

# Non-Residential Process Evaluation Study: Attachment 1 – Portfolio Level Evaluations

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**Final Report**

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Submitted to:

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# 1. INTRODUCTION TO ATTACHMENT 1 – PORTFOLIO-LEVEL EVALUATIONS

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We present here Attachment 1 – portfolio level evaluation results, as part of the San Diego Gas & Electric (SDG&E) Nonresidential Process Evaluation Final Report. While we encourage all stakeholders to read this attachment and all parts of the report, this attachment is primarily intended for all SDG&E staff, particularly senior-level staff, and those involved in the utility practices described in each chapter.

## 1.1 STRUCTURE OF THIS ATTACHMENT

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One chapter is dedicated to each portfolio-level issue evaluated. Each chapter begins with an overview of the issue; presents results from staff interviews, and other relevant data collection activities (e.g., customer surveys, vendor interviews, interviews with other stakeholders); and presents final conclusions and recommendations. We evaluated:

- Organizational issues
- IT issues
- Marketing (including an Appendix – Examples of 3P / Utility Co-branding, at the end of this document)
- Effectiveness of Third Party implementation
- Appendix: Memo –Third Party Co-Branding Examples and Issues

We also evaluated Regulatory and Statewide Initiatives at the portfolio level, but this evaluation is included in the Main Report (whose intended audience includes the CPUC).

## 1.2 OTHER VOLUMES IN REPORT

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Beside this attachment, the SDG&E Nonresidential Process Evaluation Final Report includes:

- ◆ Main Report: Intended for all stakeholders, including all SDG&E staff, the CPUC, 3P implementers, vendors, and others. This includes an Executive Summary of issues and recommendations for the portfolio-level evaluations and for program-specific evaluations; an overview of the methodology, a summary of best practices; and results of the Regulatory and Statewide Initiatives evaluation.
- ◆ Attachment 2 - Program Specific Evaluations: Intended for SDG&E program managers and senior-level staff. One chapter is dedicated to each program evaluated.
- ◆ Attachment 3 presents data collection resources, including interview guides and customer survey results.
- ◆ Attachment 4 - Work Plan and Evaluability Assessment. We developed these at the beginning of the study and used them to guide research activities.

## 2. ORGANIZATIONAL

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### 2.1 OVERVIEW

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Over the course of the evaluation effort, we identified several issues that appear to be endemic throughout both Sempra organizations. All but one of these issues appear to be ongoing, long-term issues that were identified during an evaluation effort of the SDG&E Nonresidential Portfolio that examined the 2006-2008 program years. These issues are as follows:

- ◆ Program Processes
- ◆ Data Tracking and IT
- ◆ Roles and Responsibilities
- ◆ Staff Turnover and Transition
- ◆ Legal Barriers

Although these issues manifest themselves in unique ways within individual programs, the evaluation team has observed that the effects these issues have on programs tend to be similar in the ways in which they impede effective program function. Because of their prevalence and the importance of these issues affecting the day-to-day operations within the SDG&E Nonresidential portfolio, we believe it is important to identify and address these issues at the organizational level.

### 2.2 DATA COLLECTION ACTIVITIES

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To collect information surrounding organizational issues within the organizations, the evaluation team drew upon the data collection activities that took place as part of the evaluation efforts for individual programs. These efforts included kick-off interviews and in-depth interviews with program staff, implementation contractors, and vendors. In addition, the evaluation team facilitated two discussion forums: one with Account Executives and one with Segment Advisors.

### 2.3 RESULTS AND FINDINGS

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The result of the evaluation team's data collection activities represents a synthesis of many of the individual program findings. Some of the issues noted below are overlapping, and thus some examples affect multiple issues.

#### 2.3.1 Program Processes

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As illustrated below, the evaluation team identified program process issues in the majority of programs evaluated. In particular, staff mentioned application processes, and communication (within SDG&E and with external stakeholders – 3P implementers and vendors). These issues result in lower participation rates and savings, inefficient use of SDG&E resources, and general frustration among SDG&E staff, customers, and vendors.

Program	Mentioned (Y/N)	Example of Issue
Direct Install	N	
Calculated Program	Y	Long, difficult application process (although new application process rolled out Jan. 2012) Vendors struggle to communicate with SDG&E
Comprehensive Industrial EE	Y	3P implementer receives high pay-out (half of incentive) for audit, even if measures never installed
Energy Savings BID Program	Y	Poor coordination with On Bill Financing (although program staff began regular meetings end of 2011 to address this)
Deemed	Y	Rebate processing slow (6-8 weeks)
SaveGas	Y	3P implementer not always gaining access to decision maker, in part due to poor communication between AEs and implementer
OBF	Y	25% of applications require reworking
Premium Efficiency Cooling	Y	Program logic models and process flow maps are outdated No established savings values for the statewide QM offering Vendors voice concern over future participation, due to new increased paperwork
Retrocommissioning	Y	Benchmarking can be barrier to multi-family participants Non-participating customers have concern over program complexity and time commitment

*Figure 1. Organizational Prevalence of Process Issues Among Evaluated SDG&E Programs*

### 2.3.2 Data Tracking and IT

The evaluation team identified Data tracking and IT issues as program impediments in a significant number of programs.

Program	Mentioned (Y/N)	Example of Issue
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Direct Install	Y	Savings in database are not up-to-date Near participants are not accurately tracked
Calculated Program	Y	Data tracking system is inadequate
Comprehensive Industrial EE	Y	SDG&E is not provided the information from the program audits, so AEs cannot act on them
Energy Savings BID Program	Y	Program database has errors and missing fields
Deemed	N	
SaveGas	N	
OBF	Y	Vendors not aware of project approval status because they do not receive status email
Premium Efficiency Cooling	Y	Brochures are difficult to find online SDG&E website information on program is incomplete
Retrocommissioning	N	
<b>Portfolio wide</b>	Y	Different data systems limits portfolio analysis and information sharing Marketing staff (segment advisors, strategic lead) hampered in analysis, because of errors or missing fields (NAICS, contractor) Outreach limited, because email address not tracked as customer or program database field Others (See IT and Data management chapter)

*Figure 2. Organizational Prevalence of Data Tracking and IT Issues Among Evaluated SDG&E Programs*

### 2.3.3 Roles and Responsibilities

The evaluation team found roles and responsibilities issues in several of the evaluated programs. In the programs with identified roles and responsibilities issues, the evaluation team found that there were two primary issues: ineffective communication/coordination between AEs and other program staff and a disconnect between program goals and observed implementation contractor actions.

Program	Mentioned (Y/N)	Example of Issue
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Direct Install	Y	Contractors are not effectively promoting other SDG&E programs
Calculated Program	Y	Lack of coordination between AEs and engineering
Comprehensive Industrial EE	Y	Customers feel the IC is too aggressive in promoting an installation contract following the audit IC and SDG&E differ on IC's responsibility for tracking and sharing audit results
Energy Savings BID Program	Y	AEs and Vendors generally do not collaborate One program staff noted responsibilities often in state of flux (in part because had been short one program staff member)
Deemed	N	
SaveGas	Y	AEs and 3P implementer generally do not collaborate
OBF	Y	Poor coordination with resource-based programs (although program staff began regular meetings end of 2011 to address this)
Premium Efficiency Cooling	N	
Retrocommissioning	N	

*Figure 3. Prevalence of Roles and Responsibilities Issues Among Evaluated SDG&E Programs*

#### 2.3.4 Staff Turnover and Transition

During the kick-off interviews, one of the areas of concern raised by SDG&E management was the high rate of staff turnover within the portfolio. This concern appears to be justified: For 3 of the 9 programs we evaluated, and for 6 other programs we did not evaluate, the program managers who were either new to the program or left the program during the time of the evaluation. Most staff were not leaving SDG&E entirely; instead, they were transitioning from or to new roles. Furthermore, the choice of staff member that takes over management does not always appear to be based on expertise: One program manager spoke of “inheriting” a program. Finally, we note that many staff are managing multiple programs: at the time of the

kick-off, at least 5 staff were managing at least 3 programs<sup>1</sup>. As we describe in the chapter on Regulatory Requirements and Statewide Initiatives, the number of regulatory responsibilities is increasing, thereby taking up more staff time.

Besides program staff, we noted other departments with high turnover or employees new to their positions. All segment advisors were new to their position at the time of the kick-off, since this was a new role at SDG&E. Half of the workers in the rebate processing department were reported to be temporary workers (i.e., not permanent SDG&E staff).

For a number of programs, staff turnover was explicitly mentioned as impeding program performance on a day-to-day, operational basis. This form of staff turnover appeared to be caused by an outright lack of program staff or an unfamiliarity with program processes. The effects of this were issues such as slow or erroneous rebate processing and a general sense among program staff of feeling overworked.

For the majority of the programs, staff turnover was not explicitly identified as an issue. However, for almost all jobs, there is a learning curve before staff can become truly effective. Thus, the evaluation team believes that it represents a vulnerability in the SDG&E organization that needs to be addressed. Again, we note that staff generally do not appear to be leaving SDG&E; instead, they are changing roles within the company.

### 2.3.5 Legal Barriers

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In the course of this evaluation, the evaluation team has identified a number of areas in the organization where the legal restraints imposed upon individual programs have severely limited the ability of these programs to function by restricting their ability to reach customers in the most effective way possible. Recommendations that are hampered by legal interpretations include the following:

- ◆ Communication
  - Sharing customer lists with vendors or program contractors
  - Sharing vendor or contractor lists with customers
  - Enabling “out of office” replies to be sent externally (restricted due to spam concerns.) According to one SDG&E staff, this has recently been done for AEs.
- ◆ Marketing
  - Timely updates to the website
  - Prominently placed advertising for new measures on website
- ◆ 3P Support
  - 3P program implementers report outreach is hampered by inability to cobrand

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<sup>1</sup> We counted programs such as Calculated as 1 program, because this is how it is managed (although it is technically filed as 3 programs – one for each sector). Similarly, we counted Deemed and Continuous Energy Improvement each as 1 program.

- AEs and Vendors are unable to collaborate due to CPUC affiliate rules and anti-trust concerns
- Vendors report outreach is hampered by inability of AEs to provide customers with list of participating vendors
- Staff cannot easily rescind participation privileges of problem vendors

The evaluation team acknowledges the importance of SDG&E protecting itself legally. But we believe that there is an opportunity for program managers and/or portfolio management to engage the SDG&E legal department in a discussion about the balance between risk and reward, with how these legal restraints affects programs.

## 2.4 CONCLUSIONS AND RECOMMENDATIONS

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As this evaluation found, several organizational issues continue to be a challenge among SDG&E's nonresidential programs. Program processes, data tracking and IT, and roles and responsibilities were all identified in the 2006-2008 Evaluation Report on the SDG&E Nonresidential Portfolio and have been identified again by this evaluation team.

Within programs affected by the organizational issues discussed in this report, staff turnover or transition among program personnel acts to intensify the negative impacts of organizational issues. Programs that do not have established procedures, process flows, defined roles and responsibilities, and all of the other components of a strong program are often overly reliant on the leadership and knowledge of one program staff member to function effectively and thus vulnerable to staff turnover. When that leadership and knowledge is removed from a program that is dependent on it, whether by staff movement within the organization, retirement, or exit from the organization, new program staff who cannot draw on comprehensive set of program management tools, such as those inventoried by the evaluation team, can find themselves in a knowledge vacuum. Often, this situation results in a period of program underperformance, which can itself lead to continued staff turnover and restart the cycle.

The evaluation team believes that the availability of program management tools such as a program manual, process flow diagram, and a responsibility matrix or chart to a program manager can assist in reducing the effects and impacts of the identified organizational issues on individual programs. These items, when correctly developed and applied, can simplify the task of navigating an organization, and allow a program manager to focus on the effective management of their program. Additionally, establishing and documenting clear definitions of roles and responsibilities serves to expose any disconnects that may exist between program staff's understanding of their place in a program. Utilizing tools such as a RACI chart, as shown in Figure 4, can help program staff to have an honest, open discussion about who is responsible for what and aide in removing uncertainty and inefficiency in a program.

While the evaluation team believes that the program manual, process flow diagram, and some sort of responsibility matrix or chart are the fundamental program management tools, we have also provided a number of additional tools that can further aid program managers and staff in

their work. The figures below show a list of these program management tools and represent a first attempt at performing an inventory of these tools across the evaluated programs.

As Figure 5 and Figure 6 illustrate, the evaluation team was able to identify process flow diagrams in 5 of 9 programs and responsibility matrices or charts in only 2 of 9 programs. Documenting clear process flows and roles and responsibilities that accurately reflect day-to-day program functions can yield significant results, especially in programs where these program management tools do not currently exist. And while the evaluation team’s program management tool inventory represents a first step in the process towards more robust programs, we recommend that program managers and staff conduct their own inventory and self-assessment. This will provide program managers with a clear understanding of the program management tools that are available to them and those that they may currently lack.

Organizations cannot control staff turnover, but they can work to insulate themselves from its consequences. The evaluation team recommends that the SDG&E nonresidential portfolio continue down the path outlined in this evaluation. Figure 5 and Figure 6 should serve as a reference for a thorough, honest self-assessment of the SDG&E nonresidential portfolio to be conducted by PMs and those closest to the programs. By taking these steps, the SDG&E organization can begin to address the organizational issues identified in this evaluation and create a model for future programs that are more robust, less vulnerable to staff turnover, and ultimately more efficient and effective.

	Program Manager	Program Analyst	Segment Advisor	Account Executive
Develop PIP	R,A	C	C	C
Develop Marketing Plan	R,A	C	R	C
Manage Program	R,A			
Review Applications	I	R,A		I, C
Sign Off on Payment	R,A	C		I, C
Enroll Customers	I	I		R,A

<b>R</b>	<b>Responsible</b>
<b>A</b>	<b>Accountable</b>
<b>C</b>	<b>Consulted</b>
<b>I</b>	<b>Informed</b>

Figure 4. Organizational Example RACI (Responsible, Accountable, Consulted, Informed) Chart

		Program								
Y = Yes (present) N = No (not present) U = Unknown		85% of Projected NonRes Savings (2010-2012)				2.31% of Projected NonRes Savings (2010-2012)				
		Deemed	Energy Savings BID Program	Direct Install	Calculated Program	RCX	Comprehensive Industrial EE	SaveGas	OBF	Premium Efficiency Cooling
<b>Program Management Tool</b>	Program Manual	Y	Y	Y	Y	Y	Y	Y	Y	N
	Process Flow Diagram	Y	Y	U	Y	Y	N	U	U	Y
	Responsibility Matrix	N	N	U	Y	N	N	U	U	Y
	Marketing Plan	Y	N	U	Y	Y	Y	Y	N	N
	Data Requirements	U	Y	Y	Y	N	Y	U	U	Y
	QA Plan	Y	Y	Y	Y	Y	N	U	U	Y
	Performance Indicators	Y	Y	Y	Y	N	Y	U	U	Y
	Status Reports (Internal)	N	N	U	U	U	N	U	U	Y
	Communications and Legal Guidelines	U	N	Y	U	U	U	U	U	Y

Figure 5 – Organizational Nonresidential Program Management Tools Inventory

		<b>Programs with identified program management tools</b>
<b>Program Management Tool Inventory</b>	Program Manual	8 of 9
	Process Flow Diagram	5 of 9
	Responsibility Matrix (RACI Chart)	2 of 9
	Marketing Plan	5 of 9
	Data Requirements	5 of 9
	QA Plan	6 of 9
	Performance Indicators/PPMs	6 of 9
	Status Reports (Internal)	1 of 9
	Communications and Legal Guidelines	2 of 9

*Figure 6 - Organizational Program Resource Inventory Summary SDG&E*

## 3. INFORMATION TECHNOLOGY AND DATA MANAGEMENT

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### 3.1 OVERVIEW

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Information technology (IT) has transformed energy efficiency programs, allowing easier access to program information and communication among utility staff and customers. When program and portfolio data systems are designed, implemented, and managed correctly, it translates to improved performance and management. A program with successful data systems has a well-defined data model, clear system design, an established data collection process, and other procedures to guide users. However, the ability to utilize information technology to provide the greatest benefits is still a work in progress. For this study, we examined how various information technology services can improve the effectiveness of SDG&E's energy efficiency programs.

During PY2009 (Bridge year), SDG&E implemented a new customer relationship management software (CRM) for energy efficiency programs. The intent of CRM was to consolidate the multiple data systems used by the majority programs and streamline data analysis for portfolio reporting needs. The system was designed during the prior program cycle (PY2006-2008) with utility program staff input providing data needs, utility IT staff determining specifications, and a contracted vendor conducting development of the new system. During and after the CRM system development period, the CPUC determined new regulatory reporting requirements. Because CRM was developed *before* the regulatory requirements, CRM cannot handle certain regulatory data requests.

For PY2010-2012, SDG&E has used, and continues to use, several data systems. These include:

- ◆ CRM – Software that manages the majority of core energy efficiency and demand response programs from program inception, program design, and execution, which includes processing rebate applications from creation through inspections and payments; Utility staff noted widespread difficulty with CRM
- ◆ Business Warehouse – System that manages program operational reporting – interfaces with CRM, and for regulatory reporting.
- ◆ SMART – Custom system by Intergy that manages third-party program reporting
- ◆ Track It Fast – Custom system by Coronaco Consulting to track incentives, measures, invoices paid, and inspections for the Energy Savings Bid program, On Bill Financing program, and a few third party programs

As described later, the use of multiple data systems causes difficulties.

SDG&E staff have also suggested online customer applications , both in the current process evaluation and in prior process evaluation studies. In general, the use of online applications or submittals in various industries has increased greatly. However, it has not translated to utility energy efficiency programs as quickly, in part due to legal concerns over the requirement of “wet” customer signatures.

### 3.2 DATA COLLECTION ACTIVITIES

Through the process evaluation, our research included:

- ◆ Perceptions of data applications effectiveness
- ◆ Data systems expected and actual usage, both short and long term
  - Types of program data elements
  - Types of program data reporting
- ◆ Recommendations for better integration of multiple programs
- ◆ Recommendations to increase software applications effectiveness and its contribution to program results

The following table summarizes data collection activities, including interviews and surveys conducted, and materials reviewed.

Target for Data Collection	Data Collection Mode	Date	Key Research Issues	No. of Data Points	Source of Sample
EE Programs IT Liaison Staff	Interview	May – November 2011	Data systems history, issues, and updates	4	SDG&E process eval manager
Account Executives	Focus Group	September 2011	Data system usage and effectiveness	10 AEs	SDG&E process eval manager
Segment Advisors	Interview	September 2011	Data system usage and effectiveness	5	AE Forum
Engineering Staff	Interview	10/24/11	Data system guidelines for AE staff	1	AE Forum

Target for Data Collection	Data Collection Mode	Date	Key Research Issues	No. of Data Points	Source of Sample
Program Staff	Interviews	May – September 2011	Data system usage and effectiveness	various	SDG&E process eval manager

*Figure 7: IT Evaluation Data Collection Activities*

Because the IT department generally serves both SDG&E and SoCalGas and most issues applies to both utilities, we conducted one evaluation of IT and data management for both utilities. We note if any findings were specific to one utility.

### 3.3 RESULTS AND FINDINGS

#### 3.3.1 Online Applications and Wet Signature Requirement

Based on program staff interviews, a frequent request was the use of online applications for better customer communications. This echoes similar requests made by program staff in prior program years. In the past, legal uncertainties surrounding the “wet” signature requirement stymied the ability of management to respond to the online application requests.

In a recent development, SDG&E is piloting an online application for residential energy efficiency programs, with nonresidential programs consideration occurring afterwards. While this is good progress, we caution treating the on-line applications the same as paper copies (printing them out), and therefore not taking advantage of many on-line features that could save staff time. For example, the customer types in information, utility staff prints out the application then types the same information into CRM, instead of standard fields being automatically uploaded.

#### 3.3.2 Increasing Reports of Software Defects

From both the IT and program staff, there has been a growing list of system defects and enhancement requests. For CRM, there are over 300 items on the enhancement/defect list related to Energy Efficiency programs. There are an additional 100 plus items for Demand Response programs. For the Business Warehouse application, there are over 80

production report defects - 27 classified Severity II, 47 classified Severity III, and 8 classified Severity IV. Many Business Warehouse defects are 2-3 years old - 4 detected in 2008, 18 detected in 2009, 58 detected in 2010, and 2 detected in 2011.<sup>2</sup>

This trend signifies the limitation of utility IT staff to respond in a timely manner to defect reports, as well as their inability to provide greater support for enhancement issues.

### 3.3.3 Data Silos

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The intent of CRM was to streamline customer data applications and allow program staff easier access and manipulation of customer data. However, in almost all interviews with program staff, there was widespread discontent with the limitations of the CRM system in meeting their data analysis needs. In particular, data analysis needed to regulatory requests, such as performance metrics, was difficult to complete in CRM alone. Program staff often import CRM data, merge with data collected in other applications, and then conduct the data analysis. Many program staff, including managers and engineers, also have their own “homegrown” workbooks to track additional information. The results of the analysis would then be stored outside of CRM, creating further “silo-ing”.

Some of the challenges we identified overlap with comments made by an unrelated, 3<sup>rd</sup> party review of CRM<sup>3</sup>, which reported:

- ◆ “Business Warehouse reporting solution for CRM is limited in its ability to support the needs of the business” – data latency, accuracy, integrity, performance, and flexibility.
- ◆ Several concurrent IT projects is “resulting in fragmented solutions and architecture silos”.
- ◆ “Data model underlying the current reporting solutions for energy efficiency does not reflect leading practices and is not sustainable”.

### 3.3.4 Custom versus Standard

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During the CRM application development phase, the management intent was to create a more integrated system, with the least amount of disturbance to already established program processes. This translated into a custom CRM application that mimicked prior systems and processes instead of utilizing more standard “out of the box” software

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<sup>2</sup> These defects are combined for SoCalGas and SDG&E, because IT staff currently serve both utilities.

<sup>3</sup> Business Intelligence Assessment, May 2011, by Accenture.

capabilities. While this was well intentioned to lessen program staff burden during the software application change, there has been negative ramifications when coupled with other program issues. Most notably, the issues surrounding additional regulatory reporting requirements determined after the CRM system design compounded with CRM limited design application has created frustration among program staff. Since the decision was made for a custom CRM application, many software programming changes required after initial design has required greater IT staff support, as well as CRM vendor support. Additionally, CRM vendor support is limited for custom CRM application, placing greater burden on the internal IT staff.

Recommendations from IT staff included a CRM “out-of-the-box” upgrade to leverage more standard functionality, which would allow for greater vendor support. While the initial burden on program staff may occur, a standard CRM application will allow for IT staff to provide faster and greater programming for additional data reporting requests.

### 3.3.5 Integrate Data Applications

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As noted in the section introduction, there are multiple customer data reporting systems (CRM, Business Warehouse, Track It Fast, SMART, etc.) used throughout the energy efficiency portfolio. In addition, there are important customer data stored in other applications/systems that are not integrated with the other customer data systems. For example, customer audit data, marketing research, and customer leads are each stored separately, hindering program staff from using this information. Because some of the workbooks were developed by individual staff, this information could also be lost entirely, or misinterpreted, if the staff member leaves or changes positions.

While the initial CRM system development eliminated a number of legacy applications, further steps can be taken to integrate even more program data needs. For example, SMART is a separate system utilized by third-party program implementers. A standard CRM capability allows for a portal for external clients to import and export data (in other words, for someone outside SDG&E to access the data).

Similarly, Track It Fast withstood the initial CRM development, because its design and usage won favor with AEs and program staff. While some may find it easier to use than CRM, it is critical that all data be tracked in one system, and SDG&E management have indicated that CRM will not be replaced. Integrating Track It Fast into CRM will require that CRM provide the same level of usage ease and data capability. While staff reported that Track It Fast will be phased out, SDG&E senior staff noted that they purchased another year of Track It Fast in December 2011. We recommend IT staff document what Track It Fast processes are particularly appealing to program staff in order to see how a CRM report can replicate the process. This way, the underlying CRM data structure remains intact, while customization requested by program staff could occur under a programmed CRM report.

Similarly, the program operation reporting conducted under the Business Warehouse application can be migrated to CRM. This include opportunity reports, pending credit memos, inspections, and processor productivity.

### 3.3.6 IT and Program Coordination

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In the CRM application design phase, careful planning was conducted. This included deciding what data are required, how the data will be used, who will use the data, and how the data will flow internally and externally, including communications with other entities. This was a collaborative process between IT Liaison staff, program designers, and regulatory staff. The goal was to design an application that allows the ability for multiple entities to mine and contribute to the same data source.

Planning and coordination should continue past the initial design phase. As changes in staffing, program design, and regulatory requirements continue to evolve, so should the data applications used by the program. Data meetings should occur in an annual basis, to determine if changes are needed.

Also, adequate funding and staffing with clearly defined roles and responsibilities is required for development and ongoing maintenance of the data systems. However, as noted in the earlier section about data defects, IT staff resources are limited, despite the continuing need for enhancements.

### 3.3.7 Flexibility and Growth Capabilities

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Based on the continuing evolution of programs and regulatory requirements, it is important that any data applications be similarly fluid. It is of vital importance to build expansion capabilities into the fundamental design to accommodate a dynamic system. There should be a plan for future expansion, such as expanding a data field from one element to multiple elements. Expansion must be carefully addressed because of the potential ramifications of concept migration: the change of an idea or concept over time through growth or change to the system. This becomes problematic when comparing data across time if the meaning of a particular element has changed while its name or representation has not.

Thus, management must address IT architecture flexibility in IT vendor contracts to allow for system upgrades and room for expansion to accommodate requirements common to provider-specific issues, user groups (multiple sites, such as third-parties or local government partnerships), or state-based directives. Vendor contracts should be written to allow for support for a one to two year timeframe following initial implementation.

### 3.3.8 Provide ongoing education and training for all staff

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To ensure consistency of understanding, application, and use of data, it is imperative to provide ongoing education of data applications. While most staff reported that they did need further education and training on CRM, program staff often created work-arounds using alternate applications (such as MS Excel) that could have been created in CRM reports. This signals on-going education on the CRM usage could be further addressed. Also, guidelines and manuals should be addressed from the user level. As the CRM application was introduced to staff, there was a wide range of user understanding. In one staff group, most individuals relied on the most knowledgeable staffer to answer CRM application questions. This prompted the staff to create a customized CRM manual that addressed the common and most frequent questions asked by the group members. Given the range of staff types (program manager, account executives, engineering, regulatory, etc.) using CRM and other data applications, training and manuals should consider how shared data applications are used for each group and customize educational materials based on their most common uses.

### 3.4 CONCLUSIONS AND RECOMMENDATIONS

Issue	Issue raised in 06-08 Process Evaluation?	Consequences	Steps SDG&E is taking to address Issue (if any)	Additional steps we recommend	Difficulty in Addressing (H/M/L)	Value in Addressing (H/M/L)
Staff and vendor requests for online applications	Y	<ul style="list-style-type: none"> <li>Slower communication with customers</li> <li>SDG&amp;E staff must manually enter all application information, which is time consuming and can lead to data entry errors, inconsistent reporting</li> <li>Vendors cannot track projects</li> </ul>	<ul style="list-style-type: none"> <li>Piloting online application for residential programs</li> </ul>	<ul style="list-style-type: none"> <li>Development of online applications for nonresidential programs. Suggest starting with a simpler program, such as Deemed.</li> <li>Use capabilities of an online application, such as automatic transfer of information from application to CRM</li> <li>Allow online access for customers and vendors to see application status (possible with standard CRM)</li> </ul>	H	H
Lack of staff and vendor support for custom CRM	N	<ul style="list-style-type: none"> <li>Difficulty responding to reported defects and requested enhancements</li> </ul>	<ul style="list-style-type: none"> <li>Moving towards implementation of CRM upgrade 7.0</li> </ul>	<ul style="list-style-type: none"> <li>Plan for greater resources towards internal IT support</li> </ul>	M	M

Issue	Issue raised in 06-08 Process Evaluation?	Consequences	Steps SDG&E is taking to address Issue (if any)	Additional steps we recommend	Difficulty in Addressing (H/M/L)	Value in Addressing (H/M/L)
application			<ul style="list-style-type: none"> <li>Following upgrade, plan to transfer to out-of-the-box capabilities</li> </ul>			
Continued existence of data silos, and data is included in CRM, but staff cannot pull reports to make use of it	Y	<ul style="list-style-type: none"> <li>Difficult to share data across groups</li> <li>Staff time used in creating “work-arounds”</li> </ul>	<ul style="list-style-type: none"> <li>Eliminated a number of legacy applications with CRM, but others still exist</li> </ul>	<ul style="list-style-type: none"> <li>Continue transfer of legacy applications into CRM</li> <li>Create CRM reports to meet staffing data analysis needs</li> <li>Hire additional skilled programmers to create reports and respond to program changes</li> </ul>	H	H
Application training and manuals not customized for user needs	N	<ul style="list-style-type: none"> <li>“Work-arounds” may occur due to lack of knowledge of CRM capabilities</li> </ul>		<ul style="list-style-type: none"> <li>Create easy application training manuals, highlighting the most common uses for each type of staffing groups (managers, regulatory, AEs, engineers, etc.)</li> </ul>	L	L

Issue	Issue raised in 06-08 Process Evaluation?	Consequences	Steps SDG&E is taking to address Issue (if any)	Additional steps we recommend	Difficulty in Addressing (H/M/L)	Value in Addressing (H/M/L)
Some lack of coordination between IT and programs	N	<ul style="list-style-type: none"> <li>Program IT needs change as programs and regulatory environment evolve.</li> </ul>	<ul style="list-style-type: none"> <li>IT meets with program staff to discuss changes</li> </ul>	<ul style="list-style-type: none"> <li>Plan for greater resources towards internal IT support</li> </ul>	M	M
No automatic notification that application has not progressed		<ul style="list-style-type: none"> <li>Applications can sometimes get stuck in process (e.g., sit in someone's email inbox) without anyone noticing</li> </ul>		<ul style="list-style-type: none"> <li>Determine timelines for each step in application process, then develop automatic reminders if application exceeds limit</li> </ul>	M	H

*Figure 8 - Summary of IT / Database Issues and Recommendation*

## 4. MARKETING

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As part of the portfolio-level program evaluation, the evaluation team reviewed the effectiveness of SDG&E's marketing efforts. Although marketing evaluation is typically program-targeted, there are company-level researchable issues that were addressed through this portfolio evaluation. In addition, each program chapter presents results of our review of program-specific marketing efforts. SDG&E is interested in learning more about their customers at a portfolio level and had originally asked the evaluation team to conduct some segmentation analysis. However, we were unable to perform this analysis at this time, due to data confidentiality concerns.

There are various groups that are responsible for, or contribute to, marketing to nonresidential customers. Internally, SDG&E has a number of departments that are responsible for developing or implementing marketing strategies, such as the Marketing Strategy and Customer Communications groups. Because SDG&E is moving away from program-targeted marketing to segment-targeted marketing, there are a number of segment-directed roles to support this initiative. In particular, SDG&E has assigned two groups of staff to either interact directly with or provide support for the segmentation approach: Account Executives (AEs) and Segment Advisors.

During this evaluation period, SDG&E was working on a few internal initiatives to assess the effectiveness of marketing and outreach to customers as well as understand the customers themselves. First, the utility completed a messaging and marketing study. This study was conducted in an effort to understand the market, and the effectiveness of communications. The report was in draft form at the time of the evaluation team's data collection. The evaluation team asked to review the draft findings from this report, but was not able to gain access. Second, SDG&E staff asked that the evaluation team include a specific battery of questions in the participant survey to supplement a customer segmentation analysis being completed by the utility. These questions focused primarily on customers' interest in "Reduce your use" days; since this was not part of our evaluation, we do not discuss the results. However, the questions also probed customers' interest in the Energy Saving Bid program, which is discussed in the Energy Savings Bid chapter in Attachment 2.

Based on initial data collection and topics uncovered in discussions with SDG&E staff, the evaluation team identified the following key research issues for this portfolio-level topic:

- ◆ Are customers aware that SDG&E offers demand side management solutions? How are customers most likely to learn of the program offerings?
- ◆ What is the most effective means for communicating opportunities to SDG&E's nonresidential customers?
- ◆ Are internal marketing channels (e.g., account executives) and external marketing channels (e.g., energy champions) understood and being effectively utilized?

- ◆ Are there groups of the target population being missed? If so, why and what can be done to meet that gap?
- ◆ Is the sector-based approach to targeting and serving customers effective?
- ◆ Does SDG&E have sufficient market-based information to market to their customers? Do the segment advisors have sufficient information to target marketing strategies to specific segments?
- ◆ Are programs effectively cross-marketing? If not, why not?

## 4.1 DATA COLLECTION ACTIVITIES

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To most cost-effectively deliver on this portfolio evaluation topic, we leveraged data collection activities being completed through other program-specific or portfolio evaluations. These activities included the following:

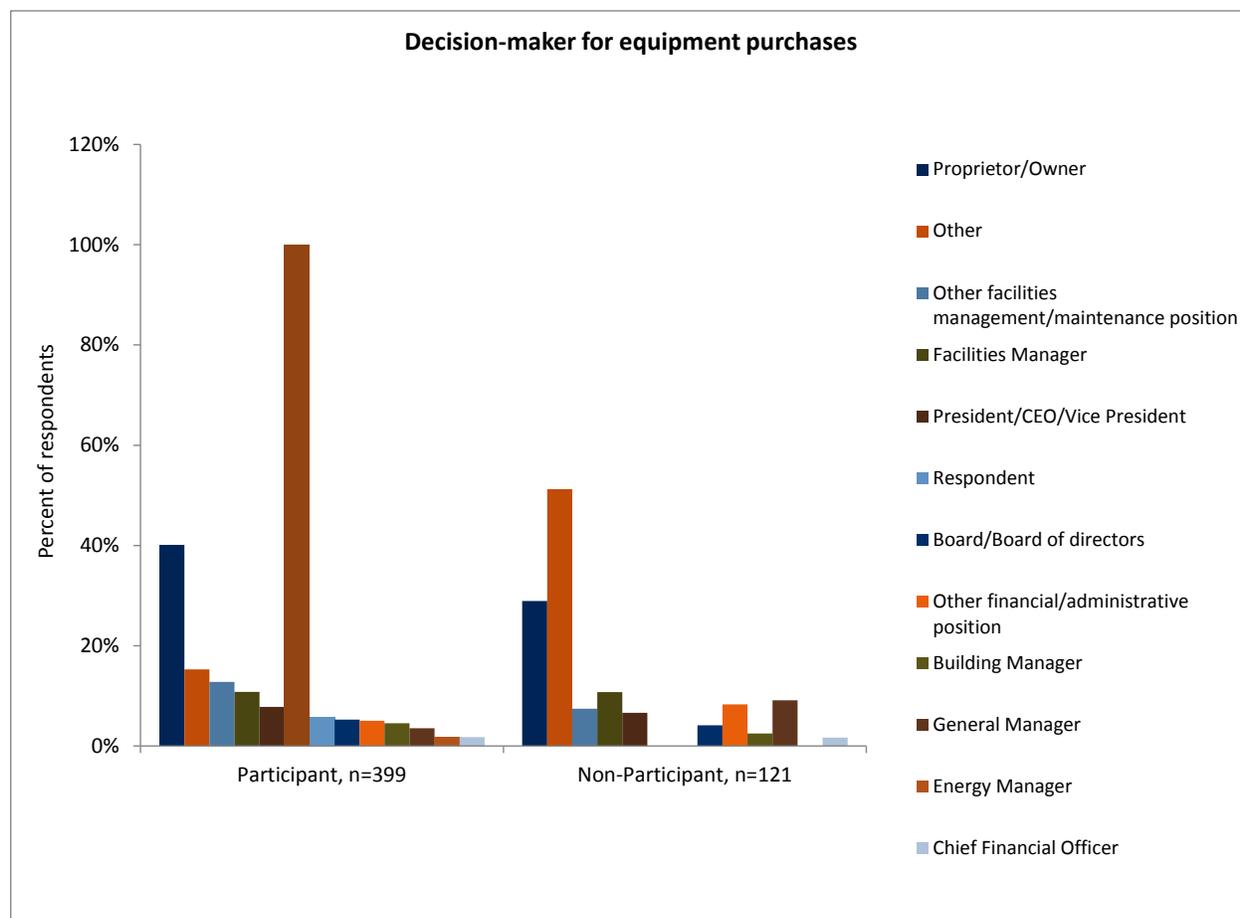
- ◆ **Marketing-specific staff interviews** identified roles and responsibilities, internal marketing communications and channels, interactions with customers, how SDG&E markets to customers, assessment of marketing materials, and areas for improvement.
- ◆ **Account executive forum** identified interactions with customers, how they market to customers, assessment of marketing materials, and areas for improvement.
- ◆ **Segment advisor forum** discussed their marketing initiatives, barriers of marketing by segment, and perception of marketing effectiveness and gaps.
- ◆ **Participant surveys** assessed means for awareness and preferred ways to learn about programs and offerings. Participant surveys also assessed exposure to internal and external marketing channels as well as potential for word-of-mouth referrals to the nonresidential programs.
- ◆ **Nonparticipant surveys** assessed awareness of SDG&E's programs in general, means of awareness, and preferred means for receiving information from SDG&E.
- ◆ **Participating vendor interviews** were conducted because nonresidential programs are often marketed through the mid-stream channels. Participating vendor interviews assessed means of awareness, preferred ways to learn about the programs and offerings, and opportunities for marketing improvements.
- ◆ **Nonparticipating vendor interviews** were conducted to assess means of awareness, preferred ways to learn about the programs and offerings, and opportunities for program engagement.

A summary of these activities, including number of respondents for each, are include in Figure 9 below.

Target for Data Collection	Data Collection Mode	Date	Key Research Issues	No. of Respondents	Source of Sample
Segment advisor supervisor	In-depth Interview	5/5/2011	Portfolio marketing activities, roles and responsibilities, adequacy of resources	1	Sempra process evaluation manager
Program Managers	In-depth Interview	5/3/2011	Marketing activities, roles and responsibilities, adequacy of resources	Approx. 13 (plus other staff)	Sempra process evaluation manager
Web Manager & Customer Communications Manager	In-depth Interview	12/16/2011	Web site development, portfolio marketing activities, roles and responsibilities, adequacy of resources	2	Marketing & Outreach Mgr
C&I Services	In-depth Interview	12/21/2011	Marketing, roles and responsibilities	1	Customer Communications Mgr
Account Executives (AEs)	AE Forum Group	9/26/2011	Roles and responsibilities, collaboration with SAs, internal organizational, process, marketing, IT, some program-specific	10 AEs	Sempra process evaluation manager
Segment Advisors (SAs)	Segment Advisor Forum Group	9/26/2011	Roles and responsibilities, collaboration with AEs, internal organizational, marketing, and IT	3	Sempra process evaluation manager
Customer Surveys - Participants	Telephone Survey	10/4/2011 through 11/11/2011	Marketing, outreach, awareness, participation processes, rebate levels, program-specific	402	SDG&E program database
Customer Surveys - Nonparticipants	Telephone Survey	10/18/2011 through 11/11/2011	Marketing, outreach, and awareness	121	SDG&E customer database
Vendors – Participating	In-Depth Interviews	11/2011 through early 1/2012	Marketing, outreach, and awareness, program processes	17	Various resources
Vendors – Nonparticipating	In-Depth Interviews	11/2011 through early 1/2012	Marketing, outreach, and awareness, willingness to participate	8	Various resources
Marketing literature and website review	Hard copy and electronic reviews	11/2011 thru 12/2011	Marketing, website, consistency of messaging, functionality, ease of finding information	Various	Various resources

*Figure 9 - SDG&E Marketing: Data Collection Activities*

Many of the surveyed customers were the decision makers at their company, the CEO, President, or Owner, as shown in Figure 10. Several others indicated they were the facilities engineer, operations/facility/general manager, director, or vice president. Nonparticipant respondents follow a similar pattern.



NOTE: Respondents could provide more than one answer, so the total percent is more than 100%.

*Figure 10- Marketing: Self-Reported Decision-Makers in Customer Surveys*

In addition to the message and marketing study, we attempted to review information from the following documents, but were unable to gain access:

- ◆ Strategic Marketing plan
- ◆ Segment Advisor guidebook

## 4.2 RESULTS AND FINDINGS

### 4.2.1 Roles and Responsibilities of Staff Involved in Marketing

SDG&E has a large and diverse group of individuals involved in marketing at the portfolio level for nonresidential energy efficiency programs. As an overview, this includes the following:

- ◆ Program managers that are involved in reviewing and directing marketing strategy

- ◆ Segment Advisors whose role is to provide information that feeds into marketing strategies
- ◆ Account Executives (AEs) who are the on-the-ground sales force selling energy efficiency to the assigned accounts
- ◆ Energy efficiency and demand response Marketing Strategy team that is responsible for collaborating with program staff and segment advisors to develop the marketing strategy and marketing materials
- ◆ Nonresidential Marketing Strategy team that is responsible for non-energy efficiency and demand response related marketing
- ◆ Customer Communications team who creates the pieces of collateral, publish information on the website, etc.
- ◆ Legal department who provides direction on various marketing items, in particular logo use and co-branding

In addition to these SDG&E staff, the following stakeholders outside of SDG&E also play a role in marketing:

- ◆ Third party implementers, who are independent of SDG&E and are contracted by the utility to deliver specific programs
- ◆ Vendors and contractors who may conduct independent audits, sell equipment, install equipment, perform equipment maintenance, etc.

### *Account Executives*

Account Executives (AEs) are intended to serve as the primary channel for program awareness for assigned accounts. They are described as the sales force for energy efficiency, and they tend to be protective of their relationships with their accounts. In fact, a review of customers' awareness by program, gathered through the participant surveys, indicate that assigned account customers are generally hearing about the program from AEs. This includes programs where vendors are intended to be primary sources of information (e.g., Energy Savings Bid, Calculated).

According to 1 SDG&E staff, there are approximately 19 AEs, each has a minimum of 46 customers (and each customer can have thousands of meters) and energy efficiency is only one part of their job. AEs voiced during the forum that it can be confusing or difficult to obtain marketing materials, up-to-date information, and process applications under their current workload. They believe that having an administrative person for the group that could work on energy efficiency programs would help; currently they do not have administrative support that can be used for energy efficiency program work.

### *Segment Advisors*

The current Segment Advisors were added in Spring 2011. According to staff interviews, their function includes providing input to the design of programs (e.g., segment-based research and being the voice of the customer), guidance on program implementation (e.g., knowledge of all programs and working with delivery channels), and program tracking and feedback (e.g., via

surveys), all of which feed into marketing materials and tools. Segment Advisors see their main function as serving program staff, by learning about segments and improving program design, and as serving as liaison between program staff and AEs. However, based on our findings, their role continues to evolve. The evaluation team, for the most part, did not see Segment Advisors as playing key role in program-related activities. They do have a segment advisor handbook that outlines their role, but it was developed in the initial stages by staff that no longer work in that capacity. At the time of the forum, much of Segment Advisors' activities had focused on learning about their assigned segments (many staff came from background not related to their assigned segments) and working with AEs to better understand the assigned accounts. They were also researching and considering approaches to reach out to unassigned accounts to promote programs.

### *Marketing Strategy Team and Customer Communications*

From an internal energy efficiency marketing standpoint, the Marketing Strategy team is the group most directly involved in working with staff to develop energy efficiency messaging to external market actors (customers primarily). The Marketing Strategy team is comprised of six staff members—three members focus on marketing strategy and three members focus on outreach and events. They interact with program managers, AEs, and Segment Advisors to develop the marketing strategy for energy efficiency programs' target populations.

Developing the messaging is a multi-staged process which begins with understanding the audience. While Segment Advisors have been added to assist with marketing efforts, the Marketing Strategy group is responsible for developing the messages. As a result, the Marketing Strategy team works with the Segment Advisors and program staff to consider the appropriate strategy and, once determined, implement that strategy. The process can be highly iterative and requires considerable collaboration between the marketing, customer communications, and program staff.

As part of the process, the Marketing Strategy team also needs to collaborate with the Customer Communications team. The Customer Communications team develops the SDG&E website, and creates the physical or electronic collateral envisioned and designed by the program and Marketing Strategy teams.

The role of the Marketing Strategy group is a relatively new one (established within the past two years), and viewed as a positive transition for the utility. Although the Marketing Strategy group has existed for almost two years, there is a sentiment that important program players—such as the AEs—may not be aware of their presence or usefulness in the delivery of the program. Prior to this role being established, program staff were primarily responsible for developing the marketing strategies. One of the issues with program staff serving in this capacity was that there were different approaches and levels of messaging for each program. Another issue was that program staff had a considerable amount of work just in the management of their programs alone. The goal was for the Marketing Strategy team to take this responsibility off the program staff members' plates, while ensuring they remain part of the overall process.

SDG&E also has a marketing strategy team that is specific to the nonresidential market, but is separate from the energy efficiency and demand response Marketing Strategy group. This additional nonresidential marketing team plays an overarching role in communicating or assessing issues such as rates, customer touch points, and any offerings outside of energy efficiency programs. There is some level of discussions amongst the energy efficiency marketing and nonresidential marketing teams as necessary, but not on a regular basis.

### *Effectiveness of Internal Marketing Coordination*

With so many individuals involved in marketing processes, it is important for SDG&E to have strong project management and communications protocols. It is also important that the utility maintain a unified and consistent messaging approach.

A review of SDG&E's marketing materials in conjunction with the website indicates that this is happening for internally implemented programs, albeit with some deviations that are specifically important to the program or project. However, this is not the case with third party implemented programs, as discussed in the chapter, Effectiveness of Third-Party Implementation.

Having so many different marketing players also means there is potential for miscommunication, duplication of effort, and lack of awareness of the roles of each players (or even knowing that the players exist). For example, the evaluation team heard from SDG&E staff that an internal customer research group within one of the marketing teams undertook a research effort focused on messaging and marketing, as well as customer communications and attitudes. While this type of research should be very useful to SDG&E's marketing entities overall, this effort was not known to all marketing staff we spoke with, nor were program staff aware of the research.

It would be useful for Segment Advisors to continue to collaborate with program staff and AEs to understand the value of their roles and what activities and knowledge would help to supplement AE and program staff. Segment Advisors should continue to collaborate with program staff and AEs to provide support including milestones for data gathering activities; best practice assessments around marketing energy efficiency to their specific segments; and characterization studies of their particular segments to understand barriers to participation and to identify targeted marketing approaches. During the AE forum, the evaluation team discovered there is general misinformation amongst the group and between departments. For example, one AE thought he could not share vendor lists with customers, while another said they could.

Ideally, marketing would be centralized into one department. However, that would take a level of organizational effort that may not be feasible within the near future. With that in mind, the evaluation team believes that at minimum, SDG&E should develop and distribute to all marketing staff an organizational chart documenting individuals' roles and responsibilities, and that periodic (e.g., semi-annual) marketing meetings be held by senior staff in each department listed above. More details are provided in the Conclusions and Recommendations section at the end of this chapter.

The evaluation team also recommends that an overall “roadmap” be created internally for marketing-related functions, and include topics such as: goals; clarification of roles, processes, and communications channels; position-specific training; knowledge transfer plan; and marketing and branding protocols for third party implementers. For example, the roadmap would outline how to engage and schedule projects through the energy efficiency and demand response Marketing Strategy department. Once this roadmap is completed, it should be shared with other appropriate internal groups.

### *Communication and Information Dissemination*

There tends to be more communication happening informally rather than systematically. According to AEs, programs change often, and they are not always current with program updates. Sometimes it is the customer who informs the AE of program changes. One AE suggested a distribution list, to notify them of program updates. The evaluation team has found this helpful for some utilities’ programs, if the distribution is sent systematically and not buried in email boxes.

One of the elements that Segment Advisors believe cripple their ability to better target and market to customers is the lack of consolidated and complete customer information. SDG&E maintains customer data in various electronic data sources. Segment Advisors have been working to mine those various data sources to better characterize the participating and nonparticipating nonresidential population.

Some AEs discussed a desire to have more streamlined marketing materials, such as professional looking folders with collateral on main core programs that is up-to-date. They noted this was more important than information on small programs or case studies.

#### 4.2.2 *Unassigned Accounts*

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Staff explained that about 80% of the nonresidential customer base is not assigned to an AE. Unassigned accounts tend to be smaller customers with potentially less savings potential opportunities. AEs described unassigned accounts as being “on their own” and less likely to receive rebates since the AEs conduct the bulk of the work to complete applications for their customers. This may represent lost opportunities for programs. Segment Advisors interviewed also saw this group as a missed opportunity and were conducting some research to characterize that population.

### *Marketing Strategies*

From a marketing perspective, there may be inherent differences in these unassigned accounts. SDG&E staff have conducted segment-level analysis on the small and medium customers, who

tend to be unassigned accounts<sup>4</sup>. This analysis verifies that these customers' business types are most likely to be retail, offices, hotels, motels, and restaurants, whereas assigned accounts tend to be manufacturers and process industries. Further in this chapter we detail differences in unassigned accounts in terms of their view of their primary energy use.

The challenges of dealing with unassigned accounts is not unique to SDG&E. Even program evaluations for mature programs, such as Focus on Energy implemented in Wisconsin, have continually included recommendations to find ways to target smaller, unassigned, nonresidential customers. These customers' barriers to implementing energy efficiency can be considerably different than the larger accounts. They are more likely to lease their facilities and less likely to have staff capable of or comfortable with specifying equipment. They may also have different levels of capital funding constraints due to a lower level of revenue.

Programs for hard to reach customers (e.g., Direct Install), can be used as a "funnel" program for these unassigned accounts. However, as discussed in the Direct Install chapter in Attachment 2, the implementation contractors for this program are not currently promoting other resource based programs. (We recommend these contractors be incented to cross promote other programs in the Direct Install chapter.)

### *Staff Devoted to Unassigned Accounts*

SDG&E currently has one staff member that focuses on unassigned customers and vendors serving unassigned customers; other vendor alliance team members also do some work with vendors serving unassigned accounts. AEs and Segment Advisors both discussed the possibility of having more staff devoted to marketing to the unassigned accounts. Segment Advisors, at the time of the forums, were in the process of characterizing those customers, in an attempt to consider marketing strategies in the absence of devoted staff.

Xcel Energy in Colorado has recognized that unassigned accounts as a group are underserved, and has attempted to overcome this issue through a group specifically designed to target the unassigned accounts. The utility has assigned two to three staff to specifically market to and serve the unassigned accounts. At the time of the assessment, the utility was still in the process of refining the role and determining the best approach to marketing to these customers; however, it was an initiative staff supported at the time.

### 4.2.3 Vendor Engagement and Support

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As with the AEs, the vendors are a good source of program awareness for customers. This is common for nonresidential programs, where the vendors can be highly influential in customers' decision-making processes. As such, it is important that vendors have the support and tools

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<sup>4</sup> "segment\_data\_2009\_2010.xls" provided to the evaluation team by Michelle Costello 5/27/2011.

that enable them to upsell high efficiency (as opposed to code-compliant) equipment through SDG&E's programs. While SDG&E has done an impressive job of engaging vendors through their "vendor alliance" initiative, the evaluation team recommends expanding this effort.

The evaluation team conducted vendor interviews to probe on awareness of SDG&E programs, their level of participation, and feedback on programs. As shown in Figure 9 above, the evaluation team interviewed 17 participating vendors and 8 non-participating vendors. The evaluation team wanted to interview more vendors, but some programs only had a small number of participating vendors, and SDG&E staff only provided a few nonparticipating vendors. The nonparticipating vendor results are limited given the small number interviewed.

Many of the participating vendors interviewed mentioned first hearing of programs through a utility contact, such as an AE. As shown in Figure 11, once engaged, participating vendors in the Calculated program expressed a desire for more technical assistance or training, while vendors serving other programs, such as Energy Savings Bid and Deemed, reported SDG&E provided enough support on program processes.

As shown in Figure 12, vendors for all programs generally asked for SDG&E assistance with promoting the programs. Providing more vendor-level support, either in terms of technical assistance or information to help sell the programs, could be a powerful way to engage vendors. For example, the third party Premium Efficiency Cooling program offers vendors sales tools such as return on investment calculators on their website. This type of support to help encourage vendor energy efficiency sales may be a useful means to engage greater vendor participation. SDG&E could also consider providing customers with lists of participating vendors as a way to provide a market advantage to participating vendors.

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**Did participating vendors feel program training was sufficient?**

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Calculated	No. Vendors said more training would be helpful. They've been in the program for many years and had training a while ago. When program changes, new measures should be reviewed with them. Due to 50% of applications being incomplete, we recommend training to AEs and vendors to reduce errors. Some customers do not understand the program and training could help vendors explain program/incentives better.
Deemed	Yes. 1 of 15 met with SDG&E to learn program, went fine. 1 has become confused by constant changes. Another would like more training. Training/info deficiencies generally not mentioned.
Energy Savings Bid	Yes. Vendor alliance reps, and sometimes program manager, keep them updated
OBF	Yes. Only 1 vendor of 16 gave a negative rating to their vendor training being <i>helpful/supportive</i> to promoting OBF.

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*Figure 11- Marketing: Participating Vendors' Response to Training Adequacy by Program*

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**Did participating vendors feel marketing materials and info from SDG&E were sufficient?**

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Calculated	They didn't say it was insufficient. But they could always use more. Vendors would like to have case studies (specific to different segments/business types) to help "sell" the program.
Deemed	1 of 15 would like marketing tools "for small contractors". A few would like to see more marketing by SDG&E, so they do not have to do. Most are content just passing out rebate forms. Marketing deficiencies generally not mentioned.
Energy Savings Bid	No - want lists of customers from SDG&E, or for AEs to be able to provide list of vendors to customers; cold calling customers right now.
OBF	Could be better. 4 of 18 vendors gave negative ratings to the marketing materials being <i>helpful/supportive</i> in their promotion of OBF. OB F is a complex funding mechanism and some vendors feel marketing materials is not effectively explaining program processes (application, verification, repayment)

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*Figure 12 - Marketing: Participating Vendors' Response to Sufficiency of Marketing Materials by Program*

Awareness among nonparticipating vendors was medium, with vendors having greater awareness for Deemed (EEBR) and OBF, and lower awareness for the custom incentive-type programs (ESB and Calculated) and for Retrocommissioning. Furthermore, many vendors feel customers are often unfamiliar with program offerings. SDG&E should continue to do more targeted vendor marketing and education. One vendor suggested SDG&E send out an updated list of what is offered, through regular email communications, so vendors are aware of program changes. SDG&E could also hold information meetings or networking events, as well as include updated information in hard copy newsletters. Increasing marketing and communication efforts will eventually yield better participation counts, as both customers and vendors become more informed about potential opportunities to reduce the incremental costs associated with upgrading to high efficiency equipment.

### *Vendor Marketing Support*

As noted above, some participating vendors noted that they would like SDG&E to provide them with more marketing support to help them market effectively. Small vendors in particular are not equipped to market well. These particular respondents pointed to a lack of marketing materials, and those that reported that materials existed indicated that they are 'constantly changing'. This points to the need to provide consistent marketing materials (such as flyers) to vendors to help them market effectively.

Nonparticipating vendors suggested that SDG&E should adjust its marketing strategy to illustrate the potential competitive benefits of earning a rebate for a customer. These particular nonparticipating vendors are under the impression that if a program does not provide a spiff directly to the vendor, that the program provides 'no incentive' for them to participate. Nonparticipating vendors suggested it has to be worthwhile for them to sell the equipment to the person that is getting the rebate. Program marketing to vendors may go a long way to gaining participation. The programs need to show the vendors that they are going to serve their customers better and get more business by selling premium efficiency equipment.

Some nonparticipating vendors displayed a general lack of understanding of program details and expressed an interest in on-going information from the program. Some nonparticipating vendors expressed concern that the programs are too complex, that there are too many different rules across the programs and that the program rules could keep changing. Feedback from the program reps would help assure the vendor that they are doing the right thing and that the program rules will not change on them.

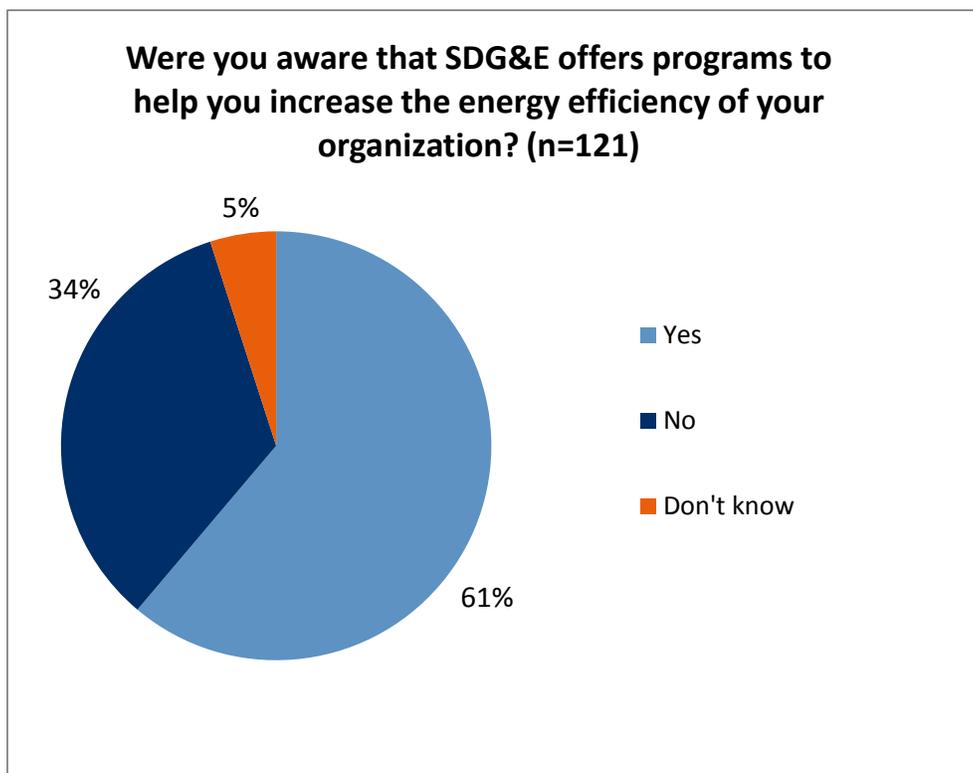
Additionally, nonparticipating vendors would generally prefer to be more aware, or at least aware, of these programs prior to engaging with their customers. These nonparticipating vendors perceived that their customers had a higher level of awareness of programs than they did.

Finally, some participating vendors pointed to the lack of understanding among customers as to the benefits of installing high-efficiency equipment. As a result, these particular vendors have to struggle with the over-arching factor of up-front cost, without the counter-balance of short

payback period and future savings. SDG&E could assist in this regard by marketing more effectively to customers regarding the benefits of high efficiency equipment, as well as to the types of programs that exist to help them save money. The utility could provide segment-specific case studies, issue quarterly electronic newsletters with updated program information, and even train call center staff to talk to customers on calls about program options.

#### 4.2.4 Customer Program Awareness

The evaluation team researched whether nonresidential customers were aware of SDG&E's nonresidential energy efficiency program offerings, how they became aware of programs, and their marketing preferences. As shown in the figure below, nearly two-thirds (61%) of nonparticipating customers are aware that SDG&E offers energy efficiency programs. Interestingly, awareness of SDG&E programs was similar between assigned and unassigned accounts: for those who have an AE, 64% are aware of programs; for those who do not have an AE, 60% are aware.



*Figure 13- Marketing: Nonparticipants' Program Awareness*

As discussed previously, part of the AE's role is to be an initial source of energy efficiency program information for customers, as applicable by program. As shown in the figure below, AEs are the primary source of initial program awareness, particularly for their assigned accounts. This is true even for ESB, which is designed as a vendor-driven program.

Vendors and contractors appear to be successful at marketing the vendor driven programs (e.g., Deemed, Premium Efficiency Cooling, ESB) in general, although less so for ESB.

Program	Contractor/ retailer/ supplier/ vendor	SDG&E Account Executive
Deemed (n=225)	42%	9%
Premium Efficiency Cooling (n=28)	33%	14%
Energy Savings Bid (n=23)	9%	43%
Calculated (n=34)	26%	35%

*Figure 14- Marketing: Awareness Channels for Participants by Program*

Another interesting finding from the participant survey was that, for 2 of the 3 programs evaluated that provide a rebate or incentive to all participants, many respondents did not recall receiving a rebate or incentive. Specifically, program participants in Energy Savings Bid (ESB) generally did remember receiving an incentive: 91% reported that they, someone else in their organization, or their contractor received one. But in the Calculated and Deemed programs, only 59% and 55%, respectively, reported that they, someone else in their organization, or their contractor received an incentive or rebate. Thus, over 40% of participants in both Calculated and Deemed did not recall receiving an incentive or rebate. These results may be related to the results shown in Figure 14. Since many Calculated and Deemed participants learn about the program from vendors (as opposed to the respondents for ESB), the vendors for these customer may include the incentive / rebate in their quote. While vendors are an important means for marketing programs and assisting customers with processes, the finding that many participating customers do not recall receiving an incentive / rebate illustrates one potential downside of vendor participation. SDG&E could explore other means for participants to become aware of, and recall, receipt of rebate / incentive, including sending a follow-up email or mailer, or requiring vendors to provide program information to participants.

#### 4.2.5 Marketing Channels

Both participant and nonparticipant customers were asked about their preferred energy efficiency information channels. Figure 15 shows that the preferred method to receive information for both participants and nonparticipants was through media channels, primarily SDG&E email (49% for participants and 56% for nonparticipants). This agrees with a comment from an SDG&E staff that works with smaller customers, that “customers don’t want to be interrupted in the middle of the day to talk about energy efficiency.” Second overall for both participants and nonparticipants was SDG&E hard copy mailings (29% for participants and 47% for nonparticipants). SDG&E AEs were low on the preference list (9% for participants and 5% for nonparticipants). Because one way AEs contact customers is through email, these methods are not mutually exclusive.

While many of the vendors promote various programs on behalf of the utilities, this data suggests that customers prefer to hear about programs directly from the utilities.

Preference in receiving information	Participating Customers (n = 402)	Nonparticipating Customers (n=116)
Bill inserts, email, media	49%	56%
SDG&E mailing (hard copy)	29%	47%
SDG&E Account Executive	9%	5%
SDG&E call center	4%	1%
Contractor/retailer/supplier/vendor	3%	0%
Other SDG&E staff	2%	2%
SDG&E website	1%	2%
Conference Trade show	0%	0%
Colleague / Peer	0%	0%
Other	2%	5%
Do not know	2%	0%

NOTE: Respondents could provide more than one answer, so the total percent is more than 100%.

*Figure 15- Marketing: How Customers Prefer to Hear About Programs*

Although customers say their preferred method to receive information regarding energy efficiency programs is via email and mailings (and this may be a useful marketing tool), that is not to say that those are the most *effective* messaging mediums. It is not uncommon in surveys such as these to hear that customers prefer to receive information through these more passive marketing strategies. For example, few program participants said they first heard of the program through mailings or emails; rather, the majority said they heard about the program through personal encounters such as via the AE or vendors. Email, email blasts, and mailing marketing should be used to supplement the more influential in-person marketing initiatives.

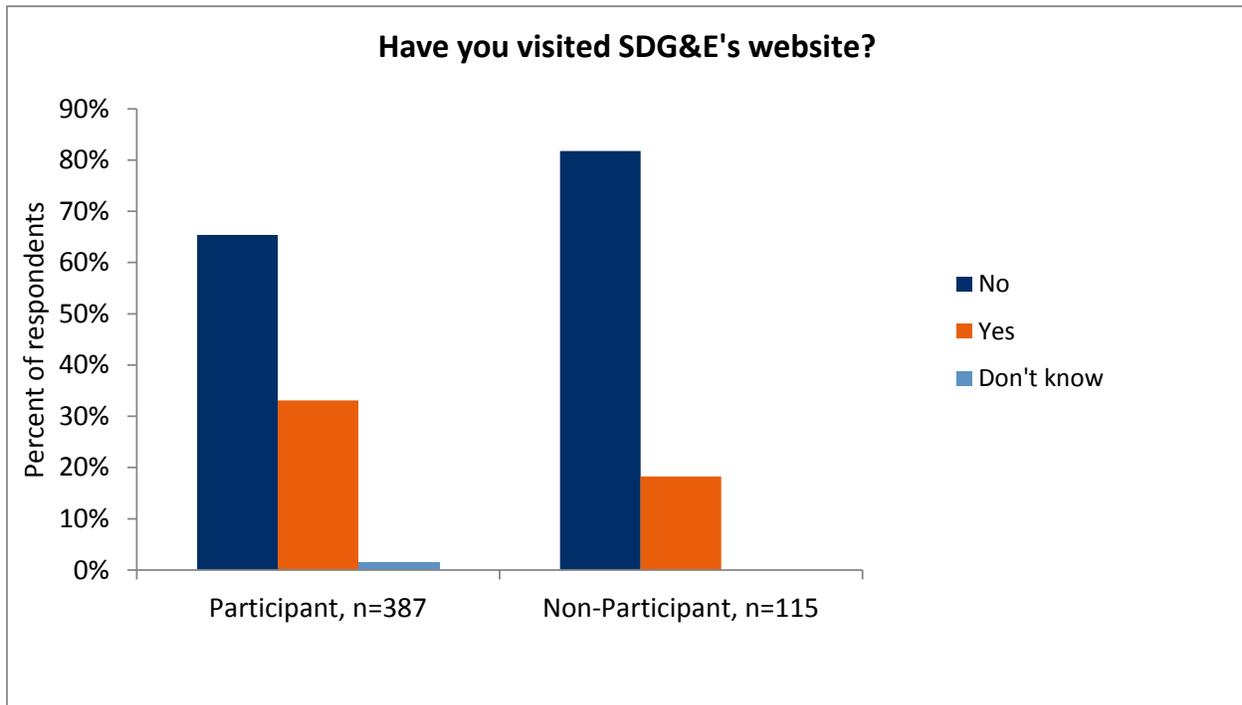
Marketing staff are already considering the potential for using emails more extensively to market to nonresidential customers. However, this effort is made difficult in that the utility does not track email in its program or customer database. AEs are an obvious source for obtaining the best email information for assigned accounts and can send out strategic marketing emails to their accounts. The unassigned accounts' email addresses will be more difficult to obtain. One strategy would be to add a check box on the on-line bill pay function, for customers to receive information about energy efficiency programs through email. For medium and large accounts, one challenge will be that the person paying the bill is not the decision maker. But for small accounts, it may be the same person. Also, SDG&E could allow for a different email address to be input next to this box.

### ***Website Redevelopment and Use***

SDG&E updated their program website at the time of this evaluation, which was generally viewed by SDG&E staff as a welcome activity. The evaluation team understands that website

functionality updates are still to come. In the evaluation team’s discussions with various program staff, we heard that it had been challenging to find energy efficiency program information on SDG&E’s website. Additionally, the website re-design streamlined the look and feel of the energy efficiency offerings, regardless of whether it was a third party offering. Now, the third party offerings are not called out as a separate group of programs; from the customer perspective, they are not discernible from the core program with the exception of being directed to a third party implementer’s website within the “learn more about the program” section.

Customer surveys were conducted prior to the official website “re-launch”, so specific responses to the website update were not collected. However, as shown in the figure below, most participants (65%) and nonparticipants (82%) have *not* visited SDG&E’s website for program information. Reasons for lack of website visits could be that most participants may have used other sources to get information, and nonparticipants may not realize program information is available on the website. Also, AEs had not been promoting the website, because they felt it was not up-to-date or fully functional.

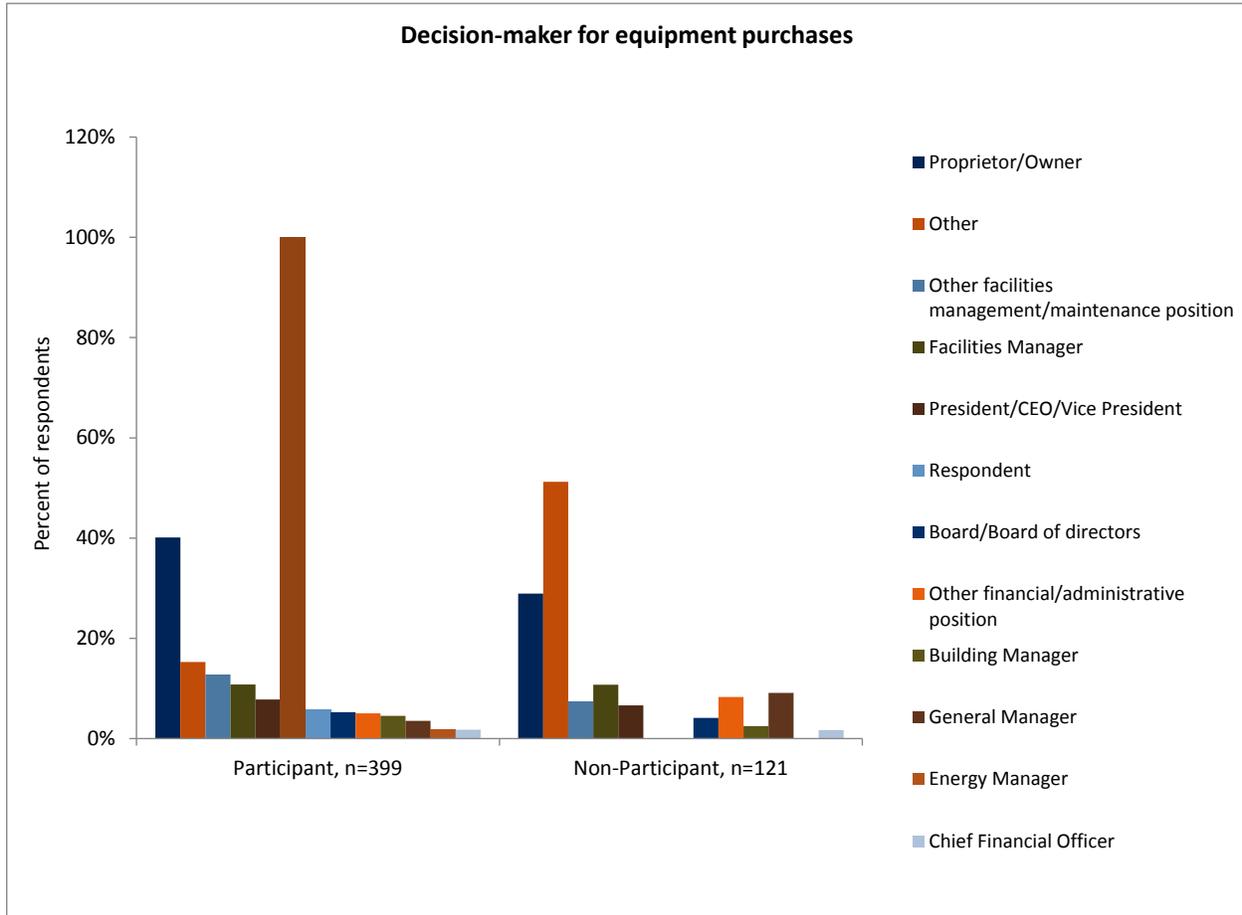


*Figure 16 - Marketing: Visited SDG&E’s Website*

Assigned account participants are significantly more likely to say they viewed the SDG&E website than unassigned accounts (58% assigned accounts, compared with 25% unassigned accounts). This finding could be an indication that AEs are effectively directing their customers to the SDG&E website. However, in February 2012, one SDG&E staff said that AEs are still hesitant to point customers to the website until it is fully functional.

## *Decision-Making*

Many of the customers we spoke with were the decision makers for equipment purchases at the company, the CEO, President, or Owner (see figure below). Several others indicated they were the facilities engineer, operations/facility/general manager, director, or vice president. Nonparticipant respondents follow a similar pattern.

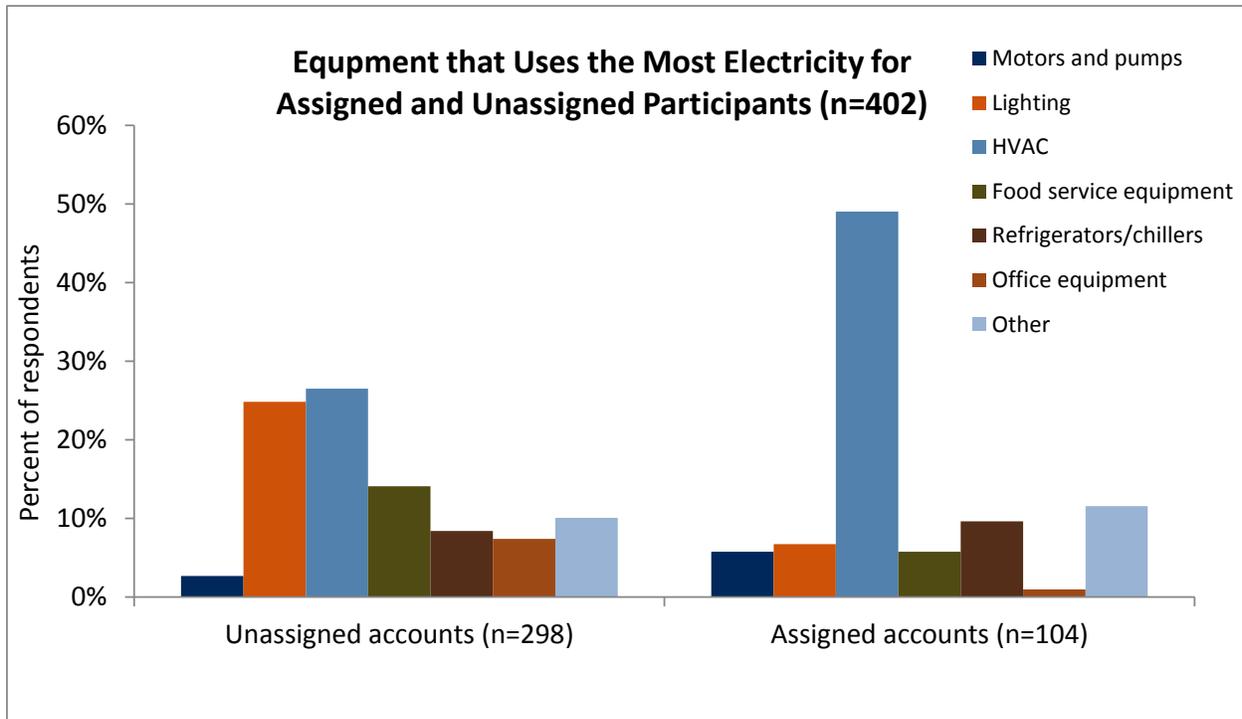


NOTE: Respondents could provide more than one answer, so the total percent is more than 100%.

*Figure 17 - Marketing: Decision-Maker for Equipment Purchases*

## *Energy Using Equipment*

Participating customers that are unassigned accounts are much more likely to say that lighting is the equipment that uses the most energy than unassigned accounts (mentioned by 25% of unassigned and 7% of assigned accounts). Both assigned and unassigned accounts were also likely to say their HVAC units used the most energy, although assigned accounts were more likely to report this as a usage-heavy end use for them (mentioned by 49% assigned and 27% unassigned accounts).



*Figure 18 - Marketing: Participating Customers' Electric Equipment Use*

Assigned accounts are most likely to report that boilers are a high natural gas user within their facilities, and therefore have significant potential therms savings opportunities. AEs should focus on promoting these technologies, whether it be through retrofits through Calculated or Deemed or Tune-up/Quality Maintenance type programs through the Premium Efficiency Cooling program.

SDG&E's unassigned accounts are much less likely to report having equipment that uses natural gas than assigned accounts. The most gas-intense equipment reported by these unassigned accounts are food service equipment.

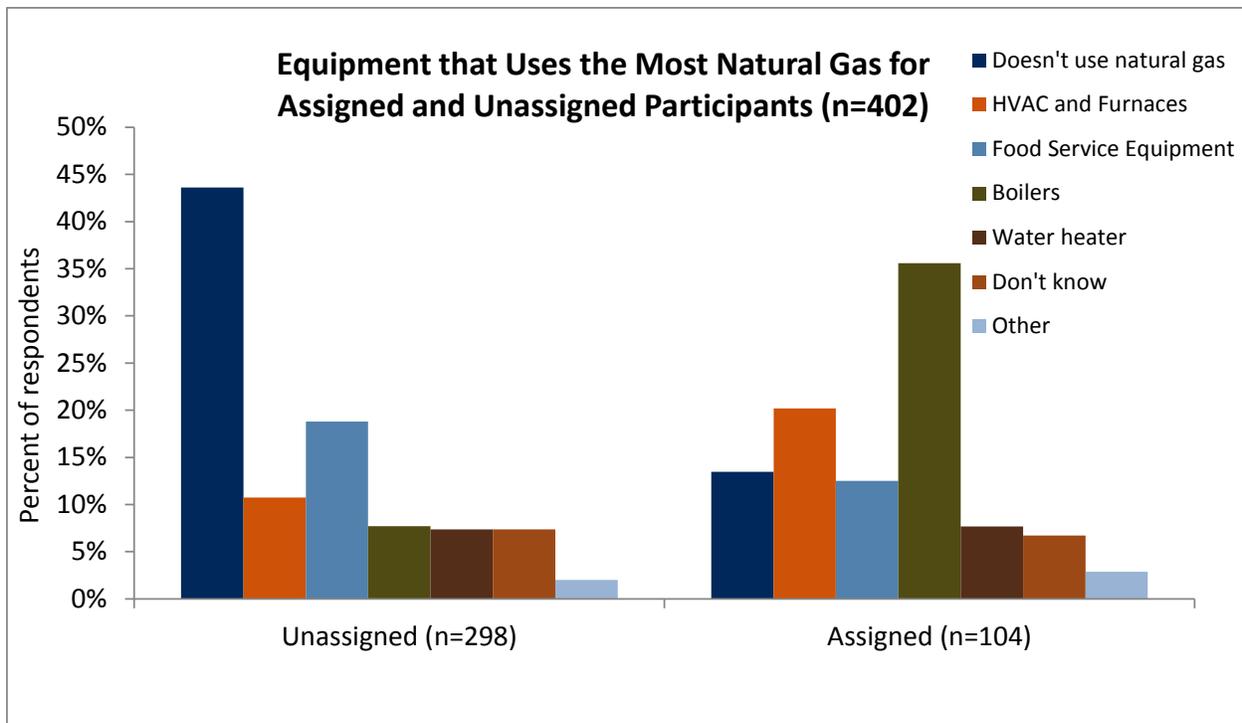


Figure 19 - Marketing: Participating Customers' Natural Gas Equipment Use

An analysis of the nonparticipating customer surveys does not show nearly as clear of a delineation in terms of electric using equipment by assigned and unassigned accounts. The nonparticipants show that a significant portion of assigned accounts say their highest electricity using equipment is HVAC (38%), a large portion of unassigned accounts also responded that HVAC is the highest electricity using equipment (32%).

A trend that is consistent amongst nonparticipant customers is that boilers are more likely to be the highest natural gas intensive equipment in assigned facilities (21%), and less likely to be so in unassigned facilities (10%).

In terms of potential for future projects, unassigned accounts were significantly less likely to say they were planning any repairs or replacements to their equipment in the next two years. This trend was the same for both participating and nonparticipating customers surveyed.

### 4.3 CONCLUSIONS AND RECOMMENDATIONS

SDG&E has made some substantial modifications to their marketing of their energy efficiency programs. They are moving away from a program-level marketing approach to a sector-level marketing approach. They brought together a marketing group focused specifically on the energy efficiency marketing strategies. The Segment Advisor group is now formed and in the process of more fully defining their roles. And the SDG&E website, which some viewed as ineffective in communicating energy efficiency program information to customers, was redesigned at the end of 2011.

The majority of nonparticipating customers (61%) are aware that SDG&E offers energy efficiency programs. However, the awareness is only the first step to encouraging greater energy savings.

From an internal marketing perspective, there are various groups that are responsible for developing marketing strategies and creating the materials to communicate that vision. Key to uniting the various marketing staff, SDG&E should provide more clear-cut direction about roles and responsibilities. This effort should include producing an organization chart, or possibly developing a RACI chart (described in the Organizational chapter) for marketing responsibilities. Additionally, some groups do not have well-defined roles and responsibilities, including a lack of metrics, such as website hits and new program recruits, to benchmark their performance. In part, this leads to disconnect between program enrollment and savings and the money that is spent on marketing. Assigning metrics and having them tie in to their respective activities (e.g. interactions with account executives) would be useful.

We believe that keeping the SDG&E website up-to-date on program information should be a high priority. As a secondary goal, AEs felt that additional collateral would be useful, including basic, but up-to-date information on core programs, preferably in professional looking folders. One potential solution to this issue is to have a repository of the most up-to-date marketing collateral. It would be most efficient to have one central department, such as Marketing Strategy, be responsible for obtaining the most recent approved marketing collateral and, along with program staff input, organize the collateral for AE use, such as by technology, rebate/incentive, and target market.

Some of the same issues that were uncovered in the 2006-2008 process evaluation appeared again in the 2011 process evaluation, including:

- ◆ Lack of an “overall portfolio roadmap.”
- ◆ AEs are the key avenue for identifying leads for the programs, as well as conducting essential customer follow-up as projects are identified, yet they do not always have the most current or accurate information about the programs.
- ◆ Continued use of targeted, direct marketing with links to an improved website could be useful to increase awareness of and facilitate participation in SDG&E’s energy efficiency programs.

We identified many similar portfolio-level marketing issues at SDG&E, and a few new issues, including working to better leverage vendors:

- ◆ Internal organizational structure and personnel issues impede effective portfolio marketing. Many of the staff interviewed (including several program staff and the Segment Advisors) were recent additions to their position, and there is no formal system to transfer institutional knowledge. In some cases, staff members did not have a clear understanding of one another’s roles and how to coordinate with one another for better efficiency.

- ◆ Many participants will not take the time to fill out paperwork on their own, highlighting the importance of an AE, vendor, or third party implementer. This poses a challenge for unassigned accounts or smaller customers that AEs deem not worth their time.

Recommendations for improving these issues include:

- ◆ Create a process for program managers and AEs to communicate more effectively.
- ◆ Both AEs and Segment Advisors at SDG&E noted the problem of unassigned accounts falling through the cracks. SDG&E could add additional staff members to cover these accounts. (There is already one staff member serving unassigned customers and vendors serving unassigned customers.)
- ◆ To address the AEs limited ability to work on energy efficiency projects, hire an energy efficiency administrative staff person to support AEs specifically on energy efficiency programs.
- ◆ Unite all internal marketing stakeholders as a group to reduce barriers among the various groups:
  - Work collaboratively to create collateral.
  - Hold regular (e.g., semi-annual) check-in meetings with program managers and marketing staff. These meetings could be used to cover program changes, upcoming marketing and research to better target segments.
  - Hold lunch and learns to educate AEs on new technologies and program changes.
- ◆ Both Segment Advisors and marketing staff interviews indicate that it is in part the Segment Advisor's responsibility to sufficiently understand their segments to help shape the marketing messages and define goals and objectives for their specific segments. However, the current structure and roles of Segment Advisors is not well defined and is not understood by any of the marketing staff. Senior SDG&E staff should provide clear guidance on the Segment Advisors role and assign a Segment Advisor manager to provide leadership on clearly defined the role to all staff, including AEs. The AEs also need to buy into the role, expertise and benefit of the Segment Advisor.
- ◆ SDG&E could consider conducting a study to better understand vendor activity and needs in their service territory, as they relate to energy efficiency program participation and promotion of programs. This was not an activity that the evaluation team explored in depth, but it is clear that vendors play a key role in program awareness (33% of participating respondents said they heard about SDG&E's programs from a vendor/contractor/retailer/supplier). National best practices research shows that vendors are a very important channel in achieving energy efficiency goals.
- ◆ Segment Advisors could investigate vendor relationships with their specific sectors, if SDG&E is tracking vendors in a usable database format.

The following figure shows a summary of the key issues and recommendations noted above.

Issue	Issue raised in 06-08 Process Evaluation?	Consequences	Steps SDG&E is taking to address Issue (if any)	Additional steps we recommend	Difficulty in Addressing (H/M/L)	Value in Addressing (H/M/L)
Lack of an “overall portfolio marketing roadmap”	Y	<ul style="list-style-type: none"> <li>• Some “silo effect” amongst different SDG&amp;E marketing departments, with some marketing staff unaware of marketing efforts occurring elsewhere at SDG&amp;E</li> <li>• Leads to significant inefficiencies and inconsistencies in program marketing and communications</li> <li>• Lack of direction on how programs relate to one another</li> <li>• Lack of metrics to show whether marketing activities are effective</li> </ul>	<ul style="list-style-type: none"> <li>• Created Segment Advisor position to assist with segment-level marketing</li> <li>• Introduced an energy efficiency Marketing Strategic group</li> </ul>	<ul style="list-style-type: none"> <li>• Create a comprehensive plan and share with all staff.</li> <li>• Clearly outline the roles and responsibilities of key players, including Segment Advisors, via a RACI chart. Document metrics or milestones to track performance</li> <li>• Develop as a collaborative initiative amongst all internal groups involved in implementing or marketing the program.</li> <li>• Implement periodic (semi-annually) marketing meetings for all SDG&amp;E marketing staff</li> </ul>	M	H
AEs do not appear to be properly informed and have difficulty keeping up with program information	Y	<ul style="list-style-type: none"> <li>• AEs miss energy efficiency awareness and participation opportunities</li> <li>• AEs do not have confidence in available information, leading to reluctance in providing information.</li> </ul>	•	<ul style="list-style-type: none"> <li>• Continue to work on processes that ensure on-going communications (e.g., regular meetings between AEs and program staff such as lunch and learns;; distribution email lists with program updates)</li> <li>• Ensure program information kept up-to-</li> </ul>	H	H

Issue	Issue raised in 06-08 Process Evaluation?	Consequences	Steps SDG&E is taking to address Issue (if any)	Additional steps we recommend	Difficulty in Addressing (H/M/L)	Value in Addressing (H/M/L)
While vendors are bringing in many projects, some report a need for greater training and support	N	<ul style="list-style-type: none"> <li>Projects brought in through vendors not maximized</li> <li>Many applications submitted by vendors have errors</li> </ul>	•	<p>date on website</p> <ul style="list-style-type: none"> <li>Create a central portal to house up-to-date program materials and information, managed by one central source (e.g., energy efficiency Marketing Strategies group)</li> <li>Hire administrative staff to specifically assist AEs with energy efficiency programs</li> </ul> <ul style="list-style-type: none"> <li>Strategically target both nonparticipating vendors and those that sell/install high efficiency equipment via networking events, quarterly newsletters, free technical trainings, referrals from customers</li> <li>Leverage vendors to reach unassigned accounts by incentivizing with referral fees, provide awards (and an awards ceremony/ press event), offer sales/outreach training</li> <li>Coordinate a portfolio</li> </ul>	H	H

Issue	Issue raised in 06-08 Process Evaluation?	Consequences	Steps SDG&E is taking to address Issue (if any)	Additional steps we recommend	Difficulty in Addressing (H/M/L)	Value in Addressing (H/M/L)
Shortcomings in databases limit marketing analysis and customer outreach capabilities	Y	<ul style="list-style-type: none"> <li>Missing NAICS codes and other fields limit segment analysis and other assessments. Customers responded they would prefer to be contacted by email, but databases do not include this field</li> </ul>	<ul style="list-style-type: none"> <li>Various staff (IT, segment advisors) have been attempting to improve database quality, including for marketing purposes</li> </ul>	<p>marketing campaign that includes all programs (both SDG&amp;E and 3P) to raise awareness and lend credibility to others promoting programs (e.g. vendors)</p> <ul style="list-style-type: none"> <li>Increase vendor training for Calculated program</li> <li>Incorporate email address field in customer and program databases.</li> <li>Identify a few key fields (phone number, email, Contractor, NAICS) for all SDG&amp;E staff to focus on getting correct in program and (where applicable) customer databases</li> </ul>	M	H
Some program participants do not recall receiving rebate or incentive	N	<ul style="list-style-type: none"> <li>Participants may not realize that project cost has been reduced, and/or that SDG&amp;E facilitated this, particularly if project brought in by vendors</li> </ul>		<ul style="list-style-type: none"> <li>Ensure vendors give SDG&amp;E proper credit for providing rebate / incentive, and/or SDG&amp;E follow up with participant via email or mailer</li> </ul>	L	L

Issue	Issue raised in 06-08 Process Evaluation?	Consequences	Steps SDG&E is taking to address Issue (if any)	Additional steps we recommend	Difficulty in Addressing (H/M/L)	Value in Addressing (H/M/L)
Vendors are unaware of programs, and if they are aware, many desire tools and assistance from SDG&E to help sell energy efficiency to their customers	N	<ul style="list-style-type: none"> <li>Lack of effective use of upstream and midstream market actors</li> <li>Lower program participation numbers</li> </ul>	<ul style="list-style-type: none"> <li>SDG&amp;E has staff responsible for reaching out to vendors</li> <li>Some programs report good assistance from SDG&amp;E staff (including vendor alliance reps), and do not report needing additional tools</li> </ul>	<ul style="list-style-type: none"> <li>Host vendor outreach activities such as informational breakfasts or luncheons</li> <li>Add utility staff to market to vendors and to update them on program changes and provide tips for marketing the programs</li> <li>Conduct a comprehensive vendor study, identifying energy efficiency activities and needs</li> <li>Direct vendors to a central source of information that provides tools to help promote programs (e.g., energy savings calculators, up-to-date program information)</li> </ul>	M	H
Website was previously ineffective; in general, customers are not visiting SDG&E website for information	N	<ul style="list-style-type: none"> <li>The website is another source of information that customers may reference; lack of knowledge of the revised website information may pose lost opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>Website design was re-launched in December, 2011</li> <li>Analysis indicates that assigned accounts are more likely to have visited the website than unassigned accounts</li> </ul>	<ul style="list-style-type: none"> <li>Website functionality (include document storage) should be improved</li> <li>AEs should continue to direct customers to the website for basic information</li> <li>If not already done,</li> </ul>	L	H

Issue	Issue raised in 06-08 Process Evaluation?	Consequences	Steps SDG&E is taking to address Issue (if any)	Additional steps we recommend	Difficulty in Addressing (H/M/L)	Value in Addressing (H/M/L)
				mailings and other communications should relay SDG&E's enhanced website, referencing the easier to find energy efficiency opportunities <ul style="list-style-type: none"> <li>• Assign responsibility to ensure website information is up to date with appropriate information</li> <li>• Provide the website link on all marketing materials</li> <li>• Continue to ensure consistent look and messaging across all programs marketed on the website</li> </ul>		

*Figure 20 – Marketing Summary of Conclusions and Recommendations*

## 5. EFFECTIVENESS OF THIRD PARTY IMPLEMENTATION

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### 5.1 OVERVIEW

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There are many benefits to third-party (3P) programs, including innovation, technological expertise, and use of non-utility staff. However, with these benefits come some challenges. Often, utilities have limited control over 3P programs, the processes may be less than transparent, and the utility and implementer may have differing priorities.<sup>5</sup>

In the fall of 2011, the new CPUC Commissioner, Mark Ferron, described several overall goals for energy efficiency programs, including relying more on third party programs. Evaluating the advantages and disadvantages of 3P programs is important if this shift is to occur.

This section presents a review of issues that affect the ability of SDG&E's third-party non-residential resource programs to deliver energy efficiency goods and services to the marketplace. The cross-cutting issues identified in earlier sections of this report apply to both 3P programs and core SDG&E programs. However, a review of issues raised through the evaluation of 3P implementation identified five overarching themes that have particular relevance on 3P program implementation:

- ◆ **Savings Goals and Budget Allocation Compared with Core Programs.** We analyzed the budget allocated per energy savings, compared with core programs. However, the ability to achieve savings goals may be subject to market conditions beyond the implementers' control.
- ◆ **Coordination.** Coordination and communication processes are more complicated and less transparent since there is a third party involved in interactions between SDG&E and its customers.
- ◆ **Implementer contracts.** Contractual issues specific to 3P implementers govern all aspects of program implementation. 3P implementers' contracts prevent them from accessing customer data.
- ◆ **Data tracking.** Transparency in data tracking and reporting is critical for program success but can be problematic if databases do not interface. In addition, 3P implementers do not have access to customer data.
- ◆ **Marketing.** The 3P implementer has to market the program without the name recognition or outreach mechanisms the utility provides for its core programs.

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<sup>5</sup> Moran, Dulane, and McRae, Marjorie. 2011 *Arms-Length by Design: Navigating the Pitfalls of Third-Party Implementation*. Proceedings of ASEP Annual Conference.

SDG&E offers five non-residential 3P resource programs, and the evaluation team reviewed four of them for this analysis:

- ◆ Premium Efficiency Cooling – (evaluated)
- ◆ Commercial Direct Install – (evaluated)
- ◆ SaveGas – Hot Water Control (evaluated)
- ◆ Mobile Energy Clinic – (not evaluated)
- ◆ Retrocommissioning (evaluated)

The evaluation team also reviewed summary results from data collection activities that affect 3P programs (e.g., AE forum, Segment Advisor forum, marketing staff interviews).

## 5.2 DATA COLLECTION ACTIVITIES

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The research team evaluated:

- ◆ Interactions between SDG&E program staff, AEs and 3P implementers
- ◆ The quality of customer data tracked by 3P implementers
- ◆ The marketing processes used by 3P implementers
- ◆ The measurement and verification practices used by 3P implementers
- ◆ The quality of customer experience across 3P firms
- ◆ The amount of local resources a 3P implementer allocated to SDG&E programs.

Figure 21 summarizes these data collection activities.

Target for Data Collection	Data Collection Mode	Date	Key Research Issues	No. of Data Points	Source of Sample
SDG&E Program Managers (DI, HVAC Tune-up, RCx, SaveGas)	Interview	9/15/11	Communication with implementer, marketing activities, data collection and reporting, adequacy of resources, duplication with other utility programs	4	Sempra Process Evaluation Manager
Implementer staff (HVAC Tune-up, RCx, SaveGas)	Interviews and Interview Summaries	5/4/11-9/30/11	Communication with utility, marketing, data collection and reporting, quality control, adequacy of resources	3	Sempra Process Evaluation Manager
Account Executives	AE Focus Group		Application process with implementers, coordinating marketing	10 AEs	Sempra Process Evaluation Manager
Account Executive Managers	AE Manager Focus Groups	5/1/11	Coordination between AEs and 3P implementers, marketing activities for 3P implementers	1	Sempra Process Evaluation Manager
Customer Communications and Web Managers	Group Interview	12/16/11	Marketing activities	1	Sempra Process Evaluation Manager
Director of Customer Services	Interview	12/21/11	Marketing activities	1	Sempra Process Evaluation Manager

*Figure 21 – SDG&E Third-Party Implementer Data Collection Activities*

## 5.3 RESULTS AND FINDINGS

### 5.3.1 Savings Achieved Compared with Core Programs

SDG&E expects to achieve 10% of its non-residential savings through five 3P-implemented resource programs.

Budget		Gas Savings	
Allocated (% of SDG&E Portfolio)	Spent (% of Allocated)	Projected Therm Savings (% of SDG&E Portfolio)	Installed (% of Projected)
\$28.6 M (11%)	\$10.2 M (36%)	635,369 (6%)	172,118 (27 %)
Electric Savings		Combined Savings (Therms)	
Projected kWh Savings (% of SDG&E Portfolio)	Installed (% of Projected)	Projected Savings (% of SDG&E Portfolio)	Installed (% of Projected)
58,118,706 (8%)	24,211,730 (42%)	2,618,961 (7%)	998,464 (38%)

Figure 22 – Total 3P Budget and Savings as of Q3 2011 presents the total budget and savings reported in the EEGA data for all resource-based Non Residential programs as of Quarter 3 2011. The 3P portfolio appears to be close to core programs in energy savings and allocated budget spent:

- ◆ 3P programs achieved 38% of their energy savings<sup>6</sup> goals, compared to 48% for core programs
- ◆ 3P programs spent 36% of their allocated budgets, compared with 46% for core programs.

<sup>6</sup> Combined savings includes both therm and kWh savings. kWh were converted to therms for this analysis.

<b>Budget</b>		<b>Gas Savings</b>	
Allocated (% of SDG&E Portfolio)	Spent (% of Allocated)	Projected Therm Savings (% of SDG&E Portfolio)	Installed (% of Projected)
\$28.6 M (11%)	\$10.2 M (36%)	635,369 (6%)	172,118 (27 %)
<b>Electric Savings</b>		<b>Combined Savings (Therms)</b>	
Projected kWh Savings (% of SDG&E Portfolio)	Installed (% of Projected)	Projected Savings (% of SDG&E Portfolio)	Installed (% of Projected)
58,118,706 (8%)	24,211,730 (42%)	2,618,961 (7%)	998,464 (38%)

*Figure 22 – Total 3P Budget and Savings as of Q3 2011<sup>7</sup>*

### 5.3.2 Budget Allocation Per Energy Savings, Compared to Core Programs

We researched the difference in budget allocation per energy savings for 3P versus core programs. Specifically, we analyzed the allocated budget per projected therm savings, based on EEGA. We provide results for nonresidential, resource-based programs in Figure 23. Note energy savings is shown in therms (kWh were converted), and the building standards advocacy program was not included in the core programs, as this is a different program type.

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<sup>7</sup> Evaluation team calculated combined savings by converting electric savings (kWhs) to gas savings (therms) and then adding both together. 3P budget and savings are restricted to nonresidential resource based programs.

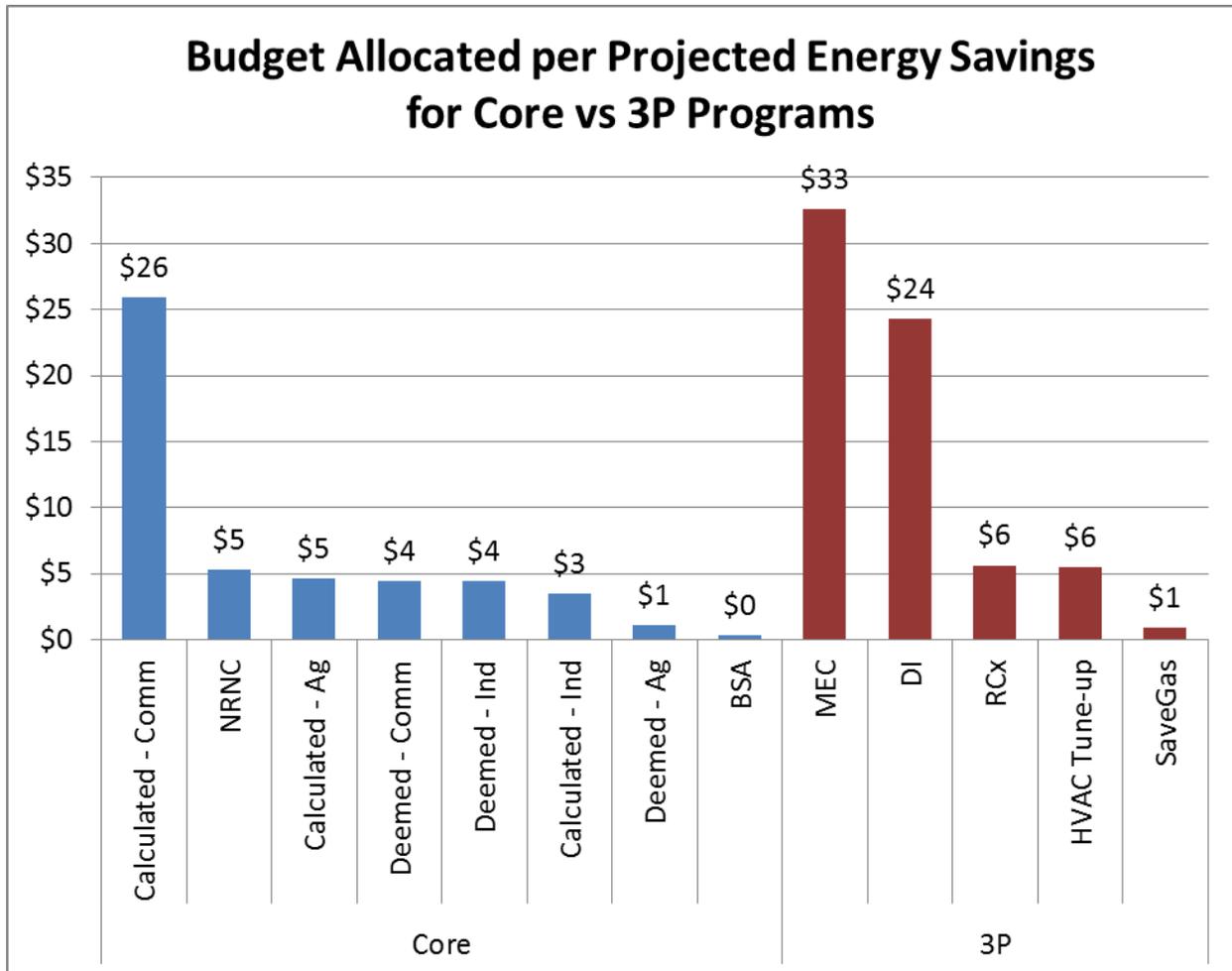


Figure 23 – Allocated Budget per Projected Therm Savings for Core vs. 3P Programs

As the figure shows, costs per therm vary widely among program. The median<sup>8</sup> cost per 3P program is about 20% higher than for core programs.

There are also differences between 3P and core programs that would lead one to expect a higher cost per therm savings. For example, 3P programs require a larger marketing and outreach budget to overcome lack of name recognition. Additionally, 3P programs do not have access to non-residential customer data and must therefore research potential customers. This is made more complex as many 3P programs are designed to work with “hard to reach” segments of the population or niche markets.

<sup>8</sup> We used the median, rather than mean, because when the distribution of a given value is highly skewed, the median often is a better representation of the “typical” value of that distribution.

For perspective, these programs represent a small percent of the entire portfolio in terms of savings and budget. All 3P non-residential resource programs combined make up 35% of the SDG&E budget and about 15% of the projected energy savings<sup>9</sup>.

While it was beyond the scope of this evaluation to investigate the reasons beyond the variation in program costs per energy savings, we note the following: SDG&E has discontinued the program with the highest cost per therm savings, Mobile Energy Clinic. This program was replaced with Direct Install, which (while slightly lower) also has a high cost per therm compared with other programs. This may be because SDG&E bears the full cost of the Direct Install program, including cost of the measure and installation. (In contrast, the program participant pays for at least half of the project cost for a rebate or custom incentive-type program.) Finally, for the two programs currently offered at SDG&E with the highest cost per therm, Calculated – Commercial and Direct Install, we looked at similar programs at PG&E. PG&E Calculated – Commercial (\$13/therm) and PG&E RightLights (\$11/therm) also have higher costs per therm than other core programs (\$3/therm for the median of all PG&E Calculated, Deemed, and Savings by Design programs).

### 5.3.3 Coordination

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Coordination and communication processes are more complicated and less transparent for 3P programs than for utility-run programs, since there is a third party involved in interactions between SDG&E and its customers. The evaluation team identified a number of issues relating to interactions between the utility and its 3P implementation contractors as well as cross-promotion with other SDG&E programs.

### 5.3.4 Interactions between SDG&E and 3P Staff

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The program-level evaluations indicate that program managers and 3P implementers generally reported having a positive experience in their relationship, communication, and ability to coordinate program activities. Both groups consider the AEs critical to effective program implementation. The summaries from the AE forum and AE manager interview provide additional information about the role of AEs in 3P programs. SDG&E staff note that giving AEs credit for 3P program savings has helped increase participation in 3P programs.

Specific examples of areas of concern include:

- ◆ Several implementers said they have requested access to customer data to better target potential customers, but cannot do so unless their contract permits it.

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<sup>9</sup> This calculation combined kWh savings and therm savings by converting kWh savings to therms and then adding both gas and electric savings together.

- ◆ AEs generally expressed a positive attitude toward 3P programs and noted that 3P programs take a lot of the legwork and application processing off of AEs. They mentioned Willdan and PECl as being well received.
- ◆ One AE commented they would like to receive more information from other 3P Implementation contractors.

### 5.3.5 Cross-promotion of other SDG&E programs by 3P implementers

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Utility and 3P implementer staff agreed that the cross-promotion of SDG&E programs also is beneficial. Since they often target underserved populations, 3P programs can promote other SDG&E programs. Effective cross-promotion requires excellent communication between PMs, AEs, and 3P implementers.

### 5.3.6 Implementer Contracts

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The issues related to 3P contracts identified in the program-specific evaluations include:

- ◆ The 3P implementers' performance often is based on their contract with SDG&E. However one 3P implementer's contract contains goals that are different from those in their PIP<sup>10</sup>. Neither the Program Manager nor the 3P implementer knew which one to use.
- ◆ Reduced funding limited the reach of the Retrocommissioning (RCx) program during the 2011 budget cycle, and there was a waiting list of customers that wanted to participate in the program. SDG&E Policy Advisors said that 3P programs were particularly underfunded. (However, as our analysis shows, the average budget per energy savings is higher for 3P than for core programs)

In addition, contracts restrict 3P implementers' access to customer data because of privacy and other legal concerns. Not having these data reduces implementers' ability to enter new markets and target appropriate prospective customers. Several 3P implementers requested customer data so they can approach high specific usage customers. For example, the SaveGas 3P implementer contact said they need information about hotels that use large volumes of gas, and the DI 3P implementer contact needs access to usage data to ensure that customers meet participation requirements before expending the effort to recruit.

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<sup>10</sup> Premium Efficiency Cooling Program (HVAC Tune-up)

### 5.3.7 Data Tracking

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Robust data tracking processes are required to document program effectiveness and support transparency between utility and 3p implementer staff. Two key concerns regarding data tracking are: 1) delayed availability of SMART database for some 3P programs<sup>11</sup> and 2) potential customer data tracking.

The SMART database tool allows 3P implementers to enter their data (jobs, measures, invoices, status) directly to the utility; the data must be exported to another application for reporting purposes. The vendor, Intergy, customizes SMART for SDG&E. The evaluation team found that implementers are using the SMART database and that it generally works well for all parties. The new version of SMART (called ISS) provides more flexibility and configurability. The delays in data entry to the database have under-represented programs' accomplishments, particularly RCx, which actually had a waitlist. Sempra IT staff would prefer to eliminate SMART, which is an extra application/database they must maintain, and instead allow 3Ps to use SDG&E's CRM via a portal.

### 5.3.8 Potential customer data tracking techniques

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Each 3P implementer tracks potential customer data differently, which makes it more challenging for 3P implementers to demonstrate their progress toward achieving their sales targets in a timely manner. We note the following two specific findings:

- ◆ DI 3P implementers do not track potential customers that have expressed concerns about the 3P implementer's legitimacy.<sup>12</sup>
- ◆ SaveGas tracks potential customer data well through Salesforce CRM ([www.salesforce.com](http://www.salesforce.com)), and provided evaluation staff with contact information and notes for each potential customer, including reasons for not participating in the program.

### 5.3.9 Marketing

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The evaluation team found that 3P implementers use a number of strategies to address challenges in marketing utility programs as external contractors. Generally, 3P implementers recruit participants through direct marketing and networking opportunities. Direct marketing includes cold calls and door-to-door sales presentations. One used a webinar to introduce the

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<sup>11</sup> According to a DI implementer the SMART system was not fully functional until June.

<sup>12</sup> The evaluation of the DI program found that, while there was a feeling that the program needed legitimacy, the lack of "near participant" data made this idea untestable.

product. SDG&E implementers have found that leveraging networking opportunities improves participation rates.

Other successful practices include the use of a call center for contacting customers. This enabled an unevaluated 3P program (Energy Challenger) to achieve a much higher participation rate than when it used a web-based option.

Implementers also noted that their inability to access SDG&E program marketing collateral and to use SDG&E's logo reduces their perceived legitimacy among customers. SDG&E program managers agreed that the utility provides limited marketing collateral support to 3P implementers. SDG&E staff noted that 3P implementers in the mid-90s could co-brand the program with SDG&E in their materials.

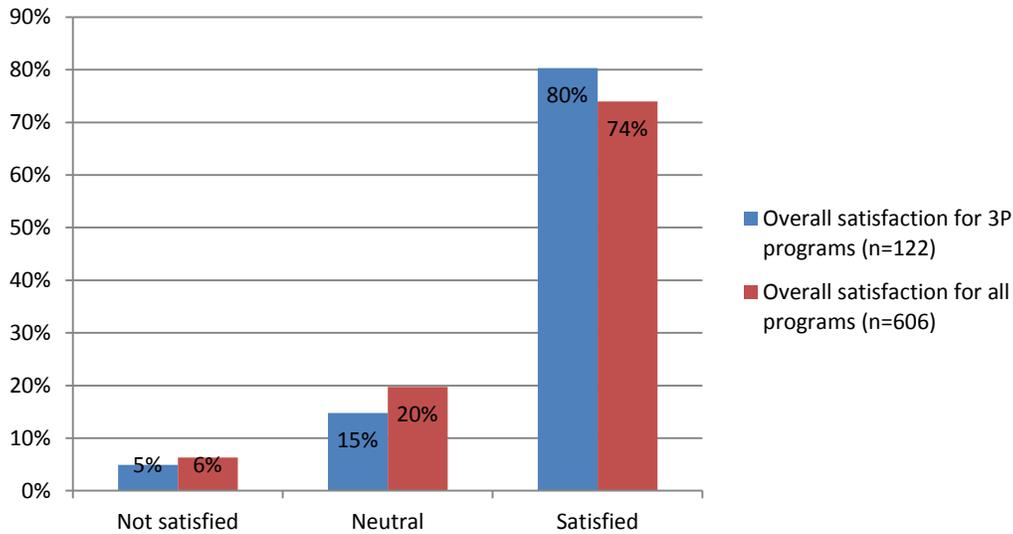
### 5.3.10 Satisfaction of Customers across 3P Implementers

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As shown in Figure 2-3, customers generally are satisfied with participation in the program.<sup>13</sup> 3P program satisfaction is comparable to satisfaction across all evaluated SDG&E programs. Participants rated their satisfaction on a 1 to 10 scale, where one was “not satisfied” and 10 was “satisfied.” For clarity, the figure below combines ratings one to three into a “not satisfied” category, four to seven into a “neutral” category, and eight to 10 into a “satisfied” category. These results are based on the following 3P programs: SaveGas, Direct Install, and Premium Efficiency Cooling (aka HVAC Tune-up).

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<sup>13</sup> The evaluation team did gather participant data for RCx.



*Figure 24 – 3P Participant Satisfaction Level across 3P Programs Evaluated*

Results indicate that customer satisfaction with 3P nonresidential programs is similar or slightly better than other (e.g., Core) SDG&E nonresidential programs.

## 5.4 CONCLUSIONS AND RECOMMENDATIONS

Overall, 3P programs add value to the SDG&E portfolio. We found that 3P program enhance SDG&E’s ability to deliver new energy efficiency technologies, reach underserved markets, engage all levels of supply chains, and tailor projects to customers’ needs.

The evaluation team found that the 3P programs shared the following strengths:

- ◆ High participant satisfaction (same as core programs)
- ◆ Good implementer and PM communication
- ◆ Improving coordination of promotional efforts between implementer and SDG&E AEs

However, our evaluation has found several problems with 3P programs: 3P programs appear to be more costly (on a per energy savings basis) than core programs: the cost per savings is roughly three times as high for 3P as core programs. As noted earlier, there are reasons for a higher budget to savings rate for 3P programs.

We summarize our findings and recommendations below.

Issue	Consequences	Steps SDG&E is taking to address issue (if any)	Additional steps we recommend	Difficulty in addressing (H/M/L)	Value in addressing (H/M/L)
<b>Savings Goals and Budgeting</b>					
<p>3P programs have higher cost per energy savings than core programs, and (as a whole) are behind on energy savings</p> <p>Inadequate budget allocations for at least one program</p>	<p>Savings opportunities are not realized</p>		<ul style="list-style-type: none"> <li>• Have incremental Key Performance Indicators (KPIs) in 3P contracts so unused budgets can be reallocated to programs with wait lists</li> <li>• Consider reducing budgets for programs behind in meeting savings goals, or re-structuring contract so based more on performance (savings), less on time &amp; materials</li> <li>• Review budget and savings for all 3P programs; for those achieving savings or with lower cost per energy savings, identify strategies that could be transferred to poorer performing programs</li> <li>• Consider trimming budgets for high cost programs, after weighing non-energy benefits (e.g., market transformation)</li> </ul>	M	M
<b>Coordination</b>					
<p>Limited cross promotion between 3P and core programs</p>	<p>Restricts awareness of SDG&amp;E programs</p>		<ul style="list-style-type: none"> <li>• Train implementers to cross promote other programs</li> <li>• Amend contracts to include cross promotion metrics</li> </ul>	M	M
<p>Lack of coordination between AEs and 3P implementer</p>	<p>Higher participation rate</p>	<p>Training lunches for AEs</p>	<ul style="list-style-type: none"> <li>• Distribute informational sheet for each program to AEs</li> <li>• Increase training lunches for AEs on 3P programs</li> </ul>	L	M
<b>Contractual</b>					

Issue	Consequences	Steps SDG&E is taking to address issue (if any)	Additional steps we recommend	Difficulty in addressing (H/M/L)	Value in addressing (H/M/L)
Discrepancies between goals in PIP and 3P contract	Confusion on which savings goals to adhere to		<ul style="list-style-type: none"> <li>Align PIP and 3P contractual goals</li> <li>Set up contractual mechanisms to modify budget based upon realization of performance metrics</li> </ul>	M	M
<b>Data Access</b>					
SMART Database incomplete	Fewer claimed savings by SDG&E	Data is currently being entered	<ul style="list-style-type: none"> <li>Link 3P compensation to SMART data entry</li> </ul>	L	M
Customers contacted are inconsistently tracked between implementers	Difficulty demonstrating progress toward sales targets		<ul style="list-style-type: none"> <li>Require that 3Ps track customer contact history</li> </ul>	L	M
<b>Marketing Effectiveness</b>					
SDG&E regulations restrict co-branding	Implementer cannot leverage SDG&E name recognition and credibility	SDG&E style sheets have been made	<ul style="list-style-type: none"> <li>Revisit co-branding policies to see if any can be relaxed. Clarify them ≤ 6 months after start of program cycle</li> <li>Consider including 3P program content on SDG&amp;E's website</li> </ul>	M	M
Implementers lacks access to customer data, and AEs not using Implementer leads	Cannot target specific potential customers	Some 3P implementers are communicating "warm" contacts to AEs	<ul style="list-style-type: none"> <li>Drive participation by having SDG&amp;E AEs reconnect with "warm" contacts provided by the implementer</li> <li>Provide customers with implementer contact information upon request</li> </ul>	L	M

*Figure 25 – Effectiveness of 3P Implementation: Conclusions and Recommendations*

## APPENDIX – THIRD PARTY CO-BRANDING EXAMPLES AND ISSUES

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# MEMORANDUM

March 29, 2012

To: Rob Rubin, Kevin McKinley, and other SDG&E staff

From: Marian Goebes (HMG), Sue Hanson (Tetra Tech), Ryan Bliss (Research into Action), and the HMG Nonres Process Evaluation Team

**Re: Co-Branding Examples and Issues**

At the final presentations for the Nonresidential Process Evaluation in February 2012, the evaluation team recommended that SDG&E review its policies on third party implementers co-branding with the SDG&E utility. SDG&E asked for further clarification on how this could be achieved, and specifically asked for examples of how other utilities across the U.S. use co-branding.

The following memo presents examples of co-branding from other utilities and describes some of the issues that were noted by those interviewed. While we focus on co-branding with 3P implementers, we also include examples on co-branding with trade allies (a.k.a., vendors).

We include this memo as an Appendix to Attachment 1 – Portfolio level Evaluations. It relates to several portfolio-level evaluations, including Marketing, Effectiveness of 3P Implementation, and Organizational (relating to legal issues).

### Sources for Examples and Acknowledgements

These examples were gathered by evaluation team members and their co-workers. Tetra Tech (TT) gathered information from a PECE marketing manager, a Pacific Gas & Electric Operations Specialist, and an AEP Ohio Business Manager. Research into Action (RiA) gathered examples from within their firm based on previous evaluation work. Heschong Mahone Group (HMG) staff from the Program Design and Implementation Group also provided information. We note the source of the specific information below.

### Issues with Co-branding

Co-branding can be helpful in the 3P establishing credibility with potential customers. In addition, co-branding increases the customers' awareness that the program services are provided by the utility. For example, in one 3P direct install program evaluated by HMG in the Pacific Northwest, HMG found that some participants did not realize that the utility had sponsored the program.

However, we found the following issues with co-branding in our research:

According to the PEI staff member, utilities are co-branding averse. Some of them will allow PEI, as the implementer, use of their logo but not allow vendors to use the utility logo (e.g. SCE). In the cases where PEI is the implementer and allowed to use the utility logo, PEI must go through many levels of legal review and document signing, “like we are utility employees.”

HMG Program Design and Implementation staff reported that California IOUs rarely agree to co-branding. They also reported concerns for the 3<sup>rd</sup> party implementer: If the IOU agrees to co-brand, the IOU takes over and changes graphics and other aspects paid for by the 3<sup>rd</sup> party. The IOU can also take such a long time to review the materials (e.g., months, one year) that the 3<sup>rd</sup> parties eventually need to move forward without it. As a specific example, it took “a lot of time” to gain the approval of multiple partnering organizations for a 1-page collateral for the Energy Upgrade California (EUC) Multi-family San Diego program.

## Co-Branding Examples

Below we provide co-branding examples for 3P implemented programs. We then provide information for “sub-branding”, one strategy for overcoming co-branding challenges both for 3P implementers and trade allies. Finally, we provide information on PG&E’s co-branding experience with its trade alliance (i.e., non-contracted network, *not* its contracted 3P implementers).

### *Third Party (3P) Implementer Co-Branding Examples*

The following examples were gathered by the evaluation team.

- ◆ Energy Trust of Oregon uses third-party program management contractors (PMCs) to implement its programs. They design the programs to carry out Energy Trust’s objectives. They do not represent themselves as Energy Trust staff, but the programs are seen as Energy Trust offerings. (RiA)
- ◆ Resource Action Programs, the implementer for the Livingwise K-12 education program, puts a sticker with the sponsoring utility’s logo inside the cover of its take-home kits. (This is a program that Resource Action Programs implement for different utilities; the website states that the program can be customized per utility needs.) (RiA)
- ◆ The EnergySmart Grocer program is a 3P program operating in multiple utility territories. It operates multiple websites – for PG&E, BPA, and Puget Sound Energy, and has utility logos and utility information on the websites. (RiA) (More information provided in Sub-Brand section.)
- ◆ In SCE territory, Synergy uses utility logos on a Mobile Home Program introductory letter and is currently working to get authorization to use utility logos on a wider range of marketing materials, including ID badges and shirt patches. (RiA)
- ◆ Resources Solutions Group (RSG), the PREPS implementer, uses PG&E’s logo on its website for the School Energy Efficiency Program: <http://schoolenergyefficiency.com/> This program is similar to SoCalGas PREPS, but PREPS does not include the SoCalGas logo on its website. (RiA)

- ◆ SDG&E is now allowing San Diego County Office of Education to use the SDG&E logo on marketing materials for the Energy & You Program. (This seems like something more like the Energy Trust model, where the Office of Education is basically a contractor hired to implement SDG&E's own program.) (RiA)
- ◆ HMG implements a multi-family program on behalf of Sacramento Municipal Utility District (SMUD). The SMUD website lists HMG as the administrator, although it does not include HMG's logo. However, SMUD does show both SMUD and HMG logos on program presentations. (HMG)
- ◆ HMG implements a 3<sup>rd</sup> party multi-family program in San Diego as part of Energy Upgrade California (EUC). The program website, which is also printed as a 1-page flyer, includes logos from the partnering organizations, including SDG&E, the City of San Diego, and Recovery.Gov. <http://www.h-m-g.com/multifamily/sandiego/> However, HMG does not have a direct contract with SDG&E. The DOE is the original source of funding, and HMG's contract is with San Diego County. Beginning Summer 2012, HMG may be continuing the program on behalf of SDG&E, and would have a direct contract with SDG&E. An HMG staff member involved with the program reported it would be useful to continue to include the SDG&E logo on program materials for credibility. (HMG)

### ***Sub-Brand Strategy: Examples from PECE, AEP-Ohio, and LIEE***

According to the PECE staff member, one way PECE has worked around the issues of risk aversion and long approval processes is to develop "sub-brands." For example, PECE is the 3P implementer for an EnergySmart Grocer program (and is mentioned earlier in this memo) funded by Bonneville Power Authority (BPA). Rather than use BPA's logo, PECE developed a separate logo for this program, and then PECE allows trade allies to use the sub-branded logo. There are very few strings attached to the use of the sub-brand (size, color, and placement on collateral is about it). Even though PECE has an open door policy with the sub-brand, what PECE really prefer to do is create the collateral for the trade ally and then leave an area on the collateral for the contractor to attach their own business card. This way, PECE has complete control over the branding/use.

The PECE staff member believes there is a definite advantage to sub-branding – that is, with the sub-brand, the program does not bring along any potential "baggage" the utility may have in the market. Additionally, contractors are still able to use a program logo to help create that sense of credibility in delivering the program. (TT)

In contrast to the experience of PECE (an implementer), AEP Ohio (a utility) appears to have had more challenges with using a "sub-brand". The AEP Ohio contact reported the following: Until recently, AEP Ohio used the gridSMART branding. This covered the smart grid (meters and programs), energy efficiency, and renewable energy programs. However, customers "could not figure it out", so energy efficiency is switching to using the AEP Ohio branding. (TT)

In the statewide Low-Income Energy Efficiency (LIEE) program, contractors that were hired to enroll customers would introduce themselves as “from [utility name]’s Energy Team,” and they wore “Energy Team” ID badges. One of RiA’s staff who was in San Diego for the evaluation of LIEE remembered that the contractors in SDG&E territory used the “Energy Team” introduction but doesn’t remember if they had the SDG&E logo on the badge; but in at least some cases (e.g., PG&E) the badge had the utility company logo. (RiA)

### *PG&E Co-Branding with Trade Allies (TT)*

According to the PG&E Operations Specialist we spoke with, this utility has co-branding programs for their three partner types:

- ◆ Trade Pro Alliance – non-contracted network
- ◆ Third Party Programs – contracted with PG&E
- ◆ Local Government Partnership Programs – contracted with PG&E

The discussion with this PG&E staff member focused on the co-branding requirements for the Trade Pro Alliance group.

Because Trade Pro Alliance members are not contracted with PG&E, they have the strictest requirements.

In summary:

- ◆ PG&E’s Trade Pro Alliance is about 800 members strong.
- ◆ The co-branding program has been around since the fall of 2010. PG&E has received 20-30 applications to participate in the co-branding program, but only 5 have been approved.
- ◆ It was a “long, long journey” to get to where they are with the co-branding program (huge legal hurdles). It began recently, and PG&E only rarely releases the PG&E logo for use outside of PG&E.
- ◆ The logo itself is not the actual PG&E logo – it has been slightly modified and includes wording about program participation.
- ◆ The requirements for a vendor to participate in the co-branding program include:
  - Must be a Trade Pro Alliance member
  - Must have an active CA business license
  - Must have a BBB rating of B or higher
  - For newly-formed businesses, they must complete at least 5 program projects within 1 rolling year – there is a little leeway here, depending on the size and timeline for the projects)
  - Must have no unresolved customer complaints related to PG&E EE programs (PG&E has a tracking system for customer complaints)

- Must have a QM pass/fail rate of 90% or better – this one is a little tricky because the PG&E staff member is discovering that some projects are failing when they actually should be passing, so they are continuing to investigate
- Complete the co-branding application, which includes an assessment survey given by a utility rep, who reviews logo requirements and reasons why the vendor wants to use the logo
- ◆ Once the vendor goes through these steps, they are approved. However, their work is not done. PG&E sends the vendor the logo license agreement and logo usage requirements. The vendor has to send an example of the collateral to PG&E and identify where the logo will go.
- ◆ From a staffing standpoint, this staff member sees this area growing (and PG&E staffing needs increasing), as there will also be ongoing monitoring of both requirements and collateral.
- ◆ PG&E is working on developing an online application to make all of this easier for both the vendor and PG&E staff overseeing the process.

PG&E also launched a Trade Ally Recognition program last year, including an awards ceremony. This event was well-received and the awards information was posted on PG&E's website.

A couple of other “perks” for Trade Pro Alliance members:

- ◆ If they complete their membership application online, they are listed on PG&E's website – there is a paper version that can be filled out, but PG&E is able to gather more information from the vendor with the online application.
- ◆ PG&E sends vendor members 2 letters each year summarizing the number of jobs that a vendor has completed through PG&E's EE programs, as well as the energy savings resulting from those jobs. Many vendors turn around and use this information in their marketing efforts.