9	2.3	2.6	5.8
<b>STIMULATE HVAC REPLACEMENT</b>				
HVAC Replacements	575	100	100	775
<b>TEST WHOLE HOUSE RETROFIT PROGRAM BUNDLED</b>				
Whole House Retrofits	0	50	100	150
<b>SIMPLIFY CUSTOMER PURCHASING PROCESS</b>				
One-Stop-Shop Pool Pump	45 pool pumps	800 pool pumps	1,200 pool pumps	2,045 pool pumps
<b>INTRODUCE NEW TECHNOLOGIES TO COMMUNITY</b>				
Launch New Technologies	0 new products	1 new product	1 new product	2 new products

<sup>14</sup> Based on 2005 baseline.

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<b>INCREASE COMMERCIAL PARTICIPATION THROUGH TARGETED CAMPAIGNS</b>				
Commercial Audits	0	65	40	105
<b>BUILD COMMUNITY PARTICIPATION</b>				
Energy Efficiency Upgrades/Surveys	500 surveys	6,642 <sup>15</sup> surveys	6,643 surveys	13,785 surveys
HOAs and Service Organizations	6 meetings	15 meetings	15 meetings	36 meetings

### **6. Other Program Attributes**

#### **a) Best Practices**

The Partnership continually reviews lessons learned and shares them with other cities who may value or act on the information. The Palm Desert Demonstration Partnership reaches out to cities within the Coachella Valley and across the State to explain its unique programs, standards, and financing options to other cities and counties. City leadership, Partnership management, and the participating utilities are all engaged in continual interaction with other cities and counties to educate them on the successes of the Partnership.

#### **b) Innovation**

The Partnership continually evaluates and implements energy savings opportunities, new technology, and delivery channels, ensuring they are replicable for other cities and communities. Innovative offerings include the one-stop-shop concept, new delivery mechanisms, a citywide targeted marketing campaign, and development of emerging technologies.

#### **c) Interagency coordination**

The Partnership promotes comprehensive sustainability, including water conservation, solid waste management, and alternative mobility.

#### **d) Integrated/coordinated Demand Side Management**

The IOUs have identified integrated Demand Side Management (IDSM) as an important priority. As a result they have proposed the establishment of a Statewide Integration Task Force (Task Force). SCE's local government partnerships will monitor the progress of the statewide IDSM efforts and work closely with the Task Force to identify comprehensive integration approaches and to implement best practices.

The Partnership continually focuses on integration of the utilities' demand side management programs where applicable. Energy surveys and the Direct Install programs have been integrated; therefore, the customer is presented with a coordinated energy solution and education rather than an isolated offer from each utility. The 2010–2012 programs will expand integration of other programs, including expansion of the “one-stop-shop” concept.

<sup>15</sup> Targets were decreased for the EEU initiative due to a decreased budget for this initiative to cover EM&V costs, per Energy Division's request.

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### **e) Integration across resource types (energy, water, air quality, etc.)**

The Partnership promotes comprehensive sustainability, including water conservation, solid waste management, and alternative mobility.

### **f) Pilots**

Although the Partnership itself is a demonstration (pilot) program, it continually evaluates piloting new technologies, and delivery channels. The launch of the “one-stop-shopping” strategy is an example of a piloted effort of this Partnership.

### **g) EM&V**

EM&V will comply with EM&V D.10-04-029. See Advice 2548-E-A, Attachment C for the umbrella EM&V Plan for the Palm Desert Partnership. See also Advice 2548-E-A, Attachment B (Pilot Criteria) for EM&V plans at the pilot initiative level.

Below is a discussion on (i) adopting recommendations from past evaluation studies, (ii) program data, reporting, and tracking, and (iii) other EM&V issues.

### **g.i) Adopting Recommendations from Past Evaluation Studies**

SCE notes there were many findings presented in the CPUC’s evaluation of the 2007-2008 Palm Desert Demonstration program, which SCE is responding to. *The Palm Desert Partnership & Demonstration Program Implementation Assessment* was published June 1, 2010 and can be found on CALMAC, Study ID #CPU0049.01. (The cover, table of contents and executive summary are attached, in Attachment D of this advice letter.) DRA incorporated some of the findings from this assessment in its recommendations (see DRA Protest, dated August 3, 2010, p.7). SCE appreciates DRA’s thoughtful analysis and agrees these recommendations should be adopted. Each of the six recommendations is addressed below.

In addition, the relevant data tracking recommendations in the *Effectiveness and Impacts for Non-Resource Elements of the 2006-2008 Government Partnerships Programs* (Appendix M), are addressed in section g.ii below, and detailed in Advice 2548-E-A Attachment E for each initiative. (This evaluation can be found on CALMAC under Study ID CPU0022.01).

### **DRA Recommendations**

1. *Future program designs should consider researching the impact of elevated incentives in real time, during the program operating cycle;*

The Palm Desert Partnership One-Stop-Shop Pool Pump Initiative will include real time assessment of elevated incentives on customer interest in participation.

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2. *Clear explanation of the program logic that linked program actions to intended outcomes;*

See revised logic models for the Palm Desert Partnership at both the umbrella level (see PIP section 8) and the initiative level (see Advice 2548-E-A, Attachment B), which demonstrate the links between program actions and intended outcomes.

3. *Collection and submission on a timely basis of quantitative data to support the direct linking of program actions with outcome;*

See Advice 2548-E-A, Attachment B (Pilot Criterion #9) for discussion of program data tracking that will be used to assess the progress of the pilot initiatives. See also Attachment E for a detailed data tracking worksheet that demonstrates the specific information that will be tracked for each pilot initiative, per the recommendations of the *Effectiveness and Impacts for Non-Resource Elements of the 2006-2008 Government Partnerships Programs* study.

4. *Documentation to define or track the design innovations featured by the Palm Desert Program;*

The 2010-2012 Palm Desert Partnership has developed a template for documenting all pilot initiatives, and will be tracking data to test the pilot's hypotheses (see Advice 2548-E-A, Attachment B for EM&V plans for each pilot initiative) .

5. *Documentation, or tracking of program activities that could establish the effectiveness, replicability, and scalability of program activities to other jurisdictions; and*

In conjunction with adopting the previous recommendation, the 2010-2012 Palm Desert Partnership initiatives template will also document and track the effectiveness, replicability and scalability of pilot initiatives to jurisdictions outside of Palm Desert. See also section g.iii below, under "Assessment of the demonstration nature of the pilot."

6. *A planning document that clearly articulates the specific responsibilities and goals for each partner.*

By the first quarter of 2011, SCE and the City will together develop a formal planning document that clearly defines each partner's role and responsibilities. Below is a narrative explaining the roles of each partner.

The Partnership consists of representatives from SCE and the City of Palm Desert. In addition, the Energy Coalition supports this effort by providing consultation and support, and is funded solely by SCE. This group has traditionally worked very closely together to develop new ideas and approaches toward delivering and marketing the initiatives funded within the program. The City demonstrates its engagement to achieve Partnership objectives by committing city representatives to work on the Partnership on a regular

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basis. The Energy Coalition also provides support by developing program elements and implementing the program's objectives. This Partnership "team" meets regularly and works together to generate new ideas, implement program elements, assess and improve program effectiveness, and conduct marketing and outreach campaigns. This collaborative approach draws upon SCE's energy efficiency expertise, the city's local knowledge and leadership, and the Energy Coalition's expert consultation to deliver an innovative and unique program. Specific roles include:

**SCE** - The role of SCE is to lead the implementation of the Partnership's objectives and achieve energy savings goals towards the CPUC's established goals. SCE is the lead partner and is directly responsible for all CPUC regulatory matters, energy efficiency CPUC funding requests, program implementation, and energy savings achievement. SCE dedicates a program manager to the Partnership who is supported by SCE energy efficiency management and other internal supporting departments. The SCE program manager is responsible to identify new opportunities in program delivery, design, or emerging technologies that can be demonstrated, or tested, in the City of Palm Desert to determine viability as local or statewide programs outside of Palm Desert. SCE leads all program operations such as program management, meeting facilitation, program design and assessment, technical assistance, and marketing. SCE has also committed marketing personnel dedicated to developing Partnership marketing campaign and developing marketing collateral.

**The City of Palm Desert**- The role of the City is to be engaged in Partnership activities and to be the civic leader in the implementation of these activities. The City commits city representatives to meet regularly with SCE and The Energy Coalition. The city representatives provide local knowledge and an understanding of their constituency to help the Partnership team design new programs or approaches. In addition, the city leverages its community relationships to assist in delivering program elements such as working directly with homeowner associations (HOAs), trade organizations, and marketing and promotional activities. The City plays an integral role in the Partnership as a community leader and by providing program or marketing implementation assistance where feasible.

In addition, the role of The Energy Coalition is as an implementing partner of the program, and they are funded solely by SCE. The Energy Coalition has committed one lead representative to advise and work with the Partnership team on program matters. The Energy Coalition's representative conducts data analysis, assists in program and marketing development, report generation and implementation of program elements on an ongoing basis.

### **g.ii) Program Data, Reporting, and Tracking**

SCE is responding positively to the feedback provided in the impact and process evaluations of both the Palm Desert and local government partnerships programs by increasing the level of documentation rigor for both resource and non-resource program

## Palm Desert Demonstration Partnership

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initiatives. Specifically:

- Past EM&V Recommendations: the data in the “Effectiveness and Impacts for Non-Resource Elements of the 2006-2008 Government Partnerships Programs” (Appendix M), contains good recommendations for tracking program participation data, and will be used as the basis for data tracking for the Palm Desert Partnership. See Advice 2548-E-A Attachment E for a data tracking worksheet that indicates specific data that will be tracked for each initiative, based on this evaluation report’s recommendations.<sup>16</sup>
  
- Assessment of Program Strategy Success: each pilot initiative will be assessed as part of the EM&V process at the end of the program cycle using the hypotheses developed as part of the pilot’s EM&V plan (see Advice 2548-E-A, Attachment B). In addition, SCE has developed a template that addresses key metrics by which program work can be evaluated and measured on an ongoing basis throughout the program cycle.  
The template is designed to capture the following information:
  - a) Resource vs. non-resource activity
  - b) Budget and savings targets
  - c) Targeted audience
  - d) Base case
  - e) Anticipated results/outcomes
  - f) Technology offering, incentive structure or M&O description
  - g) Description of program element offering/delivery approach
  - h) Replicability and scalability of technology/incentive structure/delivery approach
  - i) Address the CPUC’s Pilot Criteria (summarized below)
    - i. Specific statement of the concern, gap, or problem
    - ii. How the program element addresses the Strategic Plan goal
    - iii. Specific goals, objectives and end points
    - iv. New and innovative program designs
    - v. Clear budget and timeline
    - vi. Relevant information on baseline metrics
    - vii. Cost effectiveness<sup>17</sup>

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<sup>16</sup> Note that recommendations in this report are related to audits, referrals, and training. the Palm Desert Partnership does not include a training component, and has therefore omitted this data from the data tracking worksheet in Attachment E.

<sup>17</sup> SCE notes that the implementation of a pilot initiative necessarily has greater costs than the implementation of a program due to the fact that pilots have a “research and development” exploratory component and to the fact that pilots are small scale cannot benefit from economies of scale as regular programs can.

Cost effectiveness is a priority but can only be estimated after the initial pilots have been completed, as a part of the determination of whether a pilot can be viable across the service territory. At that time, the program managers will estimate the cost effectiveness of rolling out the pilot initiative as a full scale program.

## Palm Desert Demonstration Partnership

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SCE intends to utilize this template for every key pilot initiative implemented during the 2010-2012 funding cycle in order to better document implementation efforts, provide a means through which early implementation feedback can be tracked and evaluated, help assess mid-course corrections, and document final outcomes. The template tool will be used at the onset of the program initiative's concept and will be used to assist in the initial assessment to move forward with the design and implementation of the initiative. In addition, templates for pilot initiative candidates that were not selected for implementation will be retained, along with the program managers' rationale for not implementing them.

As initiatives are implemented, results will be tracked and reviewed against the initiative's stated objectives and measurement metrics (e.g., savings, participation levels, customer satisfaction) on an ongoing regular basis (e.g., weekly or monthly). The initiative's progress toward meeting its objectives will be shared and discussed with the Partners during their weekly meetings. Issues will be addressed in a collaborative manner that allows input by multiple subject matter experts.

As an initiative is managed through its lifecycle – concept, design, implementation, tracking, and evaluation – a project file will be developed. The information captured, tracked, and reported during implementation will be used to evaluate the initiative's viability of program design assessing whether it has potential to be replicable or expandable outside the Palm Desert program. Further, the information captured will demonstrate linkages between program elements applied to the initiative as well as to utility core programs.

Utilizing this documentation tool will enable future program evaluators to better understand and evaluate the work conducted within the Palm Desert Demonstration Program and will enable program management to better track, assess, and adjust program implementation in real time.

- *Direct linking of individual program actions with outcomes:* this will be determined using each initiative's hypothesis and subsequent EM&V study to determine which actions resulted in program outcomes (see Advice 2548-E-A, Attachment B for each initiative's hypothesis).
- *Timely reporting and feedback:* Program management will track program results on a regular basis through formal monthly reporting to the City and internal management, and per applicable CPUC reporting requirements.
- *Assessment of the demonstration nature of the pilot (including replicability and scalability):* The Partnership is currently developing a set of criteria for replicability. The set will likely include criteria such as:
  - Participation rates: using a baseline drawn from the EE core programs for initiatives based on those programs, or over time if no comparable baseline can be determined.

## **Palm Desert Demonstration Partnership**

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- Energy and demand savings: using the same baseline described above.
- Scalability: program manager may consider such issues such as whether the supply chain can be put in place in time, and whether human resources with the proper training are available.
- Market viability: program managers may conduct surveys to determine whether sufficient interest in the pilot initiative exists outside of the Palm Desert region.
- Cost effectiveness analysis (based on budgeting detailed enough to allow for cost-benefit analysis of individual strategies): program managers will estimate cost effectiveness of a full scale program, using the best data available to factor in any reduction in program costs due to economies of scale. Because the pilot initiative can only operate on a small scale, the pilot initiative is unlikely to be cost effective. However, a pilot initiative's cost effectiveness is unlikely to be the same as a full scale replication's cost effectiveness.
- Accurate and timely data collection: See Advice 2548-E-A, Attachment E for a detailed initiative data tracking worksheet. SCE will track this information on an ongoing basis

### **g.iii) Other EM&V Issues**

- Early assessment: Currently, plans for pilot initiatives that offer an enhanced incentive are still under development. Once they are developed, the effectiveness of enhanced incentives for all pilot initiatives will be tracked on a bimonthly basis as those initiatives ramp up, and tracked quarterly once the pilot initiative is in full swing.
- Double Counting Safeguards: SCE is using a successful system that had been developed in the previous program cycle to ensure there is no double counting. All Palm Desert residential and commercial energy efficiency rebate participants are processed through the Palm Desert Partnership, with the filtering based upon the participant's zip code. These rebate programs offer identical measures and incentives as the core programs, with the exception that the Palm Desert Partnership offers an enhanced incentive for variable speed pool pumps. Core program managers have been coordinating with Palm Desert by redirecting any applications that have incorrectly been sent to the core program. For the pilot initiatives, these are not offered outside of Palm Desert and are not subject to risk of double counting.
- Baselines and Performance Metrics: See Advice 2548-E-A, Attachment B for pilot criteria for each initiative, including baseline and performance metric information. For the pilot initiatives that are based on core program offerings, such as the residential and commercial energy efficiency rebate programs, baselines for participation and energy savings will be drawn from past core program records. For the pilot initiatives, performance will be assessed against a

## **Palm Desert Demonstration Partnership**

comparison group, specifically designed or selected to support testing of the pilot’s hypotheses. See the experimental design section in each pilot initiative’s EM&V plan. As referenced above, performance metrics are also included in these EM&V plans, to track program progress toward the objectives in Criterion #3 (specific goals, objectives, and endpoints).

### **7. Partnership Program Advancement of Strategic Plan Goals and Objectives**

As a local government partnership program, the Partnership will continue to be a leader in implementing local government strategies that satisfy the California Long Term Energy Efficiency Strategic Plan (Strategic Plan). The complete immersion of the community in generating energy savings has broadened the strategies to address numerous other State strategy and market transformation recommendations. The Partnership’s new initiatives will support the Strategic Plan as presented below.

**Table III-6, Palm Desert Partnership: Strategies and Partnership Action**

#	Strategic Plan Strategy	Partnership Action
1	8.1.2 DSM COORDINATION AND INTEGRATION - Conduct integrated DSM delivery pilots in the residential, commercial, industrial, and agricultural sectors.	The Partnership will support the statewide Integrated Demand Side Management (IDSM) Program by presenting financing options to those Palm Desert residents who participate in programs that utilize the IDSM Progressive Energy Audit Tool.
2	12.1.4 LOCAL GOVERNMENTS – Expand percent of cities and counties adopting local financing mechanisms.	During 2007-2009, the Partnership played an instrumental role in advancing the near-term goals of the Strategic Plan’s Strategy 1-4 by supporting Palm Desert’s development and implementation of its model AB 811 loan mechanism. The Partnership will continue to support the Strategic Plan’s mid-term goals of expanding adoption of local financing mechanisms. The Partnership will report lessons learned from the City’s successful implementation of AB 811.
3	6 HVAC and 9 WE&T - GOAL 2- Quality HVAC installation and maintenance becomes the norm. The marketplace understands and values the performance benefits of quality installation and maintenance.	The Partnership will support Quality HVAC installation and maintenance programs by coordinating with the statewide Comprehensive HVAC Program to include this program offering under the Partnership’s Set To Save program.
4	12.1 LOCAL GOVERNMENT REACH CODE SUPPORT – Local governments lead adoption and implementation of “reach” codes stronger than Title 24, on both mandatory basis and voluntary basis.	The Partnership will advance this strategy by researching and supporting the development of, a new reach code in the City of Palm Desert.
5	12.3 LOCAL GOVERNMENTS – Local governments lead by example with their own facilities and energy usage practices.	The Partnership will help the City of Palm Desert share their achievements in energy usage practices through the Set To Save marketing and outreach campaign, establishing the City as an energy leader to its community.

## **Palm Desert Demonstration Partnership**

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### **8. Logic Models & Program Diagram**

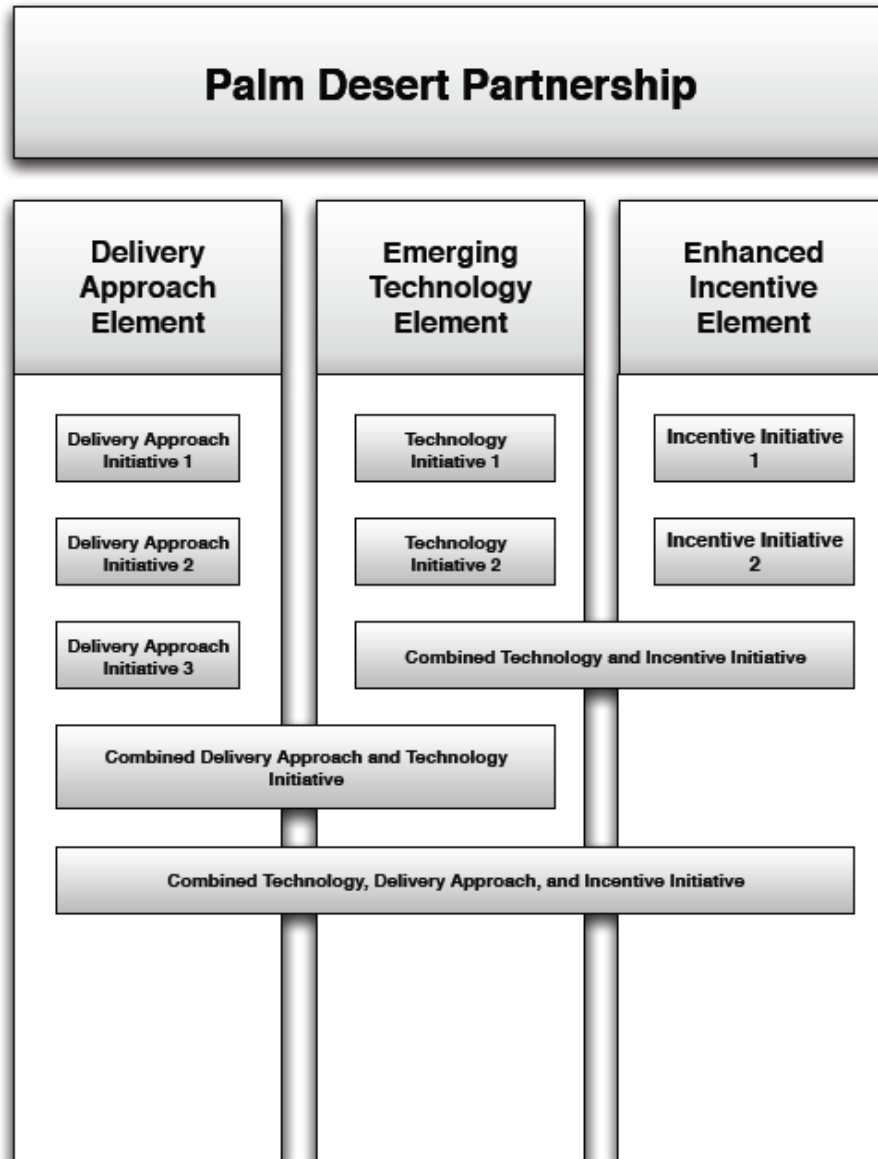
The Palm Desert Partnership is an “umbrella” program, with multiple elements that are coordinated but qualitatively different from each other, as well as unique initiatives that are developed based on one or more of the foundational program elements. Below is a program diagram demonstrating the relationship between program elements and initiatives and the updated, draft logic model for the umbrella program.

In addition, logic models at the initiative level are included in Advice 2548-E-A, Attachment B and the logic model for the Palm Desert Demonstration Partnership’s pilot testing activities are in the EM&V Plan in Attachment C.

# Palm Desert Demonstration Partnership

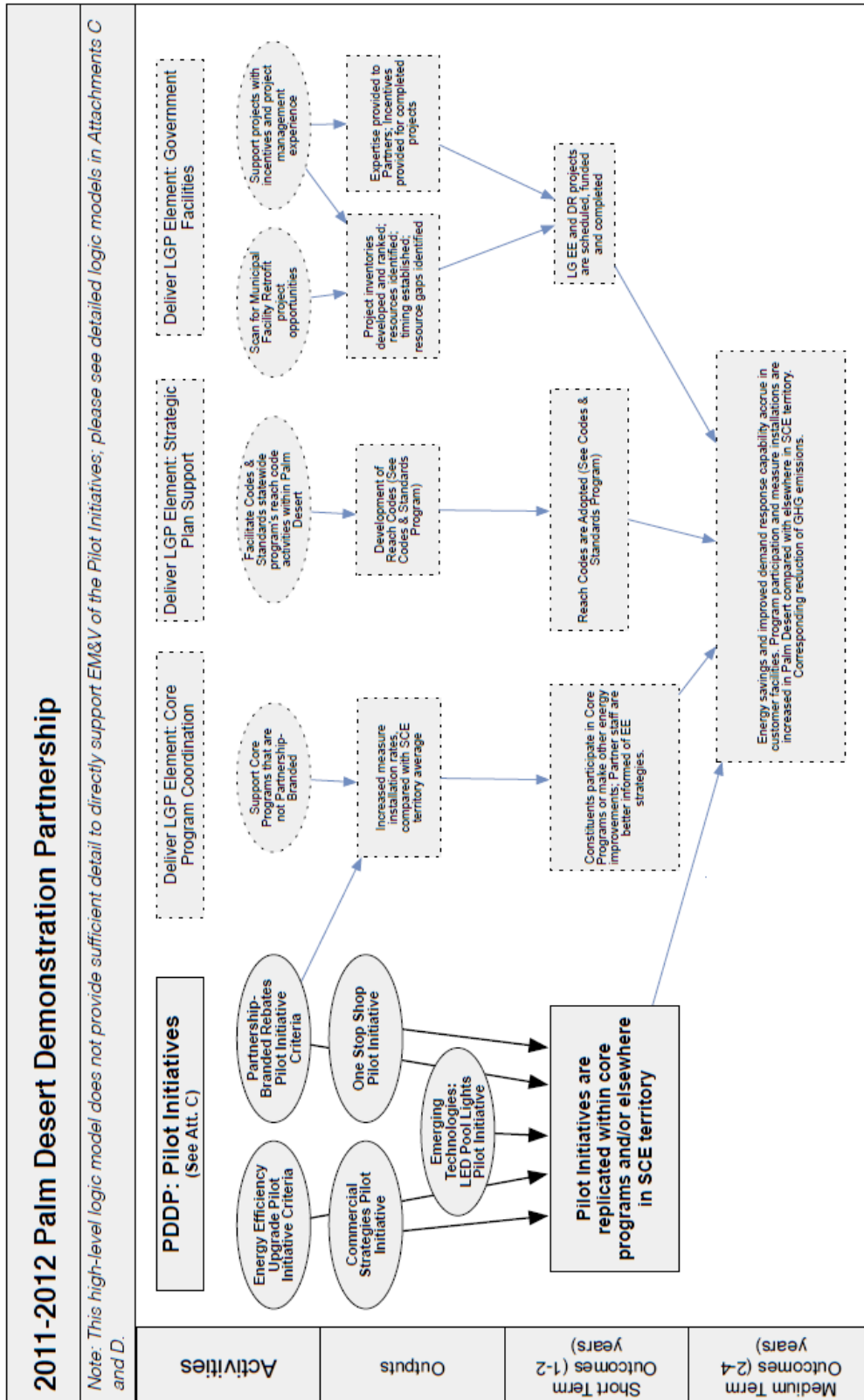
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## Program Diagram for Pilot Initiatives



# Palm Desert Demonstration Partnership

## Palm Desert Demonstration Partnership Logic Model



# **Appendix A**

**Appendix A: Pilot Initiatives- Statewide Links & Notable Technologies**

<b>Palm Desert Pilot Initiatives</b>	<b>Program Description</b>	<b>Initiative Type (statewide, third party, or unique)</b>	<b>Linkages and Relationships to statewide and/or third party programs</b>	<b>Notable Technologies being offered elsewhere at SCE</b>
One-Stop-Shop Pool Pump	<p>The Partnership will offer a toll-free customer number to request an energy efficient pool pump. Upon customer request, a contractor is assigned to replace the customer’s existing working model with a new variable speed unit, which achieves energy savings of up to 90% and can be programmed to operate during off-peak hours only. This offering effectively streamlines the process for the customer, as contractor selection, pricing, installation, and inspections are streamlined into one simple process.</p> <p>In addition, the incentive is built into the customer price, eliminating the need for a rebate after installation. The Partnership may also use this approach with other technologies that can be implemented in this manner.</p>	This element is a unique Palm Desert offering, and is not offered through other SCE programs.	None, other than technology, as noted in the following column.	Pool pumps are also offered through the Residential EE Program (HEER sub-program) as part of standard residential rebate offerings.
Energy Efficiency	This offering is a direct contact approach with residential	The branding and program delivery for this element are	This element encourages customers to participate in the	N/A

## Appendix A: Pilot Initiatives- Statewide Links & Notable Technologies

Upgrade (EEU)	customers utilizing an energy survey as a basis for educating the customer. Surveys conducted through the Energy Efficiency Upgrade will contribute toward the program's energy savings achievement. Further, survey results are used to drive increased customer participation in any of the Partnership's pilot initiatives and rebate offerings such as the Quality Installation incentives offered in coordination with the Comp HVAC program. This residential approach will also be incorporated to promote the statewide Energy Upgrade California program.	unique to the Palm Desert Partnership. This element encourages customers to participate in other Palm Desert and statewide EE Programs.	statewide Energy Upgrade California Program and in Palm Desert's Set to Save Program, which includes commercial and residential rebates.  It also uses the Energy Upgrade California Program to deliver the initial customer facing outreach.	
Commercial Rebates (Set to Save)	Under the Set To Save brand, many of SCE's core energy efficiency measures are offered to commercial customers. Rebate incentives are fundamental to any energy efficiency program design platform and serve the Partnership's testing of incentive and marketing and outreach schemes.	The branding and marketing of this element are unique to the Palm Desert Partnership. The incentives and offerings provided through the element are aligned with the offerings available through the statewide Commercial EE Program (Deemed and Calculated sub-programs)	This element is unique to Palm Desert but is modeled after the statewide Commercial EE Program (calculated and deemed sub-programs).	N/A

## Appendix A: Pilot Initiatives- Statewide Links & Notable Technologies

Residential Rebates (Set to Save)	Under the Set To Save brand, many of SCE’s core energy efficiency measures are offered to residential customers. Rebate incentives are fundamental to any energy efficiency program design platform and serve the Partnership’s testing of incentive and marketing and outreach schemes.	The branding and marketing of this element are unique to the Palm Desert Partnership. In addition, the application forms, and specific measures available are also unique to Palm Desert, although closely aligned with offerings available through the statewide Residential EE Program (HEER sub-program)	This element is unique to Palm Desert but is modeled after the statewide Residential EE Program (HEER sub-program).	N/A
Commercial Strategy	This offering is a customized approach toward working with commercial segments across the city, such as lodging, restaurants, and commercial buildings. Energy audits, technical assistance and customized incentive packages will be used to engage these customers and increase energy efficiency participation. Trade associations and industry actors will be leveraged. As an example, unique approaches such as those considered for the lodging industry that include “green packages” with signage for hotels advertising their efficiency, guest rooms demonstrating efficiency measures, new technologies unique to the lodging industry or other specialized offerings	This element is unique to Palm Desert Partnership.	This element is unique to Palm Desert Partnership, but is modeled after other third party programs that target specific customer niches.	None

## Appendix A: Pilot Initiatives- Statewide Links & Notable Technologies

	may also be used as part of this strategy.			
Small Business Direct Install	This offering will provide free comprehensive replacement of inefficient lighting systems and maintenance and repair of refrigeration systems to small businesses in the City of Palm Desert. Technical assistance and site assessments will determine what additional SCE programs or pilot initiatives could be applicable and the necessary referrals will be made to ensure follow-up services are provided.	The branding and marketing of this element are unique to Palm Desert, The offering itself is identical to the statewide Commercial Direct Install Program. Note: this element is funded by the Palm Desert Partnership.	This element is delivered through the Commercial Direct Install sub-program.	None
Emerging Technologies	The Partnership will support the Emerging Technologies program in two ways. First, the Partnership will attempt to identify new energy efficient technologies of interest to the Palm Desert residents; these technologies will be turned over to the Emerging Technologies Program for further consideration. Second, the Partnership will “sponsor” an emerging technology by providing a rebate for the measure if the Emerging	The identification of technologies needed by Palm Desert customers and potential incentive offering for these measures is unique to the Palm Desert Partnership.  Once technologies are identified, they are assessed through the Statewide Emerging Technologies Program.	Once promising technologies in Palm Desert are identified, they are assessed through the Statewide Emerging Technologies Program.	TBD

## Appendix A: Pilot Initiatives- Statewide Links & Notable Technologies

	Technologies Program determines through assessment that the technology can save enough energy.			
Municipal Facilities	The Partnership will continue to work with the City to maintain the efficiency levels it has already achieved and to explore new building retrofit project opportunities. The Partnership will leverage the City's energy leadership into the community promoting efficiency and other demand side management actions.	The branding and targeted facilities for this element are unique to the Palm Desert Partnership.	This element is unique to Palm Desert but is modeled after the statewide Commercial EE Program (Calculated and Deemed sub-programs).	N/A

# **Attachment B**

# **Attachment C**

## **Attachment C: EM&V Plan**

### **EM&V Plan for Palm Desert Demonstration Partnership**

The Palm Desert Demonstration Partnership will require evaluation at the overall “umbrella” level as well as at the level of each individual pilot initiative. This plan will provide a scope of work for the impact evaluation of the overall PDDP, followed by the process evaluation scopes of work for the overall PDDP. The EM&V plans for each individual pilot initiative are addressed in Advice 2548-E-A, Attachment B (Pilot Criteria), not in this section.

### **The Approach for Impact and NTG Analyses of overall Palm Desert Partnership**

Because the Palm Desert Partnership is an umbrella program that covers pilot initiatives as well as LGP support activities, the aggregate impact of the Partnership will consist of the sum of the net impacts of the individual pilot initiatives plus the sum of savings from local government partnership (LGP) support activities (such as Municipal Facilities). To obtain this aggregate for the pilot initiatives, the net impact of the individual pilot initiatives first need to be calculated, and then added together.

To determine the net impacts, self-report surveys will be conducted to develop the free ridership estimate for each individual pilot in which measures are rebated. In addition to the self-report surveys, the EM&V consultants will be asked to consider using comparison groups as an option to develop net-to-gross ratios for the pilot initiatives with rebates. In the comparison group approach, the NTG ratio of the similar standard SCE program would be used as the initially-hypothesized rate. Specifically, NTGs will be calculated for the Energy Efficiency Upgrade, One Stop Shop Pool Pump, Commercial and Residential Rebates, Commercial Strategy and Small Business Direct Install pilot initiatives. NTGs will also be calculated for Municipal Facilities retrofits. SCE will perform any net-to-gross assessments, and produce net-to-gross ratios for each piloted *measure*, until such time as Energy Division directs otherwise, in order to provide information necessary for determining whether or not the piloted measures should be continued. If the Emerging Technologies support activities result in a new rebate being offered for the emerging technology, NTG will be calculated for customers who receive the rebate. The two pilot initiatives for which NTG calculations would not be appropriate are the EEU and the Reach Codes initiative. Because the Energy Efficiency Upgrade program does not offer rebates on measures, there will be no NTG calculation for the EEU. Because the Reach Codes initiatives will not be offering rebates on measures, there will be no NTG calculation for Reach Codes. The sum of all net impacts will be considered the impact of the overall Palm Desert Demonstration Partnership.

### **The Approach for Process Evaluations of Pilot Testing Processes**

The process evaluation plan will follow the same logic as generally used for the Emerging Technologies Program (ETP): In the ETP evaluation, the evaluators will not try to duplicate the work of the individual technology assessments. Instead, the evaluators examine how well ETP carried out the assessments by looking at ETP’s processes against the standards of other technology assessment organizations. Likewise, the process evaluation will look at the Palm Desert Partnership pilot-testing processes against the standards of other organizations that pilot test energy efficiency programs.

## Attachment C: EM&V Plan

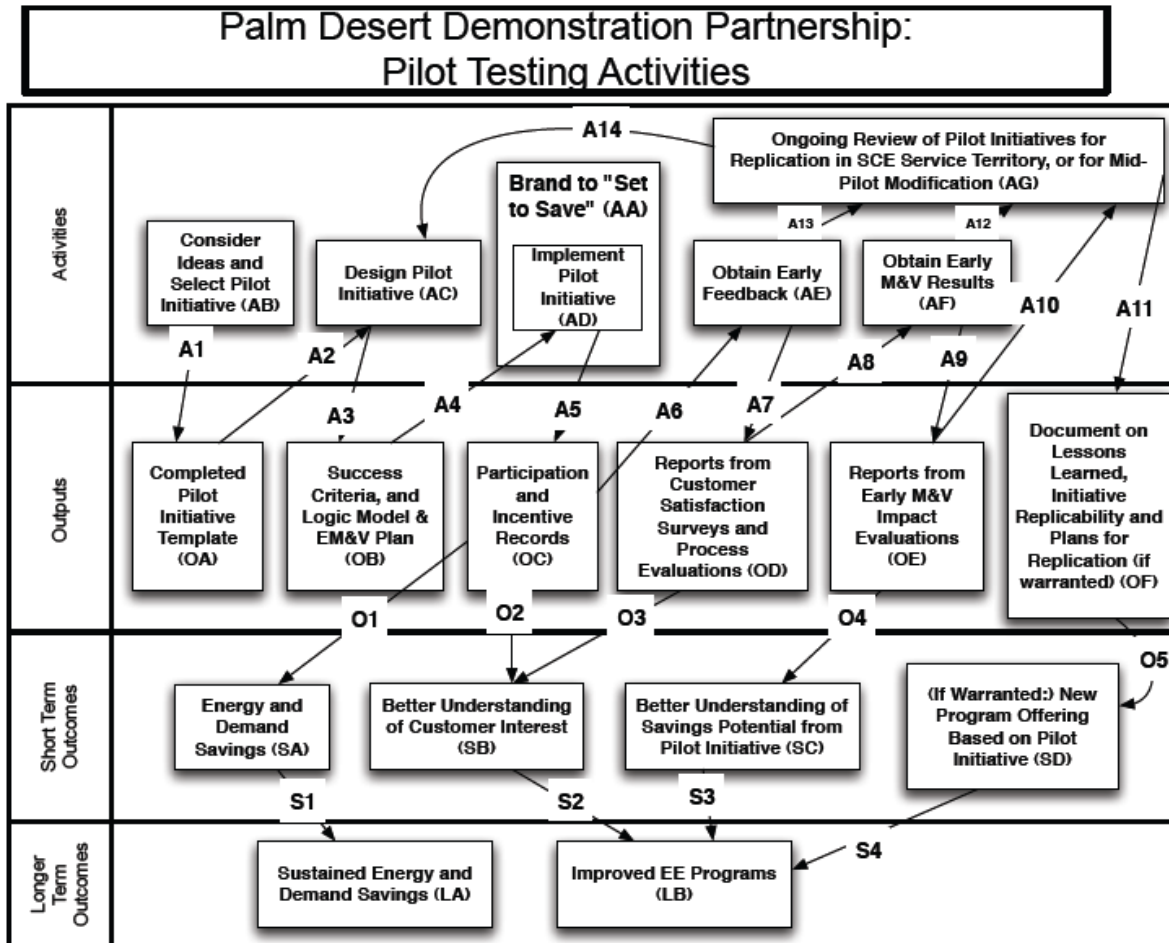
It must be emphasized that pilot testing of any new technology or idea needs to occur in an environment that values null findings as well as positive findings, and the reason is this: Identifying technologies and program delivery ideas that can suit the needs of SCE customers has value in helping program managers direct resources TOWARDS those ideas. Identifying unsuitable technologies and program delivery ideas has value in allowing SCE program management to direct resources AWAY from these approaches in the future. Again, it may be useful for the reader to think of the Palm Desert Demonstration Partnership as being like the ETP, but for program delivery ideas rather than technologies.

For the process evaluation, the aim is to help improve future design of pilot testing *umbrella* programs. (This is different than the aim of process evaluations for the pilot *initiatives*, which is to help improve future implementation of the specific pilot, perhaps as a fully-fledged energy efficiency program.)

There are four major pilot-testing activities of the Palm Desert Partnership (see Overall Palm Desert Partnership Logic Model), and a number of local government partnership support activities, each with their associated research issues. The local government partnership support activities are part of the standard offerings of all SCE local government partnerships, and the Palm Desert Partnership also offers these in fulfillment of their role as the local government partnership for Palm Desert. For ease of discussion, the pilot-testing activities will be discussed separately from the local government partnership support activities.

## Attachment C: EM&V Plan

Figure 1: Palm Desert Demonstration Partnership Pilot Testing Activities



### Evaluating the Pilot-Testing Process

- 1) Selecting and designing the pilot initiative (AB, AC)
- 2) Conducting the pilot (AD)
- 3) Evaluating the pilot's findings (AE, AF)
- 4) Evaluating the pilot's replicability (AG)

- 1) **How well did PDDP select and design the pilot initiative (AB, AC).**  
 The aim of each pilot is to test a way to address a concern, gap, or problem. Researchable issues include:
  - a. How did PDDP identify the concern, gap or problem? (OA)
  - b. Why was the particular approach chosen to address the concern, gap or problem? What are the pros and cons of using this approach, and was the pilot initiative designed to ameliorate some of the cons? (AC)
  - c. Were there any potential confounds in the design of the pilot initiative? What did the PDDP do to try to remove any confounds in the analysis (AC)?

## Attachment C: EM&V Plan

- d. What changes, if any, were made to the design of the pilot after it began, and why (A14)?
- 2) **How well did PDDP conduct the pilot (AD)**
  - a. What data tracking procedures were used (OC)? What improvements, if any, could be made to the tracking process? Were any verification procedures needed, if yes: what?
  - b. How often did the PDDP conduct customer satisfaction surveys (AE) and early M&V (AF)? How did the PDDP decide whether or not these needed to be conducted, and how frequently?
  - c. What decisions were the data used for (AG)? Are there any data criteria or thresholds that would trigger action or changes to the pilot? How were these thresholds decided?
  - d. Were any improvements made after the pilot started and if so, why? (A14)
  - e. Were there any improvements that could be made to the pilot initiative's implementation? (AD)
  - f. What were the lessons learned for the design or implementation of future *umbrella* pilot programs? (OF)
  - g. What were the lessons learned for possible future expansion of the pilot into a program? (OF)
- 3) **How well did PDDP evaluate the pilot's findings (AD, AE)?**
  - a. How well did the pilot initiative evaluations rigorous enough to support decision-making? (OB)
  - b. How did the evaluator control for Type 1 errors (false positive, i.e. finding an effect when there is none) and Type 2 errors (false negative, e.g. finding no effect when there is one)? (OB)
- 4) **How well did PDDP evaluate the pilot's replicability (AG)?**
  - a. What factors and data did PDDP use to estimate full-deployment market size? (SC)
  - b. What factors and data did PDDP use to estimate full-deployment participation rate? (SB)
  - c. How well did PDDP determine whether there were any externalities that may affect a full deployment? (SD)
  - d. What input did PDDP seek to determine how the successful initiative would be integrated into SCE's portfolio? (LB)
  - e. What input did PDDP seek to determine what value the successful initiative would have to SCE's portfolio managers?

### The Approach for Process Evaluations of the General Local Government Partnership Activities

The general LGP activities include Municipal Facilities and Reach Codes. These activities are not pilot initiatives, and will be conducted in the same method that SCE's other Energy Leader Partnerships are being conducted. Because of this, the process evaluation of the PDDP's general

## **Attachment C: EM&V Plan**

LGP activities will leverage the process evaluation of SCE's LGP programs. This will be done by including PDDP residents in the sample design of all LGP process evaluations.

# **Attachment D**

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# **PALM DESERT PARTNERSHIP & DEMONSTRATION PROGRAM IMPLEMENTATION ASSESSMENT**

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California Public Utilities Commission

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## EXECUTIVE SUMMARY

This report provides an evaluation of the implementation of the Southern California Edison Company's (SCE) and Southern California Gas Company's (SoCalGas) 2007-2008 Palm Desert Partnership and Demonstration (PDP&D) program, a pilot program designed to support the City of Palm Desert's efforts to reduce 30% of the city's 2005 energy consumption within five years. The PDP&D program is a local government partnership (LGP) program and represents a combined effort on the part of SCE, SoCalGas, the City of Palm Desert, and the Energy Coalition. Funding for the SCE and SoCalGas PDP&D program is provided from the California Ratepayers' Public Good Charge Fund under the auspice of the California Public Utilities Commission (CPUC)<sup>1</sup>.

This evaluation focused on three research topics;

- What measures were installed and what were the energy and demand accomplishments of the program relative to objectives stated in the program planning documents?
- What were the costs of the program and how did this compare to other programs?
- What was innovative about the program and what can be replicated elsewhere?

This executive summary provides both an overall evaluation conclusion about the program, followed by an expanded discussion of conclusions from each of the three research topics. More extensive findings and conclusions appear at the end of each chapter.

### Overall Evaluation Conclusions

Overall, the SCE program performed on a par with other SCE LGP resource programs, achieving utility reported ex-ante savings of 87% of the goal established in the Program Implementation Plan (PIP). The SCE program performed many of the activities stated in the PIP, such as focusing on measures that target peak demand reduction and achieving incremental savings beyond those reported by SCE territory-wide (core) programs also operating in Palm Desert area. The SCE PDP&D had the highest approved budget and final reported cost of all LGP programs, statewide, and the per capita budget for the PDP&D program was \$320 compared to the average per capita funding of \$14 for 38 other LGP programs reviewed statewide. The SCE PDP&D program cost of \$0.403 per ex-ante reported kWh saved was in line with the average SCE LGP resource program cost of \$0.388 per ex-ante reported kWh.

The evaluation of the SoCalGas PDP&D program is limited primarily to reviewing the programs expenditures because SoCalGas did not report savings accomplishments within the CPUC Energy Divisions (ED) deadline. A particular cost concern is that nearly all of SoCalGas PDP&D program costs of \$990,000 were spent on operating and administrative activities, with less than \$6,000 paid in incentives.

When considering the PDP&D program status as a 'demonstration' or pilot program, and the level of total and per-capita funding provided for the entire program, there should be an expectation that a greater level of rigor would be applied to program design, documentation, and evaluation of demonstration activities, but this did not occur. For example, the programs logic model in no way defined the program, data on

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<sup>1</sup> The CPUC in Decision 05-09-043 on December 14, 2006 approved a budget of \$14.0M for SCE, and in Advice letter 3713 submitted on February 14, 2007 approved a budget of \$2.2M for SoCalGas for a total budget of \$16.24. By the end of 2008 program, SCE had spent \$9.98M, or 71% of the approved budget, and SoCalGas spent \$0.99M, or 44% of the approved budget.

measures installed through the SoCalGas component of the program was not submitted, and poor documentation of one of the SCE programs key measures, refrigerant charge adjustment, largely contributed to a low 4% gross realization rate on this measure. Although this is a utility program, there did not appear to be a single entity responsible for the entire program, and this may have contributed to some of the program's deficiencies such as poorly defined program design, inconsistent documentation of activities, or missing data. The PDP&D is a complex program and correcting these issues may require an organizational structure that is different from the current matrix management approach. There is anecdotal information that the program is "more than the sum of its parts", however as it is currently operated it is unlikely that the \$48.8 million in requested funding between 2007 and 2012<sup>2</sup> will be cost effective or yield program design innovations that can be clearly defined, measured, and replicated elsewhere.

## Conclusions on the Research Topics

### *Measures Installed and Energy and Demand Savings Accomplished*

We conclude that the SCE program did install "a suite of comprehensive" DSM measures as stated in the approved PIP. The PDP&D installed measures from 22 residential and non-residential measure categories in 14 market sectors. Approved in December 2006, the SCE PDP&D program operated for two years and reported ex-ante net savings of 23,618 MWh, or 87% of the goal of 26,866 MWh, mostly through the installation of high impact measures (HIMs). It is notable, however, that CFL bulbs played a much less important role in PDP&D savings than for the broader 2006–2008 SCE portfolio. For the SCE PDP&D program, CFLs accounted for 34% of program ex-post gross savings versus 51% of the total SCE portfolio ex-post gross savings. One of the programs proposed innovations, Thermal Energy Storage (TES), was allowed as a non-precedential pilot program as part of the Decision approving the program, however subsequent engineering analysis by SCE concluded that the technology being considered was not feasible; therefore the program had no TES installations.

We also conclude that the program showed appropriate heightened focus on demand reductions achievable through HVAC measure installations as stated in the PIP. Specifically, HVAC activity accounted for 45% of total program kW savings, versus 30% for the broader 2006-2008 SCE portfolio. Select HVAC measures installed by the SCE PDP&D program received a rigorous evaluation, and the results of that evaluation vary greatly from measure to measure. For example, poor documentation on commercial refrigerant charge adjustment (RCA) installations resulted in the evaluator being able to verify only 4% of utility reported gross kWh. On the other hand, the early retirement of residential HVAC systems was implemented as reported and the evaluator completed field measurements that revised energy savings estimates on this measure to 173% of the utility reported gross kWh.

Consistent with goals stated in the PIP, the SCE PDP&D program also achieved savings beyond those reported by SCE core programs operating in Palm Desert area at the same time. For example, during the 2006-2008 program cycle Palm Desert residents saved approximately 981 utility reported kWh per capita, compared to an average savings of 119 kWh per capita for climate zone 15 residents overall (excluding PDP&D), and 386 kWh per capita for residents of cities near Palm Desert that were not part of the PDP&D program and were served only by other SCE core programs.

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<sup>2</sup> The PDP&D was originally planned as a 5 year pilot program, operating from 2007 through 2011. The shift in the portfolio funding schedule to a 2010 – 2012 implies a 6 year pilot program when 2009 bridge funding activity is included.

The SoCalGas program did not provide details on the savings accomplishments in the time required by ED for evaluation, and so our evaluation of the SoCalGas component of the PDP&D partnership is limited to a review of spending.

### ***Program Costs***

The combined SCE and SoCalGas PDP&D program had the highest approved budget and reported cost of all LGP programs, statewide. Per capita funding for the combined utility PDP&D program was \$320, which is about 22 times larger than the average per capita funding of \$14 for 38 non-institutional<sup>3</sup> LGP programs reviewed statewide.

Incentives that are higher than those offered by other SCE programs were one of the main program innovations. SCE PDP&D incentive levels tended to be higher for all measure categories, averaging \$0.24 per kWh saved compared to an average of \$0.16/kWh and \$0.11/kWh for other SCE LGP and SCE core programs, respectively. An IOU sponsored process evaluation acknowledged these incentives; however the PDP&D program management conducted no research on the impact of these incentives even though it is one of the main pilot objectives of the program.

Of the \$990,000 spent by the SoCalGas PDP&D program, only 1% was spent on incentives, while total operating costs, including administrative costs, accounted for 99% of spending. Administrative costs comprised 45% of total SoCalGas PDP&D program spending, which is excessive. The combined cost of the SCE and SoCalGas PDP&D program is \$0.450 / kWh, or about 16% higher than the average SCE LGP program<sup>4</sup>.

### ***Innovation and Replicability***

The effort to evaluate what was innovative about the program and what can be replicated elsewhere was significantly hampered by two factors:

1. The absence of a clear explanation of the program logic that linked program actions to intended outcomes.
2. The absence of detailed quantitative and qualitative data to support the direct linking of program actions with outcomes.

There is substantial anecdotal information suggesting the program piloted strategies and delivery mechanisms that are innovative, and that there was some effect from these strategies, however our ability to assess the innovations and evaluate their unique impacts in an objective and quantifiable sense is very limited based on the data received. We can therefore not conclude whether or not many of these strategies are successful or replicable.

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<sup>3</sup> The Local Government Program (LGP) sector includes only programs that focus on local governments, and excludes other governmental and quasi-governmental programs, such as the UC/CSU partnership, or the California Department of Corrections partnership.

<sup>4</sup> As noted previously, when only the SCE PDP&D program costs are considered, the PDP&D program cost \$0.405 per ex-ante reported kWh saved. As no therm savings were reported, it is valid to include SoCalGas costs in calculating total SCE program cost per kWh saved

# **Attachment E**

**Attachment E: Data Tracking Worksheet**

**Data Tracking Worksheet**

This worksheet takes the recommendations from the Non Resource Evaluation Report and identifies which pilot initiatives will be tracking which data. Only those in bold italic text would be useful in evaluating pilot initiative success, per the pilot initiative's hypothesis. Please see section X.9.5 of each pilot initiative's criteria in Att. C for more details.

								<i>Partnership Rebranded Core Programs</i>		
	Element	Category	One Stop Shop	EEU	Com'l Strategies	Emerging Technologies	Mun. Retrofits	Com'l Rebates	Res Rebates	Sm Bus DI
1	Referral/Audit	Program Description	X	X	X	X	X	X	X	X
2	Referral/Audit	Program Staff	X	X	X	X	X	X	X	X
3	Referral/Audit	Stakeholder Information	X	X	X	X	X	X	X	X
4	Referral/Audit	Program Identification	X	X	X	X	X	X	X	X
5	Referral/Audit	Participant Classification	X	X	X	X	X	X	X	X
6	Referral/Audit	Small Business, Government, or Commercial Participant Information			X	X	X	X		
7	Referral/Audit	Residential Participant Information	X	X		X			X	
8	Referral	Resource Programs		X						
9	<i>Referral</i>	<i>Recommended Equipment</i>		X						
10	<i>Referral</i>	<i>Recommended Services</i>		X						
11	<i>Referral</i>	<i>Referral Mechanism</i>		X						
12	<i>Referral</i>	<i>Date of Referral</i>		X						
13	Referral	Reminder Lists		X						
14	Referral	Notes on Follow-up or Contacts After Initial Referral		X						
15	<i>Referral</i>	<i>Program Participation Indicator</i>		X						
16	<i>Audit</i>	<i>Recommendations</i>	X	X	X		X			X
17	Audit	Provided Services	X	X	X		X			X
18	<i>Audit</i>	<i>Leave behind materials</i>	X	X	X		X			X
19	<i>Audit</i>	<i>Equipment installed</i>	X		X	X	X	X	X	X

January 6, 2012

California Public Utilities Commission  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, CA 94102

Attn: Honesto Gatchalian  
Energy Division

Re: Substitute Sheets for Southern California Edison  
Company's Advice 2548-E-A

Dear Mr. Gatchalian:

Enclosed are the original and three copies of the substitute sheets for Southern California Edison Company's (SCE) Advice 2548-E-A, 2010-2012 Palm Desert Demonstration Partnership Program Implementation Plan Supplement.

Pursuant to the Energy Division's direction, SCE is amending Attachment A (Program Implementation Plan) to include a new table that provides additional detail in response to Decision 10-12-027. Appendix A is referenced in Attachment A, page 9, Section 4a, of the Program Implementation Plan.

Attachment A is being submitted in its entirety due to the new verbiage and revised pagination.

Please include these replacement sheets in your master file for Advice 2548-E-A and distribute the copies to the appropriate people reviewing Advice 2548-E-A.

Should you have any questions, please contact me at (626) 302-1707.

Sincerely,

/s/ JAMES SCHICHTL  
James Schichtl

JS:jm  
Enclosure

cc: Don Lafrenz, Energy Division  
Maria Salinas, Energy Division  
Jean Lamming, Energy Division  
Parties on SCE's GO 96-B, A.10-07-004, and A.08-07-021 et al service lists