

A.12-08-007, et al.



**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

04-05-13  
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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 3, 2012)

And Related Matters.

APPLICATION 12-08-008  
APPLICATION 12-08-009  
APPLICATION 12-08-010  
(Filed August 3, 2012)

**Reply Comments of  
California Center for Sustainable Energy on California Center for  
Sustainable Energy's 2013-2014 Statewide Marketing, Education & Outreach  
Plan**

**California Center for Sustainable Energy**

**April 5, 2013**

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The California Center for Sustainable Energy (CCSE) is pleased to provide these reply comments to parties' opening comments on the *Energy Upgrade California 2013-2014 Marketing Plan* filed by CCSE on March 14, 2013. We appreciate the input and feedback from parties, and would like to take this opportunity to respond to some of the general matters raised by parties in their opening comments. Specifically, we direct our reply comments toward issues related to governance, metrics, budget, our additional three proposed qualitative metrics and local relationships and program coordination in the marketing strategy.

## **I. Governance**

In opening comments, the four IOUs raise concerns and express misconceptions about CCSE's proposed governance structure for the SW ME&O campaign. SCE and PG&E contend that the proposed structure is in contravention of the administrative structure for the EE portfolio as decided in D.05-01-055. CCSE notes that while D.05-01-055 does outline general responsibilities and duties associated with Program Choice and Portfolio Management, the decision (on the very same page) further states, "As part of its policy oversight responsibility, the Commission may establish parameters for program choice and portfolio management that may limit the discretion of the entity or entities responsible for those functions."<sup>1</sup> In D.12-05-015, the Commission exercised this authority by designating CCSE as statewide coordinator of the SW ME&O campaign during the 2013-2014 transition period, describing this role as "one of design, oversight, and coordination"<sup>2</sup> and, with respect to carrying out the campaign, stating,

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<sup>1</sup> D.05-01-055: *Interim Opinion on the Administrative Structure for Energy Efficiency: Threshold Issues*. pp. 4-5

<sup>2</sup> D.12-05-015: *Decision Providing Guidance on 2013-2014 Energy Efficiency Portfolios and 2012 Marketing, Education, and Outreach*. pp. 303-305

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“these implementation details will be up to CCSE and we do not further specify them in this decision.”<sup>3</sup>

PG&E argues that “without the authority to approve marketing strategy or expenditure of ratepayer funds, the IOUs cannot adequately ensure those funds are spent in the public interest.”<sup>4</sup> CCSE reiterates that the structure we seek is no different than the structure approved by the Commission for the Regional Energy Networks (RENs) in D.12-11-015,<sup>5</sup> in which the lead IOU will be the contract manager but will not have authority to dictate program design or modification and in which CCSE will be responsible for meeting and reporting on its progress toward the goals of the program, as approved and delineated by the Commission. PG&E further argues, “the [REN] comparison does not recognize that the programs the RENs would administer were more clearly defined and actionable... but the [SW ME&O] program itself is still amorphous and the fundamental strategy not defined.”<sup>6</sup> CCSE disagrees with this attempt at differentiation, noting that a number of details regarding REN programs were yet to be worked out when the D.12-11-015 was rendered, such as the enhanced-flex-basic-path whole house program. Furthermore, the SW ME&O strategy is in the process of being defined here in this proceeding, and the Commission has two very different strategy proposals from which to make its decision: the IOUs’, as articulated in their applications, and CCSE’s as discussed on pages 17-31 of the marketing plan.

CCSE laid out a fundamentally different vision of the SW ME&O campaign than that of the IOUs, one which we believe is more closely aligned with the direction of the Commission as expressed in D.12-05-015 and the LTEESP, as well as with other ambitious state clean energy goals and the dual interest in the success of the brand by both the CPUC and the CEC. It is ultimately the Commission that must determine whether or not ratepayer funds are being

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<sup>3</sup> *Id.* p. 305

<sup>4</sup> SCE. p.4

<sup>5</sup> D.12-11-015: *Decision Approving 2013-2014 Energy Efficiency Programs and Budgets*. pp. 10-11

<sup>6</sup> PG&E. p.13

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spent “in the public interest”, and if the Commission approves CCSE’s marketing plan, it would not be appropriate for authority over marketing strategy to be held by an entity that does not understand the overall vision and strategy approved by the Commission. Rather an arrangement similar to that of the RENs, in which the role of the contracting IOU (PG&E) is clearly spelled out and limited with respect to strategy, program design and modification, would be more suitable to ensure that the Commission’s direction is carried out and not subject to deviation or administrative delays instigated through contract micro-management. As an illustrative example, the SW ME&O campaign cannot be delivered effectively if every piece of collateral and every “tweet” must be approved by the IOUs before being sent as was the case for the Engage 360 implementer. Such granular oversight will quickly render the campaign ineffective and incapable of responding to changing market conditions and reaching customers where they are on their path to make energy management decisions. The Commission made it clear in D.12-05-015 that it was seeking to make changes to the way in which energy efficiency programs and statewide ME&O in particular, are carried out. To put in place a structure in which CCSE’s role is to simply implement an IOU marketing plan would render meaningless the Commission’s decision to create this intermediary role and to designate the organization to fill that role.

Several parties misunderstand CCSE’s proposed governance structure to mean that CCSE is not amenable to being held accountable or that we seek to overly constrain IOU participation. Coordination with the IOUs as one of the four core objectives of the 2013-14 period and the PAG model outlined in SCE’s comments is not at all dissimilar from the SWMEO team illustrated on page 92 of the marketing plan in composition or function. The crucial difference is that CCSE envisions that team providing input and feedback to CCSE and not to the IOUs. We understand and respect the power of contracts and appreciate that the entity holding our contract must have recourse to hold us accountable to achieving the goals of the program. What we are concerned about is a potential situation in which such an entity

manages us in accordance with a separate, private and static scope of work and seeks to have decision-making authority at all levels while not being in exact alignment with the Commission.. Thus, in our RASCI model we are seeking to be accountable to the brand owners and thereby as closely aligned to their intentions as possible. As discussed in the marketing plan, we look to arrangements like the RENs and CCSE's contract with SDG&E to administer CSI in which the scope of work is clearly articulated in the Decision along with the roles and responsibilities of each party and the contract is managed to the Decision.

## II. Metrics

CCSE appreciates comments from TURN, Center for Accessible Technology, National Asian American Coalition, Greenlining and other parties regarding metrics and goals for the SW ME&O campaign in 2013-2014. TURN's comments in particular illustrate the conundrum of this initial transition period, stating "We are particularly encouraged by the modest goals for 2013-2014. Given the challenges and past failures to develop and deploy the statewide brand, it is important not to succumb to the temptation to over-commit and raise expectations beyond what is reasonable and practical."<sup>7</sup> TURN goes on to state that not setting numerical targets for the proposed metrics and performance indicators is "unacceptable."<sup>8</sup> CCSE fully supports well-defined, quantitative goals for the SW ME&O program in future program cycles and seeks to use this period to establish the right numerical objectives at the same time as we work with the IOUs and RENS to develop the right coordination with programs for the long term. As stated in the marketing plan, CCSE will seek quantifiable increases during this period, but we do not believe it is possible to set meaningful quantitative goals until we can establish the brand and campaign and meet the objectives as detailed on pages 51-52 of the plan. That is not to say we won't be tracking and measuring and reporting on progress. Now

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<sup>7</sup> TURN Comments. p. 4

<sup>8</sup> *Id.* p. 6

that there is a baseline for awareness of the Energy Upgrade California obtained from the brand assessment, we plan on conducting another assessment after a year's implementation to measure change in awareness in the total sample population. Based on our initial approach to the brand assessment, we can track a change of 2 points or more in the general population and somewhat larger shifts regionally and in diverse communities.<sup>9</sup> We will be looking for increases in those awareness figures, and we will be tracking the KPIs as outlined in the plan. However, given the short time period and the major milestones that must be accomplished, we believe this initial period should be about establishing the brand and the campaign, and furthermore, we think the four objectives outlined are specific, measurable, actionable, realistic and time-bound (SMART) and can be quantified for this 2013-14 period.

Several parties state that the proposed qualitative measures we suggest on page 65 to evaluate the educational value of the statewide ME&O campaign are not appropriate PPMs. We concede that their current format may not be exactly right for PPM status, but maintain the reason for suggesting them, which is that this effort is more than marketing and outreach and over time should be measured on how well consumers' understanding of the campaign's concepts improve and not only by proxy measurements such as awareness of the brand. The brand is not the goal; it is the platform to reach the goal of improved consumer understanding and action.

We fully support the Center for Accessible Technology's position that long-term goals need to be established carefully and as specifically as possible and we want to use this time to do so. TURN recommends that CCSE's compensation should be subject to Commission staff review and evaluation of the campaign's progress. We whole-heartedly appreciate all opportunities to report on progress and be accountable to the Commission, and we are comfortable with and support the use of performance-based contracts generally. If the governance and contract

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<sup>9</sup> Energy Upgrade California Brand Assessment Study p. 81-82

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management concerns can be clearly addressed, we are very open to discussing the appropriate approach to this contract in that spirit.

### **III. Working with Community Based Organizations and Programs**

We agree with the Center for Accessible Technology (CforAT) that “outreach through CBOs is an effective way to reach disconnected customers”<sup>10</sup>, as well as other market segments. CforAT further sought clarification that such CBOs would not simply be asked to participate in the campaign without being given resources to do so. We are familiar with the community-based nonprofit’s challenge in being paid for services it provides and intend to fund costs associated with CBO support of Energy Upgrade California. We note that SDG&E pursued a similar grant-based model for CBO engagement recently for smart meter and demand response education as that led by Runyon, Saltzman and Einhorn (RSE) for the Flex Your Power Rural campaign in 2006-08. We have looked at the RSE model and plan to do something similar that also involves a competitive solicitation and scoring process that assesses the CBO’s reach in relation to costs, provides training and support materials and requires reporting and measurement of results.<sup>11</sup> We expect to have a diversity of opportunities to be inclusive of potential CBO support to engage diverse communities. We appreciate Greenlining’s recognition of local relationships as “shared channels” and will work with the IOUs to maximize local relationship opportunities. We further agree with Greenlining that many such opportunities are not yet being utilized and we will seek to expand and develop new relationships. While we appreciate our partners hard won relationships and wish to work with them in their local communities, we do not agree with the Joint Utilities that the IOUs should exclusively broker local relationships for Energy Upgrade California.

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<sup>10</sup> Center for Accessible Technology. p. 3

<sup>11</sup> 2006-2008 Statewide ME&O Process Evaluation p. 199-210

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In their comments, the IOUs express confusion about the difference in proposed strategy that we outline on pages 17-30 of the marketing plan. In sum, we believe a side-by-side or vertical approach, as opposed to a layered or horizontal approach, is best to maximize efficient use of ratepayer funds and establish the brand during the 2013-14 period. This allows for minimal co-branding with the IOUs in the short term, and minimizes “hand-off” of the consumer from one campaign to another, thereby reducing consumer confusion. The only CALSPREE programs we have proposed to co-brand with are the single and multifamily retrofit programs, and we did so because we want the Energy Upgrade California brand to firmly support the REN and IOU joint effort to scale single and multifamily upgrades especially given its continued relationship with the AB 758 program. We are increasingly concerned that no singular entity is leading the marketing of these statewide programs, thus impeding effective coordination. We respectfully ask the Commission to clarify how it wants the statewide ME&O program to support the whole house and multifamily efforts and what role it wants CCSE to play in coordinating this support, and we will develop the pilots accordingly.

#### **IV. The Statewide Brand and the Ratepayer-Funded Campaign**

Based on opening comments, there appears to be a misunderstanding of CCSE’s intentions as they relate to Energy Upgrade California as a statewide brand. SCE states, “because statewide ME&O will be entirely funded by IOU ratepayers during the 2013-2014 transition period at issue, the Statewide ME&O strategy must be designed to benefit customers who are funding the program (i.e., IOU ratepayers).”<sup>12</sup> CCSE agrees with this concept, and did not propose marketing to customers of Publicly Owned Utilities (POUs) in 2013-2014. CCSE agrees with TURN that outside funds should be sought in the medium-long term in order to fully direct the campaign toward all Californians. CCSE maintains that the Energy Upgrade

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<sup>12</sup> SCE. pp. 12-13

California brand is a statewide brand; however, the 2013-2014 SW ME&O *campaign* is a ratepayer-funded program and will be carried out accordingly such that ratepayers are its targeted beneficiaries. The strategies and tactics as outlined in section two of the marketing plan is the 2013-2014 plan targeted toward IOU ratepayers.

## **V. Budget**

Several parties raise questions about how the budget was established and allocated. As we discuss on page 83 of the plan, we have provided this proposed budget allocation based on the utilities' total proposed budget per direction from the Commission. The budget is an estimate based on our best abilities at this time and should be used for guidance in evaluating the strategy, channels and tactics for approval. We composed this budget by determining our preferred strategy, tactics and channels and assigning relative weights to those for the purpose of better illustrating the plan and providing a level of detail that parties and the Commission could evaluate. As noted on page 97 of the plan, these allocations are estimated. Upon approval of the marketing plan and authorization to move forward with hiring marketing and other support firms, we can refine and submit budgets for further Commission review based on the more detailed tactical plans.

Additionally, the IOUs note particular concern that we have reduced their budget. Similar to the above-stated process, we assigned relative weights to tasks, and we reduced the IOU allocation based on our view that this new way of managing the statewide ME&O program with a Commission designated coordinator in CCSE should not require the same workload from IOU staff going forward as it has in the past. We ask the Commission to consider the appropriate administrative budget allocations for CCSE and the IOUs in relation to its decision regarding governance roles and responsibilities, ensuring that efforts and costs are not being duplicated.

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## **VI. Conclusion**

CCSE appreciates the opportunity to respond to comments from parties' on our statewide marketing, education, and outreach plan. We look forward to further clarity from the Commission with respect to areas outlined in our marketing plan, as well as those noted in comments.

Respectfully submitted,

April 5, 2013

A handwritten signature in black ink, appearing to read "Sachu Constantine". The signature is fluid and cursive, with the first name "Sachu" written in a larger, more prominent script than the last name "Constantine".

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