



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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Application of Pacific Gas and Electric  
Company for Approval of 2013-2014 Statewide  
Marketing, Education and Outreach Program and  
Budget (U39M)

APPLICATION 12-08-007  
(Filed August 2, 2012)

**Protest of California Center for Sustainable Energy to the Applications of  
Pacific Gas & Electric Company, San Diego Gas & Electric Company, Southern  
California Edison Company, and Southern California Gas Company for  
Approval of 2013-2014 Statewide Marketing, Education and Outreach Program  
and Budgets**

**California Center for Sustainable Energy**

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**I. INTRODUCTION**

The California Center for Sustainable Energy (CCSE) respectfully submits the following protest to the Statewide Marketing, Education and Outreach (ME&O) applications of Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company and Southern California Gas Company (“Applications”). On August 3, 2012, the Investor Owned Utilities (IOUs) each submitted applications for approval of their 2013-2014 Statewide ME&O activities and budgets. The applications included each IOU’s overall approach and strategy regarding statewide ME&O, as well as budgets, proposed roles and responsibilities of actors, and plans for local ME&O integration. While there were some differences among applications, such as in local ME&O descriptions, the majority of material relevant to the statewide ME&O program within each IOU’s application is very similar. Furthermore, the material upon which our protest is based is virtually identical across applications. For these reasons, we direct our protest to all of the IOUs’ collective applications.

We respectfully focus our protest on the following topics:

- Limited Vision for Statewide ME&O
- Proposed Governance and Roles
- Brand Architecture
- Performance Metrics
- Additional Concerns

## II. THE IOUS' VISION FOR STATEWIDE ME&O IS UNNECESSARILY LIMITED AND NARROW

CCSE appreciates the considerable thought and attention with which the IOUs approached these statewide ME&O applications and recognizes that a point of major concern for all is how statewide ME&O will effectively coexist with and complements local IOU brands and program ME&O. Such concerns over local ME&O programming appear throughout all of the IOUs' applications as a consistent lens through which statewide ME&O is viewed. One manifestation of this can be found in the framing of these applications within the popular "Awareness, Knowledge, Attitude" (AKA) model and use of the classic advertising-based "Awareness/Attention, Interest, Desire, Action" (AIDA) model in each of their applications such that statewide ME&O is assigned only one role: awareness. PG&E states, "the SW ME&O program is intended to create awareness around the new statewide brand, EUC, and energy management concepts, so that customers can learn about a variety of DSM issues that matter to them most and be directed to find out more at the EUC web portal."<sup>1</sup> Similarly, PG&E later states, "While awareness and general interest levels are driven at the statewide level, engagement occurs at the local level through utility, local government, and third party efforts."<sup>2</sup> The other IOUs make similar statements throughout their applications as well, and define CCSE's role as "focusing on creating awareness and attention around EUC and energy management concepts."<sup>3</sup>

While we do agree that awareness of energy management concepts and resources and of the Energy Upgrade California brand as a source for this information is valuable and a

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<sup>1</sup> August 2, 2012. *Pacific Gas and Electric Company. 2013-2014 Statewide Marketing, Education and Outreach Program and Budget. Prepared Testimony.* Pg. 1-3

<sup>2</sup> *Id.* Pg. 1-5

<sup>3</sup> August 2, 2012. *Pacific Gas and Electric Company. 2013-2014 Statewide Marketing, Education and Outreach Program and Budget. Prepared Testimony.* Pg. 2-27

major priority of statewide ME&O, we are concerned at the implication created by such a singular focus in the applications that the Statewide ME&O program is *only* an awareness program. This intent is evidenced in the IOUs' description of Statewide ME&O as a "Tier 1" marketing activity. Page 2-16 of PG&E's application testimony clearly articulates this point in Figure 2-3. This figure illustrates the three marketing tiers, highlighting Tier 1 with "Attention & Awareness" in large capital letters, under which a narrow scope of "SW Paid Media, Web/Interactive, Earned Media, and Social Media" is outlined in bullet points.<sup>4</sup> Moving through the AIDA funnel, the remaining two layers that drive consumer action are shown as solely the purview of local IOU ME&O.

While one of the primary functions of the statewide ME&O program is to build awareness around energy management, the campaign is not *exclusively* for this purpose. Energy Upgrade California must also drive change in behavior: specifically improving how California's residential and small business consumers manage their energy use. The IOUs' intention to limit the statewide ME&O program to an awareness-only campaign and to reduce the participation of community-based organizations (CBOs), local governments, and other market actors on the ground to local ME&O exclusively is in direct conflict with the vision of the LTEESP as it relates to this program. CCSE's vision for Energy Upgrade California draws directly from the LTEESP's vision:

"The key to the next generation of ME&O is to create a consumer experience that offers an integrated set of DSM information *and program options* that are clear, relevant to the consumer, and accessible to all Californians... Additionally, *highly-targeted program marketing efforts* will be conducted that focus on consumer segments with the highest propensity to participate in clean energy programs in

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<sup>4</sup> *Id.* Pg. 2-16

A.12-08-007, et al.

order to create a strong base of early adopters. These efforts will use multiple channels and *leverage strategic partners* across the spectrum... California's businesses and educational institutions (public and private) with excellent channels to further leverage energy efficiency messaging and create the next generation of energy ambassadors. The statewide ME&O effort will work with both sectors to leverage their resources and utilize them fully in the statewide campaigns."<sup>5</sup>

Consumers may choose to engage in energy management actions in any number of ways, including such actions as participation in IOU programs, taking steps to reduce energy use at peak times or over time consistently, or purchasing energy-efficient appliances and energy management/feedback devices. To be truly effective during this important transition period and in keeping with the goals and vision of the LTEESP and other policies driving the need for such a program, statewide ME&O should draw from the extensive energy behavior research and expert resources available in California to galvanize consumer and small business action on energy management. In addition to current research, a great deal of valuable work was done in the previous incarnation of statewide ME&O to design "a systematic approach to branding energy efficiency that is rooted in effective message research, evaluation, social marketing, behavioral science, and targeted segmentation,"<sup>6</sup> and while the scope of this statewide ME&O effort extends beyond energy efficiency, that comprehensive approach and its related data remain extremely vital to effectively leveraging marketing, education and outreach to meet our long term energy management goals.

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<sup>5</sup> September, 2008. *California Long Term Energy Efficiency Strategic Plan*. Section 10, pages 80-81 (emphasis added).

<sup>6</sup> September, 2008. *California Long-Term Energy Efficiency Strategic Plan*. Section 10, page 76

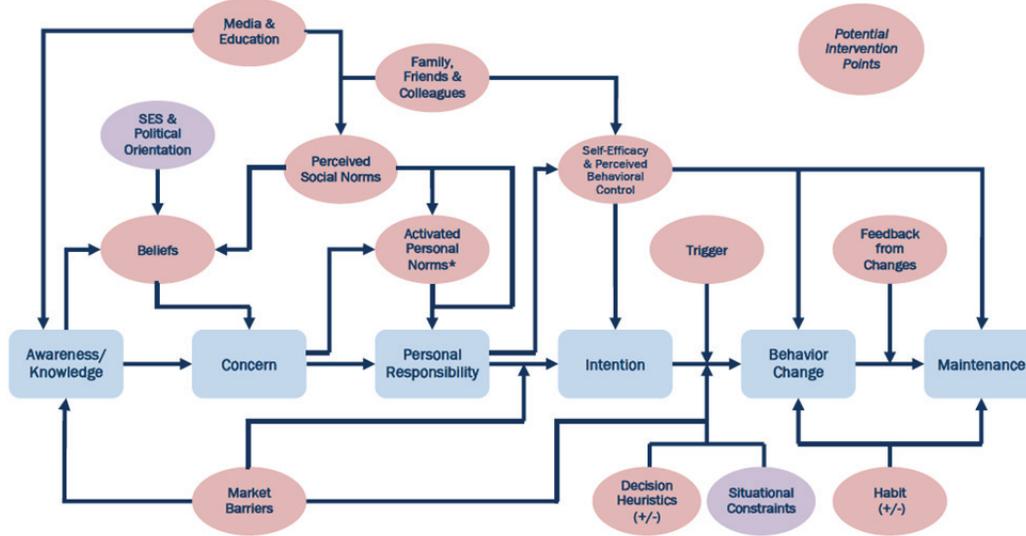
The AKA model is a commonly used approach; however its assumption that awareness is a building block of behavioral change can be a point of weakness. Multiple studies have shown that awareness and knowledge do not necessarily lead to behavior change or action. Thus, limiting Energy Upgrade California's scope to awareness only could undermine the ultimate value and opportunity provided by the statewide ME&O program. In *Reconsidering What We Measure*, a white paper prepared by Opinion Dynamics and Research into Action for PG&E and SCE about a year ago, the authors discuss the relationship between awareness-raising and behavior change and explore consumer choice as it relates to energy efficiency programs. They open with acknowledgement that, "For many years, the energy efficiency industry has used the Awareness, Knowledge & Attitude (AKA) framework for thinking about influencing customers' behavior," and go on to also recognize that "in actual practice, the industry has been operating under the Physical-Technical-Economic Model (PTEM) for most program design and implementation."<sup>7</sup> They then walk through several other models and theories related to behavior change, including two stage theories, the Trans-Theoretical Model (TTM), developed by Prochaska and DiClemente (1984) and Innovation Diffusion (ID) theory (Rogers, 2003), and correlate those stages to the 2009 segmentation analysis completed for statewide ME&O in 2009 by Opinion Dynamics. Later in the paper they outline an integrated model drawing from those two stage theories and highlight all the possible points of intervention to be made. Their visual depiction of the model is displayed below.<sup>8</sup>

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<sup>7</sup> Randazzo, K. and Peters, J. *Reconsidering What We Measure: A White Paper; Residential Decision-Making and Proposed Standard Questionnaire Items*, August 2011

<sup>8</sup> *Ibid.*, pg, 27

Figure 8. Integrated Model with Potential Intervention Points Highlighted



Like the IOUs, they characterize media and education as a good vehicle to raise awareness, but they also note that it can be used to “influence perceived social norms and beliefs” influencing and activating social networks. Also they show many avenues of intervention in which statewide ME&O could effectively play a role, working in partnership with IOU local integrated and program marketing and also benefiting from and contributing to the application of strong research on consumer behavior and energy consumption that can inform subsequent ME&O and programs after this 2013-2014 transition period. Other research on behavior change theory posits that these stage models have limited use for determining interventions and can be somewhat problematic in this application because they assume rational, deliberative choice-making, but that they are also valuable because they remind us that change is not linear and must be understood to be happening repeatedly over time. Therefore, interventions must be directed appropriately at segments, reflecting that they are in a given stage.<sup>9</sup> Importantly, this research asserts, “lasting change requires a process of

<sup>9</sup> Darnton, A. (2008) Behaviour Change Knowledge Review Reference Report: An overview of behaviour change models and their uses. *Government Social Research*. Centre for Sustainable Development, University of Westminster

engagement, in which audience groups are included as partners in the process (in the language of agency, as ‘actors’). The principles of action research, and reflective practice, suggest that this process of engagement should involve learning through doing.”<sup>10</sup> As discussed in the LTEESP and reflected in social marketing and behavior change research, statewide ME&O must go beyond advertising methods designed only to raise awareness in order to effectively engage residential and small business consumers in the action of changing their energy management behavior. Relatedly, CCSE agrees with the IOUs that a “test and learn” approach to statewide ME&O is quite necessary as part of a dynamic and market-responsive marketing, education and outreach mix managed to achieve results.

The IOUs have also limited Energy Upgrade California unnecessarily by focusing so specifically on the AIDA model and segmenting marketing campaigns from statewide to local based on where they fall in the model. Developed at the end of the 19<sup>th</sup> century, AIDA is a classic approach to advertising and should be considered in any marketing campaign. However, CCSE finds two issues with how AIDA is used in the IOUs’ applications. The first is that it assumes both the relationship between the ME&O program and customer and the journey on which the residential and small business consumers are on is linear through the AIDA funnel. With the opportunities provided today by social media and community outreach as well as the influence of social networks and word of mouth, marketing to consumers is no longer the one-way communication that the AIDA model assumes. Thus, other models are useful to consider in strategy development.

The second and related issue is the aforementioned segregation of statewide and local campaigns into different roles in the funnel. While we understand the IOUs’ concerns about maintaining autonomy over their local ratepayer-funded marketing, this separation appears to be more a manifestation of that concern than a true reflection of what will be most effective for

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<sup>10</sup> *Ibid.* pg. 68

consumers in the marketplace. Residential and small business consumers are both broad and fragmented targets with many segments at varying stages of awareness of energy concepts and with many actions they can take to improve their energy management. Collectively we have limited mindshare with the consumer and also many avenues by which to reach them. We should therefore use all opportunities we have to engage them and move them along the funnel towards action. Thus, in practice Energy Upgrade California should play a role at every level of the AIDA funnel alongside the IOUs local marketing campaigns. This is especially important when considering how statewide ME&O will engage diverse and hard-to-reach communities, many of whom are most successfully reached through specialized media and information channels that would be considered the Tier 2 local media outlets and community-based organization relationships the IOUs have marked as the domain of their local integrated marketing. California's diverse communities should not be left out of the statewide dialogue about energy because they happen to have strong local depth and complexity. This is all the more reason to engage them in the "why" and "how" messaging of Energy Upgrade California as well as the "how" and "where" messaging of the IOUs local campaigns.

Rather than limit the scope and function of Energy Upgrade California to Tier 1 engagement only, we ask the IOUs to work with CCSE under the leadership of the CPUC and CEC to embrace this opportunity to leverage a statewide brand effectively to make energy management relevant and desirable to all Californians. Though currently only funded by and serving IOU ratepayers, Energy Upgrade California is a brand that belongs to the State of California with the potential to define and improve the state's relationship to energy, both for itself and for others who look to California for leadership on energy, the environment and climate related issues. An apt comparison for this could be the Texas Department of Transportation's campaign "Don't Mess with Texas," a phrase that has become so entwined with Texas culture that many don't even realize it started in 1986 as an anti-highway-littering campaign. Though launched initially in the pre-Internet age primarily as an advertising

campaign by only one state agency, the campaign now has strategic partnerships with corporations, schools and other organizations, a variety of extension programs and an app and products for user engagement, and it effectively utilizes outreach and social media tactics as well as television, radio and outdoor ads.

Launching in 2013 as California's umbrella brand for energy management, Energy Upgrade California has a more daunting mission in changing a whole category of behaviors related to managing energy but also has more tools to work with than just awareness-raising advertising and media. Certainly a significant advertising component is important to establish the brand and its role as a source for energy information; however, in order to be effective, the brand must then also provide pathways for consumers to take energy management actions appropriate for them. This can only be accomplished by using the full array of marketing and outreach strategies and tactics available today, at the scale a statewide campaign affords. Core to this effort is a merchandising calendar comprised of appropriate seasonal and regional energy actions that CCSE could develop with the IOUs' and other stakeholders' input. Such a calendar could ensure Energy Upgrade California supports IOU programs and regional marketing efforts. It will also enable the campaign to partner with local government programs, community-based organizations and contractors and retailers to leverage their events and energy-related seasonal and offer-based merchandising. This connection of Energy Upgrade California to tangible, time-sensitive offers will make the campaign more relevant and connect local action opportunities with statewide ME&O for residential and small business consumers.

For example, Energy Upgrade California could partner with retailers and other companies to reach consumers across multiple IOU territories in large-scale, California-focused, cooperative marketing campaigns. As a state brand, Energy Upgrade California could also partner with other state agency programs such as (but by no means limited to) the Air Resource Board's "Cool California" campaign and its related local government competitions as

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well as the Department of Toxic Substance Control's California Green Business Program. This approach would effectively leverage these existing programs and provide more support to small businesses and local governments participating in the program.

Previous evaluations of ME&O efforts have repeatedly pointed to the value of face-to-face communication with consumers about energy topics, a tactic known broadly as "outreach", especially with ethnic and hard-to-reach communities. CCSE is concerned that the IOU applications seek to remove this important tactic from the Statewide ME&O toolbox, and express a desire to retain CBO and local government relationships solely as the domain of the IOUs.<sup>11</sup> Based on our own experience with the Engage 360 campaign, CCSE knows that local, on-the-ground organizations can play a unique role in localizing and humanizing the messages of a statewide campaign, drawing connections for people to behavior change and action and reinforcing important social norming vital to Statewide ME&O success. Statewide ME&O can and should work alongside existing IOU partnerships and provide more opportunities for these important organizations to help their communities improve their energy management skills. In fact, as cited above, the LTEESP explicitly envisions the participation and leveraging of existing on-the-ground actors. While the execution of the Engage 360 campaign arguably put too much emphasis on social marketing and social networks at the expense of advertising and earned media, the right marketing mix still has a role for community-based tactics that support word-of-mouth and connect statewide and local campaigns for consumers.

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<sup>11</sup> Pacific Gas and Electric Company 2013-2014 Statewide Marketing, Education and Outreach Program and Budget Prepared Testimony, pg. 2-17 lines 7-11

### III. PROPOSED GOVERNANCE STRUCTURE IS NOT CONSISTENT WITH COMMISSION INTENT

#### CCSE's Role as Statewide ME&O Implementer/Coordinator

In D.12-05-055, the Commission directed CCSE to serve as the statewide ME&O program implementer/coordinator.<sup>12</sup> In our response to the IOUs' 2013-2014 EE applications, we noted that since the approval of D.12-05-055, the IOUs have continuously misinterpreted CCSE's role as comparable to that of a third party implementer, and have continued to argue that such a role (if necessary at all) should be competitively bid. We are perplexed by this, as D.12-05-055 clearly states, "CCSE's role will be more one of design, oversight, and coordination"<sup>13</sup> and regarding subcontracting and the implementation of the Statewide ME&O campaign, "These implementation details will be up to CCSE and we do not further specify them in this decision."<sup>14</sup> Thus, the role outlined by the Commission is not limited to that of a third-party implementer, but rather is more similar to that of a program administrator.

A recent ruling by ALJ Fitch also put the question of competitively bidding this role to rest within the EE Applications proceeding in the *Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge*, stating, "Since the Commission has already explicitly considered and rejected these arguments in D.12-05-015, CCSE's role to oversee delivery of the statewide ME&O campaign will not be within the scope of this proceeding."<sup>15</sup> While we recognize that this ruling does not exclude such a topic from *this* proceeding, the rationale for its exclusion is equally true in any proceeding.

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<sup>12</sup> May 10, 2012. *Decision Providing Guidance on 2013-2014 Energy Efficiency Portfolios and 2012 Marketing, Education, and Outreach*. Pg. 303 and O.P. 123

<sup>13</sup> *Id.* Page 303

<sup>14</sup> *Id.* Page 305

<sup>15</sup> August 27, 2012. *Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judge*. Page 6

Furthermore, both SDG&E and PG&E reference a letter from Assemblymember Bradford and Senator Padilla to Commissioner President Peevey's office "asking for an explanation from the Commission as to why it awarded the contract as a sole sourced contract rather than solicit bids through a Request for Proposals process."<sup>16</sup> The stated focus of concern in the letter and in SDG&E's application revolved around women and minority owned small businesses and their ability to bid on the contract. We note that a response letter was sent from President Peevey's office to Assemblyman Bradford and Senator Padilla. This letter is attached as Appendix A and states,

"I can assure you, however, that the selection of CCSE as statewide marketing implementer in the energy efficiency Decision does not in any way violate our GO 156 policy or reduce the contracting opportunities available to WMDVBE entities. First, the role we assigned to CCSE is not one that would ordinarily be contracted out. The function of the program implementer will be to oversee the design and vision for a statewide outreach program, similar to the role a utility might perform. Such a function is necessary to ensure coordination and eliminate duplicative and contradictory spending across utility service territories."<sup>17</sup>

The letter goes on to state that CCSE will be subcontracting ME&O work, abiding by the Commission's GO 156 rules, thereby providing the same opportunity for WMDVBE as would exist otherwise. In fact, CCSE's vision for implementation of the Statewide ME&O program seeks to involve a large number of community-based organizations and small businesses, including WMDVBE, throughout the state in order to leverage on-the-ground knowledge and existing community relationships to achieve the goals of the LTEESP.

### **IOU Proposed Governance Structure**

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<sup>16</sup> August 3, 2012. *Application of San Diego Gas & Electric Company for Approval of Statewide Marketing, Education and Outreach Program for Years 2013 through 2014*. Volume 1, Chapters I & II, Prepared Testimony of Sandra Baule. Page SB-26

<sup>17</sup> Letter dated July 12, 2012 from Commission President Michael Peevey to Assemblyman Steven Bradford, Chair Assembly Utilities and Commerce Committee, and Senator Alex Padilla, Chair Senate Energy, Utilities, and Communications Committee.

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In their applications, the IOUs define a governance structure for the Statewide ME&O program. The core of the proposal seeks to establish a “Statewide ME&O Program Advisory Group (“PAG”) comprised of the IOUs, CPUC staff, and interested parties such as the CEC, local governments, and other entities along with the statewide implementer, CCSE. The PAG will serve to: promote transparency in the [IOUs’] decision making process; provide a forum to obtain valuable technical expertise from stakeholders and non-market participants; encourage collaboration among stakeholders; and create an additional venue for public participation.”<sup>18</sup>

This proposal continues to assume that the IOUs will be responsible for all decisions related to program design and implementation and takes a narrow, limited view of what could be achieved with statewide ME&O. This assumption of IOU leadership is articulated by the IOUs in their description of the roles and responsibilities of the utilities and the implementer (CCSE). Page 2-27 of PG&E’s testimony defines utility responsibilities as follows: “PG&E, on behalf of the utilities, will directly oversee the program implementer. The utilities will be responsible for leading overall strategy development of the Statewide ME&O program. PG&E, or an assigned utility proxy, will be responsible for leading the quarterly PAG meetings.” The testimony goes on to define the program implementer’s responsibilities: “The program implementer would be responsible for the implementation of the Statewide ME&O program strategy, focusing on creating awareness and attention around EUC and energy management concepts through an approved tactical plan.”<sup>19</sup>

In addition to our previously expressed concerns about the limitations of awareness, CCSE is concerned that a tactical plan designed by the IOUs would be beholden to local goals

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<sup>18</sup> August 3, 2012. *Application of San Diego Gas & Electric Company for Approval of Statewide Marketing, Education and Outreach Program for Years 2013 through 2014*. Volume 3, Chapters V & VI, Prepared Testimony of Athena Besa. Page AB-2.

<sup>19</sup> August 2, 2012. *Pacific Gas and Electric Company. 2013-2014 Statewide Marketing, Education and Outreach Program and Budget*. Prepared Testimony. Pg. 2-27

first at the expense of what statewide ME&O could accomplish. More broadly speaking, we fear that the IOUs driving strategy for statewide ME&O is a scenario that in sum prioritizes the parts over the whole, and negates the value the Commission has sought to provide by placing CCSE in this design, oversight and coordination role. While the IOUs coordinate frequently on statewide initiatives, they approach that coordination with the interest of their own respective territories as the top priority. In some cases this can be beneficial to the process and to ratepayers. However, in this case, wherein the whole (an energy campaign for and about California) has the potential to be so much greater than the sum of its parts (direct engagement of IOU consumers and small businesses only) such competition and ambivalence could undermine the vision, the consumer experience and ultimately the value to ratepayers.

CCSE seeks to bring a mission-driven, ambitious and innovative approach to fulfilling its design, oversight and coordination role during this transition period and the governance structure proposed by the IOUs in their applications does not provide the appropriate framework by which to execute this. We therefore propose an alternative structure.

### **CCSE's Proposed Governance Structure**

CCSE proposes to apply a popular project management model to the governance of Energy Upgrade California. RASCI stands for Responsible, Accountable, Supportive, Consulted and Informed and is often used to define roles on projects with multiple stakeholders. In this instance CCSE proposes that CCSE is the "Responsible", the CPUC and CEC are the "Accountable", an advisory board outlined below is the "Supportive", the IOUs are the "Consulted" and other stakeholders and parties are the "Informed". We will discuss and visualize below.<sup>20</sup>

Energy Upgrade California has been registered as a trademark of the State of California, with joint, direct oversight by the California Public Utilities Commission (CPUC) and the

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<sup>20</sup> RASCI retrieved from [http://www.valuebasedmanagement.net/methods\\_raci.html](http://www.valuebasedmanagement.net/methods_raci.html)

California Energy Commission (CEC). CCSE proposes that the two energy agencies continue to provide direct governance of this state brand, with the CPUC leading in 2013. The two agencies have already agreed to this arrangement in principle, as the CEC led the development and governance of the brand in 2009-2012 timeframe, and effectively turned it over to the CPUC earlier this year. This governance structure, led by California State agencies, demonstrates the state's commitment to the success of this campaign and to a vision in which Energy Upgrade California ultimately drives action on energy management for consumers and small businesses throughout all of California. In the governance structure the CPUC and CEC provide the "Accountable". They are accountable for Energy Upgrade California and charged with delegating and overseeing the work of CCSE as the responsible party.

The IOUs are important stakeholders of statewide ME&O with legitimate concerns about its relationship to their customers, and how it must integrate with their local efforts. The IOUs also act as fiscal agents and should exercise due diligence over ratepayer monies used to fund the program. Therefore they must have avenues of input and coordination with the brand as it relates to their customers and their views must be well considered, but they should not be setting statewide strategy or trying to transcend their necessarily local emphasis to approximate the state's vision. The IOUs must be consulted and called on to support statewide ME&O and are therefore "Consulted" constituents in the governance model. In their role as a "Consulted", the IOUs must be consulted on strategy and tactics of statewide ME&O and there must be two-way communication between CCSE as the "Responsible" and the IOUs as the "Consulted". This does not mean that the IOUs have oversight of CCSE, as that is reserved for the CPUC and CEC as the "Accountable", but it does mean that CCSE has a responsibility to the IOUs as a "Consulted" to keep them informed and seek their buy-in.

CCSE agrees with the IOU concept of an advisory body for statewide ME&O, and would empower that group to actively provide input on strategy and tactics individually, by committee and as an entire group, rather than simply providing review and comment on plans

already in development and underway, as the PAG process entails. Rather, we seek the definition of clear, accountable roles and responsibilities to create effective avenues for substantive collaboration. To this end, CCSE proposes an advisory board for statewide ME&O that will act as the “Supportive” in the RASCI governance model. Like the “Consulted”, the “Supportive” maintains two-way communication with the “Responsible”, but plays a more secondary role insofar as the “Supportive” is providing services and insight to the “Responsible”. CCSE as the “Responsible” has the opportunity and privilege of soliciting help from the “Supportive” but is not drawing upon its resources and coordinating the same way as with the IOUs as the “Consulted”.

This Energy Upgrade California Advisory Board would meet once a quarter and members could also be called upon individually or by committee to provide specific expertise and insight as needed. The Advisory Board would be comprised of marketing, communications and behavioral experts from leading California universities and government agencies with a focus on energy, as well as leading California-based companies and nonprofits that serve consumers and small businesses. Academic and government board members would be appointed for the full two-year term of the transition period and private sector and nonprofit marketing and communications experts would be appointed for a one-year term with the option of being renewed or replaced at year end by vote of their peers. The board would number no more than fifteen members with a minimum appointment of seven academic and government members. Board members would not be paid but travel expenses related to board meetings would be reimbursed. The CPUC, CEC and CCSE could call on board members for help in designing and coordinating aspects of statewide ME&O, and the IOUs would be invited to all advisory board meetings but would not sit on the board. Faculty with expertise in energy behavior and marketing at the University of California and California State University could include representatives from such organizations as the California Institute for Energy and the Environment (CIEE) at UC Berkeley, Precourt Energy Efficiency

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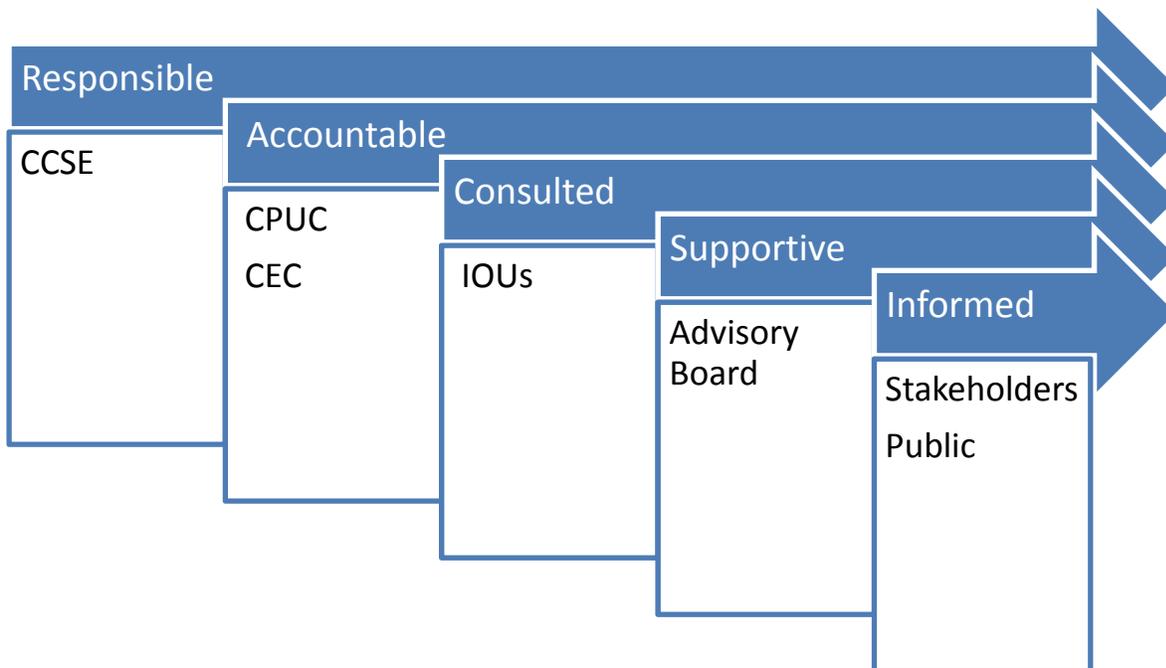
Center (PEEC) at Stanford University, the California Plug Load Research Center (CalPlug) at UC Irvine, and the Western Cooling Efficiency Center (WCEC) at UC Davis. Additionally, the membership could include a behavioral and/or marketing expert from Lawrence Berkeley National Laboratory (LBNL), representatives from other relevant stakeholders such as the Local Government Commission (LGC) or Local Government Sustainable Energy Coalition (LGSEC), marketing representatives of nonprofit associations for market actors such as HVAC or home performance contractors and representatives from nonprofit organizations that specialize in community-based outreach especially with diverse and hard to reach communities.

In addition to those industry insiders and experts, CCSE recommends engaging the private sector by soliciting nominations for marketing and communications executives from leading companies based in California that serve consumers and small businesses. Potential candidates could be nominated or self-nominate and could be designated to represent certain sectors such as retail, finance and consumer goods or technology or could be at-large members. The advisory committee would provide insight, expertise and feedback to the CPUC, CEC, CCSE and the IOUs on ideas and plans and would have the opportunity to present behavioral theory application pilots to the group to be considered for deployment in statewide ME&O or local programs as the IOUs may wish to make use of the forum.

CCSE as the Responsible party in the RASCI model would manage Energy Upgrade California and all related implementation including direct management of subcontractors, and would be responsible for the strategic and tactical planning and the achievement of agreed upon metrics. CCSE proposes to manage Energy Upgrade California with CPUC oversight in a similar fashion to the CPUC management of the Go Solar California marketing and outreach in the interim marketing period of the California Solar Initiative. Working within the budget set in these applications by the IOUs, CCSE would submit its marketing, education and outreach plan for the two-year period via advice letter within 30 days of the decision on these

applications. This would provide a public mechanism for the IOUs and other interested parties to provide feedback and for the CPUC to provide approval. CCSE asks that the IOUs provide their tactical cooperative marketing needs and merchandising calendars on a tandem schedule or along with this feedback so that CCSE can provide a follow up merchandising plan within 60 days of the decision as well.

In the event that CCSE has components of its plan that the CPUC wants to approve over time or elements that must be finalized outside the scope of the plan, CCSE would submit a request similar to the marketing outreach request form (MORF) used for Go Solar California for CPUC approval. CCSE would provide a monthly report to the CPUC and CEC that it would also distribute concurrently to the IOUs and the Energy Upgrade California advisory board, and a semi-annual report that would be posted publicly on the CPUC website. The image below depicts the RASCI brand management relationship for Energy Upgrade California for 2013-2014.



## **Brand Architecture**

CCSE appreciates the IOU discussion of brand architecture and the examples provided therein. The examples of the American Heart Association raising awareness about heart health and Chevrolet inspiring desire for a new car are thoughtful efforts as useful analogies for this campaign. Although neither provides a directly compatible model for governance or brand structure, in our view, they provide a useful starting point for discussion.

To begin with, it is true that Energy Upgrade California provides Tier 1 engagement similar to a car advertisement, as suggested in PG&E's comparison of Energy Upgrade California to Chevrolet's brand marketing; however, brand-driven car advertisements tend to go beyond getting attention and providing awareness of a vehicle, and usually also directly attempt to raise awareness and desire, while promotions from dealers and their associations strive to stimulate action. In a similar vein, CCSE views a role for IOU and Energy Upgrade California marketing at every stage of the AIDA funnel. Both efforts will seek to raise awareness of and interest in their benefits and drive desire to participate. In some cases the call to action may be to participate in a local program and in others it may be to buy an appliance or to call a contractor. CCSE does not view a hand-off of the consumer as an effective or positive consumer experience, nor do we envision Energy Upgrade California as a gatekeeper or entry point in a linear customer relationship. These statewide and local campaigns will co-exist in the marketplace meeting the consumer at the places and stages where they are and will drive them along the action funnel as appropriate for that consumer. Certainly it will make sense to map certain points of deposit for the consumer into landing pages and customer service agents at the IOUs and to coordinate the campaigns, but a broad one-size-fits-all hand-off is self rather than consumer focused and will not deliver success in a consumer-driven market.

The American Heart Association example provides another interesting discussion point. Similar to the AHA, Energy Upgrade California is in some ways a "cause brand," in which

California engages its citizen-consumers to rethink their relationship with and management of energy in order to better steward our resources, reduce pollution, save money and create jobs. Many market actors can be involved and support this effort including the IOUs, contractors, retailers, local governments, community-based organizations and others. In that sense, the AHA example is much closer to the vision that CCSE has for the Energy Upgrade California brand architecture, though Energy Upgrade California is action-oriented rather than prevention-oriented, and provides more points of direct engagement than in the AHA example. In the AHA model, the idea of heart health and the need for preventative behaviors is the broad message and a very diverse set of market actors provide the action steps, whereas with Energy Upgrade California, the behavior of energy management is a category of actions that can be characterized and displayed more cohesively with clearly defined avenues: take household action to conserve, participate in IOU programs, buy consumer goods that are more energy efficient or help in energy management, hire market actors such as contractors to deliver services that improve energy management. Thus the Energy Upgrade California brand is more foundational than aspirational as in the case of the AHA, and can more directly engage residential and small business consumers in multiple levels of communication and decision-making. With regard to co-branding, in some instances Energy Upgrade California would be the lead or only brand on advertising or other media and in other cases it would be a support element similar to the Energy Star label, letting consumers know that the offering is related to Energy Upgrade California but allowing the lead entity, whether it be an IOU or a contractor or retailer, to primarily brand the offer. Any entities wishing to use the Energy Upgrade California brand on any materials will be required to obtain permission from CCSE before doing so.

The IOU applications place a great deal of emphasis on the brand assessment and their intention to use it to make several key decisions, such as co-branding and the relationship between Energy Upgrade California the umbrella brand and the program currently branded

Energy Upgrade California that the IOUs refer to as the Whole House Upgrade Program in these and their energy efficiency portfolio applications. While we agree that the brand assessment is very important for establishing a starting point to understand where the brand is today and how consumers relate to the brand and what they understand about the brand and about energy management, and we agree that it should inform strategy development, we view questions such as that of co-branding and the home performance program brand relationship as areas for decision making and we look forward to a governance structure that affords such decision making effectively. In the RASCI model we proposed, CCSE as the entity responsible for successful implementation of this program, would consult with the IOUs and use the brand assessment data to make such decision that would then be used in its marketing, education and outreach plan and approved or not by the CPUC. Establishing a clear architecture and clarity on the decision making authority delegated to CCSE as the organization responsible for successful implementation of the Energy Upgrade California transition is critical to determine in order for CCSE to be able to provide the successful campaign we envision.

#### **IV. PERFORMANCE METRICS**

Residential and small business consumer energy management behavior spans a variety of actions, and CCSE agrees with the IOUs that appropriate metrics must be developed in conjunction with overall marketing, education and outreach planning. We appreciate that the IOUs proposed updates to the Program Performance Metrics (PPM) approved in Resolution E-4385 in December 2010.<sup>21</sup> However, we note that these PPMs still reflect only the AKA model, with the first essentially measuring awareness, the second measuring knowledge and the third measuring intent (rather than attitude). As we have stated previously, we see limits in the

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<sup>21</sup> PG&E Prepared Testimony page 2-25

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value of just these elements for the Statewide ME&O campaign and seek to make it relevant to actual consumer behavior related to energy management. Therefore, we seek PPMs that measure behavioral action outcomes as well as awareness, knowledge and intent.

In their applications, the IOUs have proposed being the responsible party for measuring and achieving the metrics and have designated the implementer as responsible for the tasks and activities that will contribute to their achievement. This follows the overall IOU approach to Statewide ME&O in which they lead the strategy and CCSE executes the tactics. CCSE has outlined a different approach to Statewide ME&O and the transition of Energy Upgrade California and in our view, CCSE should be responsible for measuring and achieving the metrics at the strategic as well as the tactical level. On a related note, we do not see a need for the utilities to conduct a pre-campaign benchmarking study to establish a baseline as that could be addressed by the brand assessment being developed right now and would seem to be a redundant use of ratepayer funds.

## **V. ADDITIONAL CONCERNS**

CCSE has a number of ancillary issues with specific aspects of the applications which we briefly note below:

### **Budget**

The utilities' proposal of \$57.9 million total for statewide ME&O for the two-year period seems sufficient to account for the more dynamic scope of work that CCSE envisions rather than only tier one advertising and earned and social media that the IOUs have proposed. However, CCSE notes that PG&E has allocated equal budgets for administration and implementation based on the IOU diminution of CCSE's role. Depending on the Commission's decision with regard to the direction and scope of this campaign, the administration budget and overall budget may require adjustment.

## **Distributed Generation and Solar**

SCE notes that it may include budget from the California Solar Initiative (CSI) at a later time, but both PG&E and SDG&E specifically state that CSI will not be included. Also, the IOUs take care to document the decision in the Self-Generation Incentive Program previously made to reallocate the marketing budget. CCSE appreciates the Commission's inclusion of distributed generation as one of the subjects covered by Energy Upgrade California in the guidance decision and seeks further clarification from the Commission as to what should be in scope for distributed generation in statewide ME&O. Also CCSE notes that IOUs have local solar programs that may be out of scope of the current allocations of funding and looks to the Commission to guide the IOUs in coordinating messaging and support for solar and distributed generation marketing, education and outreach.

## **Rates Education**

SDG&E also notes specifically that it does not want dynamic rates education to be included in statewide ME&O with much specificity, stating that it wants the communications to be at the level of, "when you use energy matters," citing the differing timing of dynamic rate rollouts and other rate related regional differences.<sup>22</sup> CCSE certainly understands that rates are important and unique to each utility and very much at the heart of the utility-customer relationship, and would not propose that the statewide ME&O effort could or should substitute for IOU-specific rate information. However, we also recognize that statewide ME&O could help consumers understand how these rate changes relate to overall state policy and why it is important to understand their effects when thinking about energy usage. We hope the IOUs will further consider the value of statewide ME&O and propose innovative ways to effectively partner their local marketing efforts with it.

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<sup>22</sup> August 3, 2012. *Application of San Diego Gas & Electric Company for Approval of Statewide Marketing, Education and Outreach Program for Years 2013 through 2014*. Volume 1, Chapters I & II, Prepared Testimony of Sandra Baule. Page SB-14

### **Data-Sharing**

In their descriptions of local marketing, the IOUs repeatedly assert their knowledge of their customers and the use of data in their marketing efforts to best target those customers. This is in stark contrast to their treatment of statewide ME&O, which is described largely as mass advertising that seemingly does not require data in order to be effective. CCSE understands that customer privacy is important and does not require personally identifiable customer information; however, we hope the Commission recognizes that all marketing can be made better when developed with a deeper understanding of the customer. In order to be successful, the statewide ME&O effort will require some aggregate customer data and trend information, and we hope the IOUs will work with us to provide appropriate information in order to best direct these ratepayer funded efforts.

### **Co-Branding**

All of the IOUs seek direction from the Commission and the brand assessment related to “if and when” to co-brand Energy Upgrade California with their own brands. We agree that co-branding may not be appropriate in all instances, and in fact prefer to not co-brand during the introductory stage of the campaign in which we establish in 2013 that Energy Upgrade California exists as a resource for consumers. During the second phase of the transition period starting in mid-to-late 2013 in which Energy Upgrade California seeks to provide actionable pathways for consumers co-branding will be much more useful.

### **K-12 Education**

In research of previous statewide ME&O campaigns and related policy, CCSE has noted that the LTEESP called for the statewide ME&O effort to, “Conduct public communications campaigns, alongside longer-term supporting school education initiatives to deliver the efficiency message” and to “Identify or develop curriculum for K-12 education, and work with

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state Board of Education to integrate into state requirements.”<sup>23</sup> We recognize that the IOUs have local Workforce, Education and Training programs that include some K-12 elements and as with other local programs, we see an opportunity here for statewide ME&O to provide a collaborative, complementary approach and extension of these efforts. A statewide environmental curriculum was approved in 2010 and includes some energy components and we know of an effort to update the regional occupational program curriculum for energy and utilities, but we are confident more can be done to engage schools as a channel for statewide engagement and education on energy management. CCSE has award-winning educators on staff that have developed various curriculum and our local K-12 programs were included in the statewide WE&T needs assessment. We understand this landscape and can bring coordination expertise to integration of K-12 education in statewide ME&O during the transition period. This channel is very important to California’s long-range view and should have statewide coordination under the Energy Upgrade California brand.

## **VI. SUMMARY**

CCSE respectfully submits this protest to the Applications of Pacific Gas & Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Southern California Gas Company for Approval of 2013-2014 Statewide Marketing, Education and Outreach Program and Budgets. The basis of our protest to the applications submitted by the IOUs on August 3, 2012 is rooted in the LTEESP and D.12-05-015, as well as a shared desire to help the state reach its ambitious energy and climate goals. We are highly concerned that these applications do not conform to the goals and directions set by either of the aforementioned documents. The applications limit statewide ME&O to an awareness-only campaign and seek to restrict the participation of CBOs and other on-the-ground actors to

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<sup>23</sup>September, 2008. *California Long-Term Energy Efficiency Strategic Plan*, Section 10, page 78

local IOU marketing only. The governance structure proposed by the IOUs is not consistent with Commission intent, assumes IOU design, oversight and control of the statewide ME&O program, and is inadequate for the execution of an effective campaign. The proposed brand architecture does not effectively leverage the existing Energy Upgrade California brand equity and limits the opportunity for consumer engagement that the Statewide ME&O program could provide. The performance metrics also need to reflect the full potential of Energy Upgrade California to not only promote awareness of energy management but also to compel action. We also note a number of additional issues, including the need for data sharing, inclusion of rates education in the program scope, and further emphasis required for K-12 education in order to conform to the LTEESP. As the statewide ME&O coordinator, we seek the Commission's consideration of these issues and approval of CCSE's proposed alternatives.

## **VII. CONCLUSION**

CCSE is grateful for the opportunity to have reviewed these applications and to work with the Commission and the IOUs to help California's residential and small business consumers change their energy management habits and assumptions in order to better steward their energy resources for their own good and that of the state at large. We see great potential in this transition phase of statewide ME&O for laying the groundwork for more dynamic and people-oriented programs that will help us get deeper, more systemic energy savings and load reduction and will engage Californians in participating actively as partners with their IOUs in their energy management. As a California focused nonprofit with a history of both locally focused and statewide administration and implementation work, we bring a unique blend of top-down and bottom-up approaches that are necessary to make an endeavor like this succeed and we look forward to getting to work on 2013-2014 transition planning as soon as possible.

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September 6, 2012

A handwritten signature in black ink, appearing to read 'Sachu Constantine', with a large, stylized flourish at the end.

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