Decision **PROPOSED DECISION OF ALJ ROSCOW** (Mailed 11/5/2013)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

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)
And Related Matters.	Application 12-08-008 Application 12-08-009 Application 12-08-010

DECISION ON PHASE 2 ISSUES: STATEWIDE MARKETING, EDUCATION, AND OUTREACH PLANS FOR 2014 AND 2015

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DECISION ON PHASE 2 ISSUES: STATEWIDE MARKETING, EDUCATION, AND OUTREACH PLANS FOR 2014 AND 2015

1. Summary

This decision adopts a statewide marketing, education, and outreach plan for residential and small business energy management, to take effect immediately and extend through the end of 2015. We direct the California Center for Sustainable Energy (CCSE) to implement the plan that it submitted March 14, 2013, with the modifications that we specify herein. We clarify the respective roles of CCSE and the investor-owned utilities in implementing the program that we adopt today. We determine budget allocations for the two-year period.

This proceeding is closed.

2. Procedural History

We first addressed marketing and education in Rulemaking (R.) 06-04-010, where we noted the role these tasks can play in transforming energy efficiency from a simple ratepayer-funded program to one that is more of a component of consumer lifestyles. In 2009, we found that statewide marketing, education, and outreach (SW ME&O) for residential and small business energy management is important because it can increase ratepayer awareness and facilitate the ability to act and incorporate technology advances or behavior changes, using available resources to reduce energy use and choose clean energy options.

The California Public Utilities Commission (Commission or CPUC) addressed SW ME&O for 2013 and 2014 in two recent decisions. First, in Decision (D.) 12-04-045, the Commission authorized 2012 funding for the

Demand Response SW ME&O program for Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) to be used for an emergency alert campaign, commonly known as Flex Alert. The total statewide marketing budget was set at no more than $10 million. Second, in D.12-05-015, the Commission provided guidance on policies and programs for energy efficiency in the 2013-2014 portfolio cycle and directed PG&E, SCE, SDG&E, and Southern California Gas Company (SoCalGas) to file applications no later than July 2, 2012 to establish energy efficiency programs and budgets for 2013 and 2014. As part of that decision, the Commission also directed PG&E, SCE, SDG&E, and SoCalGas to file standalone applications for SW ME&O activities for demand-side programs in 2013 and 2014, including Flex Alert.[1] The utilities filed their applications on August 3, 2012.

Responses or protests to the applications were filed on September 6, 2012 by the California Center for Sustainable Energy (CCSE), the Center for Accessible Technology (CforAT), the Greenlining Institute (Greenlining), The Utility Reform Network (TURN), and, jointly, by the National Asian American Coalition, the Black Economic Council, and the Latino Business Chamber of Greater Los Angeles (Joint Parties). Each of the utilities and the Joint Parties filed replies on September 17, 2012.

An Administrative Law Judge (ALJ) Ruling on November 8, 2012 consolidated the applications. A prehearing conference took place on November 26, 2012. On January 18, 2013, the Scoping Memo and Ruling of

[1] This decision refers to PG&E, SCE, SDG&E, and SoCalGas, collectively, as "the utilities."

Assigned Commissioner and Administrative Law Judge determined the scope, schedule, and need for hearing in this proceeding and divided the proceeding into two phases: Phase 1, related to the budgets for the Flex Alert program for 2013-2014; and Phase 2, all other aspects of the SW ME&O plans for 2013-2014. The phasing was deemed necessary due to the possibility of continuing generation outages at the San Onofre Nuclear Generating Station (SONGS) during the summer of 2013, and possible impacts on southern California, making it important that the Commission act to authorize activities and budgets for Flex Alerts as soon as possible in 2013. Phase 1 concluded with D.13-04-021, which approved authorized activities and budgets for Flex Alert in 2013 and 2014.

3. Policymaking Background

In prior proceedings we established the foundation for the actions we take today to implement a statewide marketing program. We review that history briefly below in order to set the context for today's decision.

3.1. R.06-04-010

In 2006, we initiated a Rulemaking to examine the Commission's post-2005 energy efficiency policies and programs. In D.07-10-032, we instituted what we described at the time as "a comprehensive, long-term energy efficiency strategy to achieve our ultimate goal--making energy efficiency a way of life." We ordered the utilities to jointly develop a statewide energy efficiency strategic plan, and we ordered each utility to file an application for approval of its 2009-2011 energy efficiency portfolio.

As part of that decision, we recognized the important role of marketing and education in promoting energy efficiency, but also recognized that ratepayer dollars needed to be used more strategically. Thus, we ordered the

utilities to include in their proposed strategic plan a long term, coordinated approach to marketing, education and outreach, that would emphasize ways to integrate outreach efforts on climate change and conservation, joint marketing with other energy programs, and ways to engage customers with limited skills in English.[2]

After discussing parties' comments regarding whether and how to modify then-current ME&O approaches for energy efficiency programs to achieve efficiencies with other demand side programs, and better coordination with other entities that have similar programs, we stated that we favor a coordinated ME&O effort across utility territories and consumer demand side options, because increased coordination will optimize the development and delivery of energy efficiency messages that inform consumers and motivate energy-saving activity. We directed the utilities and third parties to expand their then-current efforts to achieve the following goals:

1. *Coordination* of related marketing, education and outreach programs, such as incentives for solar and other distributed generation installations, demand response programs, conservation and low income programs;
2. *Coordination of providers with similar or related interests and services,* such as local governments, community-based organizations (CBOs), firms and municipal utilities;
3. *Comprehensive approach* to motivating all types of energy efficiency investments and behaviors; and
4. *Cost-effective, high impact plan* to drive maximum energy savings—both long term and short term—tailored to reflect the values, habits and demographics of different

[2] D.07-10-032, Ordering Paragraph 8.

> target communities and populations, particularly low income and ethnic groups.

We also directed the utilities to devise a long-term coordinated approach to statewide marketing in the Strategic Plan and to work with Commission staff to develop a web portal. We concluded that the Commission should lead an ME&O task force to assist in relevant aspects of the statewide strategic plan and utility portfolio applications, develop an energy efficiency web portal and consider the development of a brand for California energy efficiency products and services.[3]

In addition, the decision acknowledged the importance of evaluation, and that lack of data on the effectiveness of past programs hampered our efforts to develop clear guidance to the utilities on the ME&O portion of the Strategic Plan and 2009-2011 portfolios. We noted that the Commission's EM&V studies on the ME&O programs were expected to be completed by July 2008 for (process evaluation) and January 2010 (indirect impact evaluation), and stated that if feedback demonstrates serious weaknesses with the current ME&O programs, we will consider a change in direction, including soliciting third-party bids for the administration and implementation of all or part of the programs or working with a non-profit organization.[4]

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[3] D.07-10-032, Conclusion of Law 13: "The Commission should lead an ME&O task force to assist in relevant aspects of the statewide strategic plan and utility portfolio applications, develop an energy efficiency web portal and consider the development of a brand for California energy efficiency products and services."

[4] D.07-10-032 at 70 and Conclusion of Law 16.

3.2. R.08-07-011

In June, 2008, as directed by D.07-10-032, the utilities jointly filed an application proposing a California Energy Efficiency Strategic Plan (CEESP). In their joint filing, the utilities proposed statewide goals, outcomes and strategies intended to positively affect the wide-ranging energy market decisions occurring every day in California and beyond. Again as directed by D.07-10-032, the CEESP application resulted from a collaborative process among a broad set of stakeholders.

We addressed the joint application by opening a Rulemaking proceeding, R.08-07-011. In D.08-09-040, we determined that instead of approving, rejecting or modifying the joint utilities' CEESP application, we should incorporate the efforts made during the collaborative process into a Commission-approved Plan, on behalf of the state of California, and we adopted the California Long Term Energy Efficiency Strategic Plan (Strategic Plan) that we developed during the rulemaking proceeding.

The 2008 Strategic Plan included a section on statewide marketing, education and outreach, and states that the goal of statewide marketing, education and outreach is to "create and launch an integrated, statewide Marketing, Education and Outreach effort for energy efficiency including an energy efficiency brand." The Plan identifies the corresponding "goal results" as "high levels of awareness statewide of the value of energy efficiency that leads to strong demand for energy efficient products, homes and services" and states that the ME&O goal will be achieved through four strategies:[5]

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[5] California Long Term Energy Efficiency Strategic Plan, September 2008, Section 10, "Marketing, Education and Outreach".

1. **An Energy Efficiency Brand**: Creation of an instantly recognized brand for "California Energy Efficiency" with clear delineation of what the brand encompasses, including reducing GHG.
2. **Integrated Marketing**: Development of marketing messages that offer bundles of DSM programs targeted to specific customer groups and delivery of effective messages using partnerships with a range of energy efficiency participants, including local governments, retailers and manufacturers.
3. **Social Marketing**: Use of social marketing techniques to create emotional and intellectual drivers for consumers to make commitment to change and participate in energy efficiency.
4. **Internet-Based Networking**: Creation of a web portal that allows energy efficiency practitioners and consumers to exchange information and solutions on implementing energy efficiency programs and measures.

D.08-09-040 directed the utilities to incorporate the elements of the Strategic Plan into their 2009-2011 energy efficiency portfolio applications.[6] The decision also directed the utilities to assist the Energy Division and the Commission on our development of a statewide energy efficiency brand and an integrated marketing education and outreach strategy, and directed the Commission's Energy Division to take steps to implement the Strategic Plan, including developing the statewide energy efficiency brand and integrated marketing strategy.[7]

3.3. 2010-2012 Energy Efficiency Applications

The utilities filed 2009-2011 energy efficiency portfolio applications in July, 2008. After a long series of procedural developments that we will not

[6] D.08-09-040, Ordering Paragraph 2.

[7] *Ibid.*, Ordering Paragraphs 3 and 4 (c).

recount here, the utilities filed amended applications in March 2009, now covering the period 2010-2012. The Commission approved these applications in D. 09-09-047. D.09-09-047 directed the utilities to implement recommendations of the brand assessment report, including the development of a new statewide smart energy brand. The brand was to include energy efficiency, low-income energy efficiency, demand response, and renewable self- generation program offerings. The Decision also directed the utilities to take the following actions:

- Work under direction and guidance of Commission staff to implement statewide marketing including brand assessment, creation, audience segmentation, integrated communication planning, and web portal development.
- Create a web portal that is comprehensive, user-friendly and secure.
- Use the new or existing brand alone or in a co-branded capacity across all energy efficiency marketing efforts for all programs.
- Undertake a review of all energy efficiency portfolio program-specific energy efficiency marketing to ensure that the marketing is consistent with statewide ME&O, and eliminate redundancies between statewide and program specific marketing.
- Increase outreach to low income and diverse ethnic groups using in-language culturally appropriate messages and trusted message channels such as CBOs.
- Coordinate all energy efficiency ME&O with demand response ME&O, to ensure integration across demand side programs by the next portfolio.

D.09-09-047 explained that the aim of statewide marketing was to increase ratepayer awareness and facilitate the ability to act and incorporate technology advances or behavior changes, using available resources to reduce energy use

and choose clean energy options. Further, the program should increase the percentage of ratepayers reducing energy consumption, choosing self-generation options, and motivate those taking action to become advocates. The decision states that future ratepayer spending should correspond to significantly higher levels of both awareness and behavior change.

The energy efficiency statewide marketing brand that was developed following this decision was "Engage 360", a program administered by the utilities through a contract managed by SCE. However, on October 31, 2011, an Assigned Commissioner Ruling (ACR) regarding statewide marketing noted that development and delivery of the Engage 360 brand was costly and likely not producing enough ratepayer benefit to justify its continuance. The ruling directed SCE to freeze spending on Engage 360, including the Engage360.com web portal, until further direction provided by the Commission. In March of 2013, the Engage 360 website was taken off line.

3.4. The 2012 Guidance Decision

We addressed the utilities' 2013-2014 energy efficiency portfolios and provided guidance on statewide marketing, education, and outreach for both 2012 and the 2013-2014 period in D.12-05-015 (the Guidance Decision).

We directed the utilities to discontinue the use of the Engage 360 brand and to develop a strategy and budget for transitioning toward the use of "Energy Upgrade California" (EUC) as a statewide umbrella brand for energy information and encouraging demand-side management actions by residential and small business consumers. We directed the utilities to utilize unspent funds from the Engage 360 campaign toward expenditures for EUC ME&O, web portal maintenance, and limited augmentation of programs related to EUC during 2012. We assigned PG&E as the lead utility responsible, on behalf of the

other utilities, for executing the statewide ME&O program, and designated CCSE as the coordinator for statewide ME&O activities under the umbrella of EUC for 2013 and 2014. We encouraged local governments to submit proposals to administer regional pilot programs for the 2013-2014 program cycle.[8]

D.12-05-015 we discussed the October 13, 2011 ACR regarding the statewide marketing and outreach program, which requested that parties respond to a series of questions about how to move forward with, or discontinue, statewide marketing and outreach. The utilities argued that if there is a statewide marketing program, it should continue to be administered by the utilities with Commission oversight. We noted that some parties, including CCSE, advocated for the transfer of administration to non-profit organizations, following the model of EUC, and that "CCSE also volunteers to run the statewide campaign."[9] We noted that "recent experience with coordinating Energy Upgrade California program marketing among utilities, the California Energy Commission, and local governments with American Recovery and Reinvestment Act funding, suggests the desirability of and need for an intermediate entity in between the utility coordinator and the marketing and web hosting firms hired to carry out the campaign". In our discussion resolving this issue, we concluded that we would like to have CCSE serve as the statewide implementer for the ME&O program in 2013-2014.[10]

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[8] In D.12-11-015, issued in A.12-07-001 et al., the Commission authorized the creation of two "Regional Energy Networks" (RENs) to design and deliver energy efficiency services under the direct supervision of the Commission.

[9] D.12-05-015 at 295.

[10] D.12-05-015 at 302-303.

For 2013 and 2014, we required the utilities to file separate applications that address their planned statewide ME&O activities and expenditures related to all energy education and outreach for demand-side programs, including energy efficiency, demand response, distributed generation, and any other programmatic efforts directed by the Commission. We clarified our reasons for doing so, stating that as originally conceived, the statewide ME&O effort was aimed at mass market consumers, chiefly residential and small business customers who do not typically have specialized knowledge or experience in the energy area, and who would therefore benefit from a targeted campaign for energy education and outreach for energy efficiency.

We stated that residential and small business consumers are also typically less informed about the particulars of program offerings available from utilities and third parties to help meet their energy needs. Part of what the Commission has been trying to achieve for some time with our statewide ME&O efforts, particularly in the most recent energy efficiency and demand response program and budget proceedings, is one integrated approach that includes multiple demand-side options depending on the needs of the consumer. Our efforts at a unified approach and integrated message have been hampered by differing program cycles and proceedings among energy efficiency, demand response, distributed generation, and low-income programs, among other reasons. Therefore, to help bring these efforts together under one umbrella with one unified approach, we decided for the first time to require all four utilities to file separate applications outlining their approach to statewide ME&O for all demand-side programs as well as generalized energy education.

4. Proposals before the Commission

4.1. The Utilities' Proposed SW ME&O Plans for 2013-2014

In D.12-05-015, we directed that the investor-owned utilities (IOU) standalone applications for SW ME&O programs for 2013-2014 should include the following characteristics:

a. Provides general energy education and DSM program information for residential and small commercial customers. General education includes, but is not necessarily limited to, information about the impacts of energy use and energy costs and rates. DSM program information includes, but is not necessarily limited to, demand response, energy efficiency, distributed generation, and low-income programs.

b. Utilizes the EUC brand name as a larger umbrella platform to encourage demand-side actions.

c. Describes how any local and program-specific ME&O activities for energy efficiency, demand response, distributed generation, low-income programs, and any other relevant demand-side programs will be coordinated with the statewide program.

d. Includes a budget for continuing the emergency portion of the Flex Your Power campaign, called Flex Alert, and coordinating it with the overall SW ME&O campaign under the EUC umbrella.

e. Utilizes the market and demographic research conducted in support of the Engage 360 campaign to craft an approach to SW ME&O in 2013-2014 under the EUC umbrella brand.

f. Continues the current emphasis on prompting residential and small business customers to immediately take action related to their energy use.

The utilities filed their applications on August 3, 2012.

4.1.1. PG&E

In its testimony, PG&E provides the following overview of its proposal:

> PG&E proposes that the SW ME&O program provide a visible campaign that would educate residential and small commercial customers about a variety of energy management concepts to eventually encourage them to participate in local programs. In accordance with the Commission's interest in integration, PG&E proposes that the SW ME&O program include bundled energy concepts that align with local programs and provide complementary messages at a statewide and local level. Messages across a variety of communication channels are intended to drive customers to the EUC web portal, which would house information about all energy related programs, including EE, DR, dynamic pricing, DG, low income, Smart Grid, climate change initiatives, and others. Customers would then be able to navigate to local engagement efforts that would occur at the utility or third-party level to enroll in programs.
>
> The SW ME&O program will leverage a phased strategy to show customers the path to energy engagement and action by first building customer awareness around the EUC brand and energy concepts, then generating interest in energy management. Finally, customers will be inspired to take action by enrolling or further engaging in local programs.
>
> PG&E's local marketing and outreach activities form the basis of targeting customers, focusing on customer participation, and engaging with customers by providing partnership they can look to with their utility.[11]

PG&E requests that the Commission grant the following relief:

> Approve PG&E's proposed 2013-2014 SW ME&O proposals;

[11] Exhibit PG&E-1 at 1-14 to 1-15.

Approve PG&E's total funding and direct expense request of $24.6 million, or an annual average of $12.3 million over two years;

Approve PG&E's proposed revenue requirement and cost recovery proposals for 2013-2014;

Explicitly find and authorize the utilities and the implementer to engage in activities which they feel will be necessary to collaboratively implement the state energy policy and specifically the 2013-2014 SW ME&O program as ordered by the Commission in the final decision in this case;

Issue a final decision no later than the Commission's December 20, 2012 decision conference; and

Grant such additional relief as the Commission may deem appropriate.

4.1.2. SCE

In its testimony, SCE provides the following overview of its proposal:

1. Outreach and Education Approach and Objectives

The SW ME&O program strategy will create a path to energy engagement. The strategy is based on two principles: 1) an informed customer base is more likely to embrace energy management program solicitations, and 2) a trusted statewide brand will penetrate competing energy messages and capture customers' attention. Using a phased approach, customers will receive high-level information about the personal importance and value of energy management that will enable those customers to take action. Brand messaging will also attempt to inspire customers to go to the EUC website and/or to their local utility for more information.

2. Target Audience

The SW ME&O campaign will be inclusive of all residential and small commercial segments and will consider marketing and outreach in many languages used by customers and tailored to serve the cultural, socioeconomic, geographic, age, disability, residential-type, business size and type, and other diversity of customers, with a well-tailored focus on those customers most

affected by electrical supply transmission, distribution, usage, conservation, resource constraint or urgent issues. The segmentation approach regarding customer characteristics will be utilized to develop a wide range of appropriate messages designed to build on the brand and connect with specific groups of customers.

3. Umbrella Brand Strategy

Umbrella or "family branding" allows a group of products (e.g., utility DSM programs) to be advertised and marketed jointly. For SW ME&O, EUC will act as the leading brand with a unifying theme on the full range of DSM program options, including:

- Energy efficiency;
- DR (including dynamic pricing);
- DG;
- Energy Savings Assistance (ESA) program;
- Smart grid;
- Climate change; and
- Other DSM programs and energy management tools and solutions.

No specific utility brand will be acknowledged in order to maintain the goal of increasing the general awareness and education of energy management. The IOU brands will be utilized at the local level where they are most effective because they leverage existing relationships between customers and their utility.

SCE requests that the Commission take the following actions:

i. Authorize SCE to proceed with its proposed 2013-2014 SW ME&O program, including SCE's portion of SW ME&O efforts and the interaction of SCE's local ME&O Offer Management Strategy with the SW ME&O effort;

Implement SCE's proposed oversight structure for the SW ME&O program;

Approve SCE's proposed SW ME&O performance metrics for the IOUs;

Authorize SCE's proposed budget of $6.1 million per annum in energy efficiency SW ME&O activities and $4.6 million per annum in demand response SW ME&O activities, each year for 2013 and 2014, as described in Chapter VII of SCE's Testimony;

Authorize SCE to include the authorized SW ME&O 2013 and 2014 funding in the Public Purpose Programs Adjustment Mechanism (PPPAM) to be collected through Public Purpose Programs Charge (PPPC) rate levels;

Authorize SCE to establish the one-way SCE Statewide ME&O Balancing Account (SME&OBA) to record the difference between the authorized statewide ME&O funding and the actual recorded Statewide ME&O costs in energy efficiency and DR sub-accounts, effective upon a decision in this Application;

Limit reasonableness review of the SME&OBA to ensure all recorded costs are consistent with the scope of activities and within the total cost estimate level as defined and adopted by the Commission in this proceeding;

Grant such additional relief as the Commission finds just and reasonable; and

In the interest of time, SCE respectfully, requests prompt review and approval of this application by December 31, 2012.

4.1.3. SDG&E

SDG&E recommends that the Commission adopt the following concepts, proposals and recommendations regarding the SW ME&O program:

i. Reevaluation of adjustments made from past process and impact evaluations, including the governance model and a shift in emphasis to non-traditional communication channels should be incorporated into program planning.

The most critical immediate step is the brand assessment and transition plan, which must include collaboration between the utilities, the Commission, the implementer and identified stakeholders. Without sound research and a purpose built creative strategy, the new brand will not succeed.

While planning for the 2013-2014 effort is taking place, SDG&E will continue with local EUC program marketing, utilizing local program funding as well as continuation of funding for successful American Recovery and Reinvestment Act (ARRA) programs.

Established statewide brands, such as the ESA Program and Go Solar California should not be cobranded with the new SW ME&O effort, and be treated in the same tier as local program marketing with a similar message coordination strategy

Until the hired experts are allowed to complete the web portal assessment and develop the new strategic direction for the website, it is premature to establish how websites will link to each other or to describe what type of data sharing is necessary for an optimal consumer experience.

The academically recognized and commercially applied AIDA [Attention, Interest, Desire, Action] marketing framework should be adopted as the strategic approach to drive consumers from the SW ME&O effort to actions promoted by program specific marketing.

The SW ME&O mission should be adopted as follows, "to elevate the importance and benefits of energy use and management concepts and to create a bridge to local, program-specific outreach and education efforts that are in place across local programs."

Objectives for the SW ME&O effort should be adopted as follows:

- Provide customers with information to increase their awareness of, and interest in, energy and energy management;

- Outline strategies that will lead to desire for and the adoption of energy management solutions for residential and small commercial customers;
- Take a strategic, customer-centric approach for engagement that utilizes marketing tiers and multiple channels; and
- Bundle relevant messages about options, tools, programs, and services that lead consumers to their local programs and services.

Brand and message coordination efforts should follow a three-tiered approach, with statewide marketing at "Tier 1", utility IDSM/portfolio marketing at "Tier 2" and program-specific marketing at "Tier 3."

The new SW ME&O program will reach out to a broader audience, including small business, residential and hard-to-reach customers.

Proposed activities for 2013 and 2014 are highly dependent upon the brand assessment, but will be driven by the AIDA strategic approach and the three-tiered messaging strategy. Statewide efforts will encompass awareness building efforts and engage in messages, channels and tactics outlined for Tier 1.

SDG&E requests the Commission to approve the following:

1. SDG&E's proposed SW ME&O effort, developed jointly with SoCalGas, SCE, and PG&E;
2. An open solicitation for proposals for coordination and implementation of the SW ME&O program consistent with past practice, General Order 156, and California state contracting practice. The statewide solicitation shall be led by one of the IOUs;
3. SDG&E's planned coordination of SW ME&O with local marketing efforts;
4. SDG&E's proposed stakeholder process and performance metrics;

5. SDG&E's request for funding to support SDG&E's portion of the SW ME&O program activities;
6. SDG&E's proposed cost recovery mechanism;
7. SDG&E's proposal to address PPP Surcharge bridge funding through the Advice Letter process in the event of a rolling budget trigger. Any difference between the EE funding recovered in 2013 rates prior to the final decision would be subject to balancing account adjustment and true-up in rates; and
8. Grant other such relief as the Commission deems necessary and prudent.

4.1.4. SoCalGas

SoCalGas offers a table that provides a "roadmap" to the areas in its testimony that it asserts demonstrate compliance with the Commission's direction regarding the required content in its proposed SW ME&O Program.[12]

In its Application, SoCalGas respectfully asks the Commission to approve:

1. SoCalGas' proposed SW ME&O application as filed;
2. An open solicitation for proposals for coordination and implementation of the SW ME&O Program consistent with past practice, General Order 156, and California state contracting practice. The statewide solicitation shall be led by one of the IOUs;
3. SoCalGas' planned coordination of SW ME&O with local marketing efforts;
4. SoCalGas' proposed oversight and performance metrics;
5. SoCalGas' request for funding to support its portion of the EE SW ME&O program activities in the amount of $4,004,067 for the two-year period 2013-2014;

[12] Prepared Direct Testimony of Gillian Wright, Appendix A.

6. Explicit Authorization for Joint Contracting For SW ME&O program implementation;
7. SoCalGas' proposal to recover the costs of the EE SW ME&O Program from the G-PPPS tariff;
8. SoCalGas' proposal to address Public Purpose Program Surcharge bridge funding through the Advice Letter process in the event of a rolling budget trigger. Any difference between the EE funding recovered in 2013 rates prior to the final decision would be subject to balancing account adjustment and true-up in rates; and
9. Grant other such relief as the Commission deems necessary and prudent.

4.2. Reaction to the Utility Proposals

Responses or protests to the utility applications were filed on September 6, 2012 by TURN, CforAT, Greenlining, CCSE, and by the National Asian American Coalition, the Black Economic Council, and the Latino Business Chamber of Greater Los Angeles ("Joint Parties," filed on August 30, 2012). Each of the utilities and the Joint Parties filed replies on September 17, 2012.

4.2.1. Protests and Responses

4.2.1.1. TURN

TURN recommends that the Commission reject the applications as filed, stating that the utilities have proposed a marketing campaign that cannot be evaluated for success, and because the utilities have provided little justification of the need for an incremental $58 million on top of the existing funds in ME&O energy efficiency budgets, solely to promote statewide branding. TURN likewise recommends that the Commission provide adequate time to review these applications for substance:

> the utilities have received hundreds of millions of dollars for customer 'education and marketing' for a variety of energy

> efficiency and demand response activities over the past eight years. At a minimum, we need to know how to evaluate whether this additional $58 million will provide any tangible incremental benefits to advance the state's energy goals.

TURN asserts that the utilities have failed to meet their burdens of demonstrating the reasonableness of several aspects of their showings, including but not limited to the following issue areas:

1. the lack of specificity of the "plans" and associated budget estimates outlined in the applications;
2. the lack of robust performance metrics that ensure that the ratepayer funds being spent are achieving measurable results; and
3. the need for a rigorous review process prior to allowing incurred costs to be included in rates including an assessment of whether existing funds allocated to ME&O can and should be utilized for a statewide effort.

Regarding the substance of the utility proposals, TURN's primary criticism is that the applications essentially focus on building "awareness" with little specificity that would translate into actual changes in consumer behaviors regarding energy consumption. This is counter to D.12-05-015, where the Commission, citing to the 2008 Strategic Plan and its 2011 update, stated that the vision for ME&O is that:

> Californians will be engaged as partners in the state's energy efficiency, demand-side management and clean energy efforts by becoming fully informed of the importance of energy efficiency and their opportunities to act.[13]

[13] TURN cites D.12-05-015 at 295.

4.2.1.2. CforAT

CforAT's protest primarily addresses the need to ensure that all ME&O authorized through this proceeding includes targeted and accessible communications that will reach those customers of the IOUs who have disabilities that affect their ability to utilize standard forms of communication. CforAT's protest also addresses appropriate funding, review, and metrics for success.

Regarding the utilities' funding proposals, CforAT recommends that the Commission carefully review all identified and potential revenue streams, ensure that previously-authorized sources of funding are reviewed and reallocated prior to authorizing new funding, determine whether existing balancing accounts are suited to tracking ME&O expenditures prior to creating new accounts, and otherwise effectively review the IOUs' spending proposals before authorizing any new expenditures.

Regarding reasonableness review, CforAT opposes SCE's proposal that expenditures on ME&O activities should not be subject to standard reasonableness review, stating that SCE does not justify why these expenditures should be excused from review.

Regarding the utilities' proposed performance metrics, CforAT notes that effective branding and marketing is complex and difficult, and that prior efforts along the same lines as the goals set out in the pending applications have had limited success, and that prior spending has not always been effective. Therefore, the Commission must be clear what it is seeking to achieve in launching this new SW ME&O program. The Commission must also ensure that appropriate metrics are put in place to evaluate the success of the program as developed. CforAT states that the proposed limited performance metrics do

not appear to be adequate, because they do not link the proposed campaign with any measurable changes in customer behavior. CforAT recommends that more explicit metrics must be developed and put into place so that the new program can be subject to appropriate review.

4.2.1.3. Greenlining

Greenlining's response to the utility applications emphasizes the need to ensure that all ME&O authorized through this proceeding includes targeted and in-language communications that will reach customers from underserved communities.

Regarding the utilities' plans for governance and oversight, Greenlining supports governance structures that promote transparency in the decision making process, create a forum to obtain valuable technical expertise from stakeholders, and foster collaboration amongst stakeholders. Greenlining urges the inclusion of members who are aware of the needs of underserved communities and, preferably, who have worked with underserved communities.

Regarding performance metrics, Greenlining agrees with CforAT's comments that the utilities' proposed performance metrics are not adequate, because they do not link the proposed campaign with any measurable changes in customer behavior. Greenlining states that in order to properly evaluate the effectiveness of the proposed new program, qualitative metrics should be included and more explicit metrics must be developed that are linked to customer behavior, so that the program can be subject to appropriate review.

4.2.1.4. Joint Parties

The Joint Parties acknowledge that the applications address key issues identified by the Guidance Decision, such as the important role of community-

based organizations, but state that the utilities, especially PG&E and SCE, must still indicate how they plan to focus on ethnic communities, who make up the majority of ratepayers in California. In this proceeding, the Joint Parties expect to examine:

(1) the extent to which each utility has considered its minority ratepayers in its local, targeting approach;

(2) how each utility plans to fully utilize ethnic media sources;

(3) which ethnic and non-English speaking communities will be targeted by each utility's use of community-based organizations (CBOs);

(4) the funding allocated to ethnic media, CBOs, and local communication methods aimed at ethnic communities;

(5) the planned languages for outreach; and

(6) each utility's use of minority-owned businesses for outreach implementation in the context of the stated preference to open a competitive solicitation process.

4.2.1.5. CCSE

CCSE states that the utility applications do not conform to the goals and directions set by the Strategic Plan and D.12-05-015.

Citing its role as the statewide ME&O coordinator, CCSE is concerned that 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 local IOU marketing only. Furthermore, according to CCSE 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 EUC 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 EUC to not only promote awareness of energy management but also to compel action. CCSE seeks the Commission's approval of CCSE's proposed alternatives.

Two aspects of CCSE's protest warrant further detail, because they revealed fundamental differences between the approaches to statewide ME&O assumed by CCSE on the one hand and the utilities, collectively, on the other. Our resolution of these differences later in this decision determines the path that statewide ME&O efforts will follow during the next two years.

First, while expressing its appreciation for the considerable thought and attention with which the utilities approached their SW ME&O applications, CCSE asserts that the utilities' vision for SW ME&O is unnecessarily limited and narrow. CCSE describes the utility proposals as overwhelmingly "awareness" programs, and asserts that:

> 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.

Second, CCSE asserts that the utilities' proposed governance structure is not consistent with Commission intent. Regarding CCSE's role as statewide ME&O implementer/coordinator, CCSE states that, "since the approval of D.12-05-015, 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." CCSE quotes

our statement in D.12-05-015 that "CCSE's role will be more one of design, oversight, and coordination" 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." Thus, according to CCSE its role as 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.

CCSE contrasts these statements with the utilities' proposed governance structure:

> The core of the [utilities'] 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.
>
> 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).

In the alternative, under CCSE's proposed governance structure, CCSE proposes to apply a different project management model to the governance of EUC: "RASCI". 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 the California Energy Commission (CEC) are the "Accountable," an advisory board outlined in its protest is the "Supportive," the IOUs are the "Consulted," and other stakeholders and parties are the "Informed." We address CCSE's proposal later in this decision, so do not discuss it in further detail here.

4.2.2. Replies to Protests

4.2.2.1. PG&E

PG&E requests that the Commission deny the protests filed in A.12-08-007 and approve PG&E's Application as filed.

Responding to TURN, PG&E asserts that the Commission should dismiss TURN's recommendation that PG&E's application should be rejected because PG&E has satisfied compliance with D.12-05-015, its proposed performance metrics are appropriate for the SW ME&O program proposed pursuant to Ordering Paragraph 117 of that decision, and because the spending amounts for which PG&E seeks approval are approximately the same as amounts currently in rates, and are therefore just and reasonable.

Responding to CCSE, PG&E asserts that its proposed approach is compliant with the guidance on the scope of the SW ME&O program and its application explains how SW ME&O and local marketing efforts will be well coordinated. PG&E suggests that CCSE should leverage PG&E's experience of integrating umbrella themes with program-specific marketing through innovative campaigns and tactics. PG&E also asserts that CCSE misrepresents the Commission's characterization of the role of statewide implementer in D.12-05-015, and that CCSE's proposed governance model unduly excludes

utilities from official advisor board participation, decision-making, and oversight.

Finally, PG&E describes its intended approach to working with CBOs as part of PG&E's broader outreach strategy, and affirms its commitment to accessibility for disabled and non-English speaking communities.

4.2.2.2. SCE

SCE responded in detail to the comments and concerns raised by parties in their September 6, 2012 protests and responses.

Responding to TURN, SCE asserts that its application is compliant and appropriate as proposed, and cites Exhibit SCE-2 of its Application, where SCE submitted its Statement of Compliance, which provides each requirement from D.12-05-015 and the corresponding testimony reference.

Responding to CCSE, SCE describes CCSE's interpretation of its role in this proceeding as "misguided and self-serving." SCE's primary concern is its opinion that CCSE inappropriately designates itself as "Program Administrator." This concerns SCE for several reasons:

1. Allowing CCSE to administer ratepayer funds is unlawful because this action would divest the CPUC of its jurisdiction over ratepayer funded activities;
2. CCSE incorrectly states that it should be responsible for the "achievement of agreed upon metrics;"
3. CCSE inappropriately asserts that it is "responsible" for strategic planning; and
4. CCSE incorrectly states that the IOUs should not have direct oversight of CCSE.

Responding to CforAT, SCE states that, "statewide ME&O for ethnic, disabled, and underserved communities should be addressed during program development."

Responding to criticisms of its request for a finding of reasonableness, SCE continues to assert that the Commission should review SCE's forecast program expenditures for reasonableness in this application. According to SCE,

> SCE requests a finding by the Commission that the funding requested is expressly conditioned on full recovery of all verified costs in rates without further after-the-fact reasonableness review or restriction. The Commission should perform a full review of **forecasted** costs, not to exceed $21.4 million, and approve the scope of the Statewide ME&O project in SCE's Application. SCE's **incurred** costs that are consistent with the scope and the costs as adopted by the Commission, however, should not be subject to an after-the-fact reasonableness review. As with all balancing accounts, the recorded operation of SCE's proposed Statewide ME&O Balancing Account will be reviewed and verified by the Commission in SCE's annual ERRA Review application to ensure that the costs recorded are stated correctly and are consistent with a final decision issued in this proceeding.

Finally, responding to criticisms of its proposed program performance metrics (PPMs), SCE asserts that well-defined metrics are important tools to assess program value but too premature to define at this time.

4.2.2.3. SDG&E and SoCalGas (Joint Utilities)

In their reply comments, SDG&E and SoCalGas (together the "Joint Utilities") state that their proposed SW ME&O program plans and budgets for the 2013–2014 program cycle comply with the Commission's directives in D.12-05-015, and assert that the issues set forth in parties' protests and responses

can be addressed in workshops and/or comments and accommodated without the necessity of holding hearings.

Responding to TURN, the Joint Utilities assert that TURN errs in its recommendation that the Commission reject the Joint Utilities' 2013-2014 SW ME&O applications based on what TURN describes as "the lack of specificity of the 'plans' and associated budget estimates outlined in the applications, the lack of robust performance metrics that ensure that the ratepayer funds being spent are achieving measureable results, and the need for vigorous review process prior to allowing incurred costs to be included in rates including an assessment of whether existing funds allocated to ME&O can and should be utilized for a statewide effort.

The Joint Utilities make the following additional assertions in defense of their plan, responding to specific comments:

- SW ME&O and local ME&O are complementary and are both necessary to successfully influence customer action.
- The Joint Utilities are innovative and customer driven and will bring these values to ensure a successful SW ME&O program.
- The Joint Utilities are committed to ensuring accessibility for customers with disabilities and ethnic and minority outreach
- The Joint Utilities are committed to underserved, ethnic and minority customer outreach
- The Commission clearly identifies the roles of SW ME&O program administrator and program implementation
- CCSE's proposal of an alternative administration structure is beyond the scope of this proceeding.

4.2.2.4. Joint Parties

The Joint Parties address the protests or responses of Greenlining, CforAT, TURN, and CCSE.

Responding to Greenlining and CforAT, Joint Parties note that Greenlining raised points similar to the Joint Parties, recommending multilingual outreach, including web access, outreach materials, and targeted outreach to minority communities. CforAT makes similar points for outreach in accessible forms of information and communication methods to people with disabilities. Since the Joint Parties addressed similar arguments in their August 30, 2012 response to the utilities' applications, the Joint Parties support these arguments raised by Greenlining and CforAT.

Responding to TURN, Joint Parties state that TURN raises several arguments the Joint Parties support and plan to investigate throughout the course of this proceeding: (1) the lack of specificity in the outreach plans and associated budgets; (2) the need for robust performance metrics; and (3) various issues that may stem from the ambiguity on the relationship between local and statewide funds and programs.

Responding to CCSE, the Joint Parties agree with many arguments raised by CCSE, and particularly support CCSE's commitment to working with local CBOs in implementing outreach strategies on multiple levels. Finally, the Joint Parties support CCSE's argument that the sole goal of the applications and programs cannot be to "raise awareness." Rather, the goal must drive behavior:

> without behavior-related goals, especially for disenfranchised communities, the proposed programs simply become ratepayer-funded public relations campaigns on behalf of utilities.

Joint Parties urge the Commission to allow for a full exploration of the issues associated with these applications. Particularly, each of these areas should contain policy aimed directly at marginalized communities, such as minorities, low-income communities, and hard-to-reach communities.

4.3. CCSE's Proposed SW ME&O Plan for 2013-2014

As noted above, in D.12-05-015, in addition to requiring that the utility standalone applications be filed, the Commission assigned PG&E as the lead utility responsible, on behalf of the other utilities, for executing the SW ME&O program, and designated CCSE as the coordinator for SW ME&O activities under the umbrella of EUC for 2013 and 2014. On November 8, 2012, the assigned ALJ issued a "Ruling Consolidating Applications and Setting Preliminary Schedule," and noted that:

> in protests and responses to [the utility] applications, several parties expressed concern that there is not enough detailed information in the utility applications to assess the reasonableness of the proposed expenditures. To assist us in evaluating these applications, we request that CCSE develop and file and serve in this proceeding an initial statewide ME&O plan for 2013 and 2014

and directed that the plan include the following elements:

- Goals and plans to transition EUC from the retrofit program only to the statewide umbrella campaign.
- Information about any appropriate strategies that will be used, potentially including but not necessarily limited to:
  - Mass media, social media, and earned media.
  - Use of CBOs, local government partners, manufacturers, retailers, contractors, and realtors.

- Strategies for incorporating accessible information and technologies for Californians with disabilities.
- Strategies and opportunities for reaching under-served, minority, and non-English-speaking communities.
- A proposed budget allocation based on the utilities' total proposed budget, subtracting utility administrative costs, and address how the rest of the budget would be utilized.
- Proposed metrics for the activities proposed.

The January 18, 2013 Scoping Memo for this proceeding subsequently removed the designation of this plan as "interim" and directed that once CCSE provided a draft plan, a workshop would be helpful to "help spur consensus discussions about the overall statewide ME&O plans for 2013-2014." The assigned ALJ and Commissioner requested that CCSE file and serve a final statewide plan following the workshop, after which parties would have the opportunity to comment on the final SW ME&O plan. The workshop was held February 26, 2013 and CCSE filed its final plan on March 14, 2013.

In the document accompanying its proposed Marketing Plan, CCSE requests that the Commission take the following actions:

1. Approve CCSE's proposed Marketing Plan for 2013-2014.
2. Approve CCSE's proposed marketing strategy.
3. Approve CCSE's proposed tactics and channels.
4. Approve CCSE's approved budget allocation.
5. Approve CCSE's proposed objectives and program performance metrics (PPMs).
6. Approve CCSE's proposed governance structure.
7. Provide additional guidance regarding what CCSE identifies as "requirements for operational success."

4.3.1. CCSE's Proposed Marketing Strategy

CCSE posits that the overarching long-term goal of EUC should be "to motivate residential and small business consumers to take continued action over time to better manage their energy use through the brand's related comprehensive statewide marketing, education and outreach campaigns." CCSE contrasts this goal with the four goals identified by the utilities in their August 2012 SW ME&O applications:

1. Provide customers with information to increase their awareness of, and interest in, energy use and management concepts.
2. Outline strategies that will lead to desire for, and the adoption of, energy management solutions for residential and small commercial customers.
3. Move customers through an energy engagement journey by utilizing a phased approach from awareness to action.
4. Bundle relevant messages about options, tools, programs, and services that lead customers to the local programs and services.

CCSE finds these utility goals to be limited, and states that if its own proposed goal is accepted, this in turn leads to CCSE's proposed 2013-2014 marketing objectives, which chart a path to the long-term goal and reflect reasonable objectives that are realistically attainable within this timeframe:

1. Establish EUC as California's SW ME&O brand with a social marketing campaign;
2. Conduct research to inform the campaign;
3. Launch new and improved EUC website in 2013 that provides a central, interactive resource with tools, programs, services, and advice; and

4. Work with utilities, RENS, CEC, CPUC and other partners to coordinate the promotion of programs, increase coordination opportunities over the long term.

4.3.2. CCSE's Proposed Tactics and Channels

From the overall strategy described in the Marketing Plan, CCSE proposes a number of tactics, including target audiences and marketing partnerships that include those with on-the-ground CBOs, businesses and local governments. CCSE outlines specific market segments it plans to target in the 2013-2014 transition period. CCSE notes that at the February 26, 2013 workshop, participants had many thoughts on this topic, and consensus was not forthcoming; CCSE asks the Commission to consider this question in its decision.

CCSE also describes how it will work with partners, including local governments, businesses, and CBOs to execute the SW ME&O campaign throughout the many varied regions of the state. Such partnerships will serve to ensure the effective diffusion of the EUC message into all California households and small businesses, including those that are particularly difficult to reach.

CCSE believes that in their August 2012 applications, the IOUs do not envision such partnerships for the SW ME&O campaign, preferring that such actors focus solely on local IOU marketing efforts. CCSE asserts that these organizations must have ways of actively participating and partnering with the SW ME&O campaign in order for the brand to gain the necessary buy-in and traction to be successful in its mission.

4.3.3. CCSE's Proposed PPMs

CCSE notes that the IOUs proposed three PPMs in their August 2012 applications; CCSE agrees with these PPMs and proposes three additional PPMs:

1. Customer awareness and knowledge of specific energy management concepts and/or actions promoted by the SW ME&O program among customer groups targeted by program activities.
2. Customer intent among customer groups targeted by SW ME&O program activities, to participate or engage in DSM programs.
3. Customer intent among customer groups targeted by SW ME&O program activities, to participate or engage in DSM programs.
4. Consumer consideration of the value of energy in his or her life and business.
5. Consumer understanding that energy is not infinite/has trade-offs/needs to be managed.
6. Consumer perceived barriers and benefits and sense of action efficacy.

CCSE emphasizes its view of 2013-2014 as "very much a foundation-building period" for the SW ME&O brand and describes ramping up the campaign in just 12-15 months as a challenging endeavor. Therefore, CCSE proposes that the statewide ME&O program be judged in the 2013-2014 transition period by whether or not it accomplishes the objectives that CCSE has specified in the Marketing Plan. For this reason, CCSE does not recommend any quantitative performance goals for the 2013-2014 period. Instead, CCSE outlines a number of "key performance indicators" that would be tracked and reported,

so that the Commission and public stakeholders can see quantitative indicators of the program's progress:

1. website traffic, page views, bounce rate, registered users;
2. number of social media followers;
3. number of featured stories in news media;
4. advertising exposure;
5. number and quality of strategic partners; and
6. number of leads generated to statewide programs.

CCSE assumes that the question of quantitative goals will be revisited after this 2013-2014 transition period.

4.3.4. CCSE's Proposed Budget Allocation

At the Commission's direction, CCSE proposed a budget allocation based on the utilities' total proposed budget. CCSE states that this allocation is inextricably linked to the program's overall strategy, governance, tactics, and channels. CCSE requests that the Commission approve its proposed budget allocation.

4.3.5. CCSE's Proposed Governance Structure

In the cover letter accompanying its March 14, 2013 Plan, CCSE addresses "Governance", and requests that the Commission approve CCSE's proposed role as statewide ME&O program implementer/coordinator, as well as "provide guidance regarding requirements for operational success." Regarding its proposed role, CCSE cites D.12-05-015, where the Commission describes CCSE's role in SW ME&O as "one of design, oversight, and coordination" and further states that, "implementation details will be up to CCSE and we do not further specify them in this decision." CCSE further notes that in their August 2012

applications for SW ME&O, the utilities outline a different governance structure, one that envisions CCSE's role as primarily implementing the utilities' program design and the utilities' strategy, utilizing the utilities' approved tactic and channels. CCSE describes this as a structure in which CCSE does not have either the autonomy or the flexibility needed to carry out the SW ME&O campaign articulated by the Commission. CCSE argues that it has a great deal of experience administering ratepayer-funded programs through contracts with utilities (namely, SDG&E), and we know from this experience that the appropriate level of independence and autonomy can be achieved through such an arrangement without sacrificing accountability for ratepayer funds." CCSE states that its contractual obligation should be, "to ensure the success of the Energy Upgrade California marketing, education and outreach campaign, and we should have the ability to use our judgment to respond to opportunities in a similar fashion as the IOUs in their execution of marketing for other statewide programs."

CCSE details its proposed governance structure in Section Three of its March 14, 2013 Plan; CCSE's discussion of what it terms "requirements for success" is contained in the same section.

4.4. Reaction to the CCSE Plan

Opening comments on CCSE's proposed Marketing Plan were filed and served on March 28, 2013, and reply comments on April 5, 2013.

4.4.1. Opening Comments on the CCSE Plan

Opening comments on CCSE's proposed Marketing Plan were filed and served by PG&E, SCE, Joint Utilities, TURN, Greenlining, CforAT, and Ecology Action of Santa Cruz, Inc. (Ecology Action). Joint Parties filed comments on March 15, 2013, addressing CCSE's draft plan dated February 26, 2013.

4.4.1.1. PG&E

In its opening comments, PG&E recommends that the Commission reject CCSE's statewide marketing plan, budget, and governance proposal:

> PG&E has reviewed CCSE's marketing plan carefully and appreciates the thought and resources that CCSE has dedicated to producing the marketing plan. Prior to CCSE serving the marketing plan, PG&E and the other IOUs reviewed an earlier draft of the plan and provided ideas, comments and suggestions to CCSE in the spirit of collaboration as we recognize the success of a SW ME&O program is dependent on all parties having a united vision of its goals and purpose. The marketing plan submitted by CCSE, however, requires additional work in order to meet the requirements of the scoping memo.
>
> Furthermore, despite extensive conversations and numerous efforts to reach consensus on key issues such as program objectives, strategy and performance metrics, CCSE's marketing plan still lacks alignment with the IOUs' applications.

PG&E elaborates on several areas which it considers to be critical to resolve in order to move the program forward.

First, PG&E asserts that CCSE's marketing plan is deficient in addressing requirements outlined in the Commission's Scoping Memo.

Second, PG&E asserts that CCSE's program objectives and tactics are insufficient in their detail to adequately support the proposed approach.

Third, PG&E asserts that CCSE's proposed governance structure does not provide the typical checks and balances required within a regulated environment.

Fourth, PG&E asserts that CCSE's proposed funding for the IOUs' administration is inadequate.

4.4.1.2. SCE

In its opening comments, SCE repeats its support for the Commission's vision for SW ME&O set forth in the California Energy Efficiency Strategic Plan (CEESP), the current and predecessor energy efficiency proceedings, and in this specific proceeding, but states, "CCSE's proposed approach will not allow for a successful transition of the current EUC brand to an umbrella brand." SCE offers the following comments on CCSE's proposal:

First, regarding governance, SCE asserts that the Commission should reject CCSE's proposed governance structure and adopt a Program Advisory Group model. SCE also asserts that the Commission previously found that the governance structure proposed by CCSE (i.e. non-utility administration) has been found by the Commission to be unlawful because it precludes the Commission from performing its statutory duty to ensure the proper use and expenditure of ratepayer funds. SCE further describes CCSE's proposed governance structure as inconsistent with the Commission's directive for CCSE to serve as program implementer:

> CCSE's proposed governance structure is inconsistent with the Commission's direction that the IOUs administer the statewide ME&O program (through Pacific Gas and Electric Company as contract holder), and CCSE implement the statewide ME&O program.

Finally, SCE argues that SCE's own proposed governance structure adequately encourages collaboration with CCSE, CPUC, CEC, and the IOUs.

Second, regarding marketing, SCE asserts that CCSE misunderstands and mischaracterizes the marketing approach proposed by SCE and the other utilities.

Third, SCE asserts that CCSE's approach to SW ME&O is not presented in sufficient detail to allow a reasonable assessment and may result in consumer confusion.

Fourth and finally, SCE asserts that the marketing plan should focus on IOU customers and recognize that the benefits will accrue to all Californians.

4.4.1.3. Joint Utilities

In their opening comments, the Joint Utilities first address the approvals requested in the CCSE pleading, and state that they believe the Marketing Plan requires adjustment in order to reflect the proper scope of a document of this nature, and requires further development in order for the Commission to "assess the reasonableness of the proposed expenditures." Second, the Joint Utilities address the nine "transition challenges" that CCSE has identified for the Commission's consideration and assert that these items are "out of scope" for CCSE's request. However, if the Commission is to consider these challenges and address them, the Joint Utilities provide their input for the Commission's consideration

4.4.1.4. TURN

Overall, TURN commends CCSE and recommends that the Commission approve the CCSE Plan with certain caveats. TURN provides several observations and recommendations on the CCSE plan.

First, TURN recommends that the Commission should seek broader funding than just ratepayer funds. TURN urges the Commission to consider ways to spread the continuing cost of the statewide programs and the "state owned" brand that CCSE is attempting to build across a broader array of funders than only IOU customers, especially since all Californians stand to

benefit if the program is successful. TURN notes that while this may not be feasible for the 2013-2014 budget, it may be possible for 2015 and beyond.

Second, TURN comments on the idea of "ratepayer cost savings" as a primary motivator for consumer action. TURN notes that, although CCSE has improved its discussion of this item since its draft plan, there is nothing in the CCSE Plan that addresses the needs of so-called "disconnected" customers in any detail. TURN can support the CCSE plan on this issue so long as the expectation is clear that local IOU programs will direct attention to the need for this segment to save money, and will implement appropriate marketing education and outreach for these consumers.

Third, TURN recommends that the "marketing strategy" proposed in the CCSE Plan should be approved. TURN states that is particularly encouraged by the modest goals for 2013-2014, noting that 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. TURN also supports the use of research reflected in the CCSE plan to continually assess which messages and tactics are actually working; this research element and a continual loop toward process and quality improvement is critical to TURN's support of the CCSE plan.

Fourth, TURN is concerned that CCSE's budget assumptions are unexplained and there continues to be a significant lack of specific, measureable performance metrics in CCSE's plan. TURN recommends that the Commission approve the requested two-year budget, but with a substantial "reserve" held out (10%) to be granted upon Commission review and approval of progress in the second year.

Fifth, TURN comments on the dispute between the CCSE and the utilities on the governance structure, and offers its support for the CCSE governance proposal. Because the IOUs are essentially regional rather than statewide enterprises, it appears reasonable to TURN to have a third party such as CCSE with experience in statewide programs lead this statewide endeavor. TURN also notes that it is also important, as discussed in the CCSE Plan, that there be one "owner" of the brand – one party responsible for brand management and implementation of the brand campaign., and that the Commission requires a knowledgeable partner for this effort and CCSE appears to be well suited to the task. TURN also notes that CCSE has been proactive in getting stakeholder input including from consumer advocates such as TURN.

4.4.1.5. CforAT

In its opening comments CforAT notes that its protest to the utility applications expressed concerns regarding the need to ensure that a statewide marketing campaign effectively reaches people with disabilities. Therefore, CforAT is pleased to see CCSE's responses to these concerns in developing its Marketing Plan, and to see that the Plan makes direct commitments to providing effective and accessible outreach to people with disabilities, as well as the customer segment within the overall population of California that CCSE describes as "disconnected," which CforAT believes is likely to include many people with disabilities.

Regarding goals and metrics, CforAT appreciates the additional explanations provided by CCSE with respect to its development of its proposals regarding goals and metrics. CforAT recognizes that many of the goals and metrics for the 2013-2014 time period are essentially being established as foundations for further efforts in 2015 and beyond. For the longer term, CforAT

recommends that the Commission establish numerical metrics for actual participation by Californians in energy management.

Regarding the budget, CforAT is concerned that the budget is being created without a detailed marketing plan, and recommend that for 2015 and beyond, the Commission should provide guidelines for what it expects to see in proposed budgets.

4.4.1.6. Greenlining

In its opening comments, Greenlining expresses its support for CCSE's efforts to implement a comprehensive multicultural communications strategy that includes traditional as well as innovative approaches to effectively reach customers from low-income, limited English-proficient, and harder-to-reach communities. However, Greenlining continues to urge CCSE and the IOUs to seek innovative approaches to outreach.

Greenlining also supports CCSE's efforts to improve evaluation efforts and to include research efforts that will improve the overall process, and describes CCSE's budget approach as "thorough, smart, and prudent."

4.4.1.7. Ecology Action of Santa Cruz

Ecology Action agrees with and supports the Commission's direction that CCSE work with marketing firms or contractors to execute and deliver the campaign.

4.4.2. Reply Comments on the CCSE Plan

Reply comments on the CCSE plan were filed and served by PG&E, SCE, Joint Utilities, TURN, Greenlining, Joint Parties, and CCSE on April 5, 2013.

4.4.2.1. PG&E

In its reply comments, PG&E asks that the Commission direct CCSE to revise its plan in response to the comments supplied by PG&E and other parties. PG&E highlights a number of points made in opening comments.

First, regarding governance, PG&E asserts that SCE correctly points out that CCSE's proposed governance structure is not legal.

Second, regarding CCSE's proposed budget, PG&E agrees with TURN that CCSE should not be given a blank check, and notes that TURN and CforAT recognize that funding should come from other sources in addition to the utilities' customers.

Third, regarding metrics, PG&E agrees that TURN and CforAT are correct that CCSE's metrics need more details.

Fourth, regarding community-based outreach, PG&E argues that it is more efficient and cost effective to leverage use of existing relationships.

4.4.2.2. SCE

In its reply comments, SCE expresses agreement with a number of points raised by parties in their opening comments.

First, regarding governance, SCE states that CCSE's proposed governance structure does not leverage the IOU's existing relationships, regional knowledge, and experience.

Second, regarding CCSE's proposed budget, SCE states that the Commission should modify the budget allocation to fully restore IOU administrative expenses. SCE also asserts that CCSE's budget assumptions are unexplained and do not demonstrate a thorough and prudent approach.

Third, regarding metrics, SCE recommends that performance metrics should be applied to adequately evaluate the messaging tools for EUC program.

Fourth, SCE observes that well-designed marketing research will enable a more effective and efficient SW ME&O program.

4.4.2.3. Joint Utilities

In their reply comments, the Joint Utilities ask the Commission to adopt their Applications as filed, and address to the recommendations listed below:

1. Direct the utilities to propose new PPMs for ME&O within 120 days of the approved SW ME&O Applications to allow for the alignment of marketing strategies and performance measurement;
2. Adopt the proposed utility administrative budgets to fund necessary coordination activities with the SW ME&O program implementer, rather than the CCSE budgets with unspecified reductions;
3. Authorize the proposed governance structures as outlined in the Joint Utilities' applications, including scheduled reasonableness reviews; and
4. Find that the Joint Utilities' Marketing Plan provides an opportunity for stakeholders to work collaboratively on EUC brand integration.

Furthermore, the Joint Utilities believe this is the appropriate time for the Commission to rule on comments by parties regarding the SW ME&O budget in the Marketing Plan, and to examine the basis of its authority over a non-utility implementer's use of ratepayer funds to be expended towards its objectives, and the conditions of its reasonableness review.

4.4.2.4. TURN

In its reply comments on CCSE's proposal, TURN continues to support the CCSE plan over those of the IOUs and urges the Commission to require as much detail as possible, including metrics, as well as a robust process that ensures significant participation and oversight by the Commission.

Regarding "performance measurements," TURN continues to fault the lack of accountable, specific performance metrics both in the IOUs' applications as well as in the CCSE Plan:

> without some specific, measureable and accountable performance measures the Commission has no real way to assess whether ratepayer funds are being utilized in a manner that is successful in building the Energy Upgrade California (EUC) brand. The current record is devoid of any specific and enforceable performance metrics proposed by any party. Therefore, TURN recommends that the Commission condition any approval of the CCSE plan to the development of performance metrics that will be applicable to the implementation of the plan itself, as well as the contract and budget commitments by CCSE and its subcontractors.

Regarding governance, TURN urges the Commission to reject SCE's contention that the governance structure proposed by CCSE is "unlawful."[14]

We quote TURN's argument in full because we rely upon it later in this decision:

> The Commission should reject SCE's misplaced reliance on D.05-01-055.
>
> First, SCE ignores recent Commission decisions dismissing the notion that D.05-01-055 prohibits all forms of non-utility administration over energy efficiency-related activities. In D.12-05-015, issued in the Energy Efficiency rulemaking R.09-11-014, the Commission considered SCE's argument that the proposed decision which preceded D.12-05-015 erred by encouraging local governments to submit proposals to administer regional pilot programs for the 2013-2014 program cycle. According to SCE, this type of non-utility administration would run afoul of D.05-01-005 because "[i]n 2005, the CPUC thoroughly examined the proposal for

[14] TURN Reply Comments on CCSE plan at 3-5.

nonutility administration of EE programs, and in D.05-01-055 concluded that it requires statutory authority to do so, because the public interest in the EE programs dictates that the CPUC must select an administrator over which it exercises jurisdiction." [15] The Commission concluded that "SCE's argument misinterprets the relevant law."[16]

Similarly in D.12-11-015, issued in A.12-07-001 et al., the Commission authorized the creation of two "Regional Energy Networks" (RENs) to design and deliver energy efficiency services under the direct supervision of the Commission.[17] In so doing, the Commission rejected SCE's argument that "only utilities, according to D.05-01-055, may administer programs and that therefore RENs may only be treated as part of the utility portfolios."[18] Instead, the Commission clarified:

> In summary, the Commission intends to treat the RENs like a hybrid between a utility and an LGP [Local Government Partnership (a program falling under the utilities' administrative oversight)]. For purposes of program design and delivery, the RENs will be treated like utilities, with up-front selection and approval coming directly from the Commission. For purposes of funding flow and fiscal oversight, the RENs will be treated the LGPs under contract to utilities.[19]

This hybrid nature of the RENs is very similar to CCSE's proposed governance structure, where the ME&O administrator would report directly to the Commission, while the utilities would oversee the funding flow and fiscal oversight.

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[15] In a footnote, TURN cites D.12-05-015, at 151 fn. 182 (quoting SCE Opening Comments at 3): "This is almost the exact statement SCE is once again making here in its comments on the CCSE Plan, SCE Comments, p. 4."

[16] D.12-05-015 at 151, fn. 182.

[17] D.12-11-015 at 12.

[18] *Id.*

[19] *Ibid.* at 16.

Furthermore, the facts and circumstances at issue in D.05-01-055 can be distinguished from the current situation. D.05-01-055 was specifically concerned with administration of resource procurement by an independent third party administrator. The Commission rejected the prospect of giving a non-utility administrator control over "Program Choice and Portfolio Management" for all ratepayer-funded energy efficiency programs because "all of the program selection and day-to-day management decisions would be 'handed down' to the IOUs to incorporate into their resource plans."[20] Here, the non-utility administrator's role is limited to marketing, education and outreach, which is far narrower than that of a fully independent administrator with full discretion over program choice and portfolio management of all energy efficiency programs. Under CCSE's proposal, the ME&O administrator would not displace the utilities in managing a portfolio of resource programs.

Finally, the Commission has authorized third party administration of the California Universal LifeLine Program. There have already been two third party administrators of this program and the Commission has not even suggested that to do so is illegal or in contravention of D.05-01-055. While the Commission has been concerned with jurisdiction over non-utilities (see for example the expansion of the California Advanced Services Fund in R.12-10-012), it does not appear to have been an issue in situations where there is a binding contract with the third party and the Commission remains firmly in control from an oversight perspective. This, in fact, is another reason why the process TURN described above about Commission being actively involved in the EUC campaign is important if the Commission adopts the governance structure proposed by CCSE.

[20] D.05-01-055 at 6.

4.4.2.5. Greenlining

In its reply comments, Greenlining recommends that the Commission order, in this proceeding, the utilities to include CBO funding sufficient to cover the anticipated work in their future demand response applications:

> during 2013 and 2014, CCSE's efforts will begin to identify effective organizations and engagement tactics, and be able to better estimate the cost of these efforts. These findings will help to inform the utilities' applications.

Greenlining also agrees with TURN and CforAT that CCSE should not lose focus on cost-savings for the disconnected.

Regarding governance and budget, Greenlining states that based on CCSE's Marketing Plan, it appears CCSE has the capacity, enthusiasm, and skill to carry out this statewide program in the lead role:

> CCSE's expertise and experience with programs that span the state and that focus on branding could be the key to successfully transitioning Energy Upgrade California into an umbrella brand.

At the same time, Greenlining states that it is critical for CCSE to seek the IOU's expertise about particular programs, share their existing relationships with various entities and their experience with particular firms. Greenlining also agrees with other parties that funding for this program should be broadened by seeking other sources throughout the state.

Finally, regarding metrics, Greenlining notes that it previously approved of and still supports CCSE's metrics for success as described in the Marketing Plan, but agrees with other parties, including CforAT and TURN, that it would be beneficial to add tangible numerical goals and metrics for the next cycle and beyond.

4.4.2.6. Joint Parties

The Joint Parties note that they have consistently argued that the Commission and the investor-owned utilities must do more to engage with underserved communities. Therefore, they agree that CCSE's SW ME&O plan represents "a unique opportunity to take a different approach to engaging consumers," and welcome the new approach that the marketing plan represents: "indeed, this understates the matter. The ME&O Plan represents a commendable effort and departure from a disappointing status quo."

Joint Parties strongly urge the Commission to approve the overall approach embodied in the ME&O plan, and provide comments on five topics raised in opening comments.

First, regarding CCSE's proposed ME&O strategy, Joint Parties disagree with PG&E that CCSE's marketing plan does not incorporate an overall strategy:

> we believe the plan clearly and satisfactorily states three goals as part of a larger strategy: 1) adoption of energy-saving, load shifting or generating technologies or products; 2) changing the choices made in everyday living that affect energy consumption; and, 3) increasing participation in IOU programs.4 Participation, adoption, and helping people make informed choices regarding their energy usage in their everyday living seems to be a fairly self-evident strategy.

Second, regarding cost savings, Joint Parties agree with TURN that cost savings by consumers should not be neglected in CCSE's ME&O plan:

> cost savings are a significant incentive for low income and underserved communities to participate in energy efficiency and conservation efforts.

Third, regarding IOU expertise, Joint Parties urge caution in overly relying on the utilities:

> it is the Joint Parties experience that there is still a significant amount of work that must be done in order for our constituencies to view the utilities as a credible and benevolent source of information.

Joint Parties suggest that work with CBOs can help bridge the gap between utilities and these communities.

Fourth, Joint Parties more broadly stress the importance of the using CBOs in the SW ME&O effort:

> as we have repeatedly stated to this Commission, in this and other proceedings, certain ratepayer communities place more weight and credence and information provided from trustworthy and familiar institutions.

Fifth, Joint Parties comment on the use of the internet and mobile technology for outreach:

> we agree with the Greenlining Institute that the ME&O plan appears to be moving in the right direction by seeking to make Internet resources available to limited English proficient ratepayers. We also agree with Greenlining that significant effort must be made to reach those who are not connected to the Internet, or have limited means to access the Internet;

because

> communities of color compared to whites, and minority communities are more likely to use mobile technology for internet access. We agree with the Greenlining Institute that this could be a powerful tool for outreach, especially among hard-to-reach communities.

4.4.2.7. CCSE

In its reply comments, CCSE provides useful clarifications and assurances regarding its understanding of its role in implementing the statewide ME&O program. CCSE directs its 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.

First, regarding parties' comments on governance CCSE states that several parties misunderstand its proposed governance structure to mean that CCSE is not amenable to being held accountable or that it seeks to overly constrain IOU participation. Rather, CCSE maintains that its proposed RASCI model provides for better accountability to the owners of the EUC brand: (1) the Commission, and (2) the CEC. Furthermore, this model would avoid a situation where the holder of the contract with CCSE "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."

Second, regarding parties' comments on metrics, CCSE clarifies that they believe that the first two years of the statewide ME&O program should be about establishing the EUC brand and the ME&O campaign, and that their proposed objectives are "specific, measurable, actionable, realistic and time-bound (SMART)" and can be quantified for the 2013-2014 period. Nevertheless, while CCSE will seek quantifiable increases during this initial period, they do not believe it is possible to set meaningful quantitative goals until they can establish the brand and campaign and meet the objectives that they have proposed in their plan. In short, CCSE fully supports well-defined, quantitative goals for the statewide ME&O program in future program cycles and seeks to use this initial period to establish the most appropriate numerical objectives.

Third, regarding parties' comments on working with CBOs and programs, CCSE agrees with CforAT and Greenlining that conducting outreach, in part, via community-based organizations is important, and such relationships should be expanded and further developed. CCSE also clarifies its intentions regarding co-branding, stating that it proposes to co-brand with the single and multifamily retrofit programs because "we want the Energy Upgrade California brand to firmly support the REN and IOU joint effort to scale single and multifamily upgrades." CCSE seeks Commission clarification regarding 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.

Fourth, regarding parties' comments on the statewide brand and the ratepayer-funded campaign, CCSE agrees with SCE that "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)." CCSE also 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 California brand is a statewide brand; however, the 2013-2014 statewide ME&O campaign is a ratepayer-funded program and will be carried out accordingly such that ratepayers are its targeted beneficiaries."

Fifth, regarding parties' comments on the budget, CCSE provides several clarifications. First, CCSE explains that they provided the proposed budget allocation based on the utilities' total proposed budget, as directed in the November 8, 2012 ruling of the assigned ALJ: "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." Second, regarding the reductions that CCSE made in the utilities' share of the budget, CCSE explains that "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." CCSE asks 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."

5. Discussion

Having devoted considerable space in this decision to documenting the prior history of marketing, education and outreach efforts, our current thinking on these matters, and the nature of the disagreements between the utilities and CCSE regarding how to best achieve the results we seek, we now turn to deciding each issue before us. One overarching theme motivates our thinking today, a theme we developed in D.12-05-015, when we ordered the IOUs to file the applications under review today: we should adopt the approach that best affords residential and small commercial customers, "one integrated approach that includes multiple demand-side options depending on the needs of the consumer."

We appreciate the efforts of the utilities, CCSE and the other parties in this proceeding; together they have created a substantial amount of record material from which we can build our decision. We are particularly encouraged by repeated references to collaboration among the parties as they refined their proposals, comments and observations. Our task here is to evaluate these efforts within the framework required by D.12-05-015, as clarified by the Scoping Memo, and to adopt a plan for statewide marketing, education and outreach that best meets these requirements. The discussion that follows provides our reasoning with respect to the record material before us: 1) the utility applications, 2) the protests and replies to protests regarding those applications, 3) CCSE's plan, and 4) the opening and reply comments on that plan.

5.1. Decision on CCSE's Role in the SW ME&O Program, EUC

As we described above, in D.12-05-015 we concluded that we would like to have CCSE serve as the statewide implementer for the marketing, education and outreach program in 2013-2014. Once the IOUs filed their statewide ME&O applications and parties protested those applications, the assigned ALJ noted that in protests and responses to the applications, several parties expressed concern that there is not enough detailed information in the utility applications to assess the reasonableness of the proposed expenditures. The ALJ requested that CCSE, "to assist us in evaluating these applications," develop and file and serve an initial SW ME&O plan for 2013. The requested plan was to include a specific list of elements that in some ways sought additional detail regarding the items that, pursuant to D.12-05-015, were required to be in the utility plans.

Given this sequence of events, it is not illogical that CCSE proposes a central role for itself in the 2013-2014 ME&O program.

In its March 14th marketing plan, CCSE describes its proposed role:[21]

> This governance structure, led by California state agencies as the joint owners of the brand, demonstrates the state's commitment to the success of its ME&O initiative. With CCSE in its designated role, one organization is responsible for the brand and accountable to the state for the many necessary decisions related to achieving that success.
>
> […]
>
> Thus, CCSE will be responsible for brand and marketing strategy, management and execution, monitoring and enforcing the brand's legal rights, judiciously stewarding the budget and assuming fiscal responsibility and campaign-related liability. To perform these functions, CCSE must be delegated authority to lead and act on the brand and campaign's behalf on its own judgment and recognizance.

CCSE contrasts its proposed role with typical IOU-led efforts:

> Normally in IOU statewide campaigns, one IOU assumes this responsible role, coordinating with the other IOUs and assuming the authority delegated by the other IOUs to lead the campaign's strategy and decision-making. In this instance, CCSE has been designated to assume that role, bringing in a not-for-profit and community-based perspective and serving its mission to accelerate the adoption of clean and efficient energy throughout California. Of course, the IOUs are an important partner as the campaign must be coordinated with their marketing efforts to maximize its potential for it to be successful and therefore CCSE will consult with them and seek to collaborate.

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[21] EUC 2013–2014 Marketing Plan at 89.

In their comments on CCSE's plan, the utilities generally dispute that the Commission granted CCSE the latitude that CCSE now seeks. We disagree, and approve CCSE's role as it is described in CCSE's marketing plan. As CCSE observed in its Reply Comments,

> 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.

CCSE correctly surmises that we would not have ordered a new approach to statewide marketing in D.12-05-015, including introduction of an intermediary and the resulting changed roles for the IOUs, if we had been satisfied with the existing approach in place at that time. We appreciate CCSE's expressed willingness to take a leadership role, while working in partnership with the IOUs, and we expect the IOUs to accept this change and to act as fully cooperative partners with CCSE. To this end, we intend to review each IOU's ongoing staffing and budget requests with reference to their success in working within this structure. We should reduce IOU funding for administrative staffing if it no longer adds value to statewide marketing.

We expect that the clarification we have provided above will fully resolve the matter of CCSE's role in the statewide ME&O program. Our discussion of governance issues below reflects our determinations here.

5.2. Decision on Statewide Marketing Plan for 2013-2014

Having clarified CCSE's role and our expectations of the utility actions with regard to supporting CCSE in its role, we now turn to our review of each

component in the marketing plans proposed by the utilities and CCSE. We review the proposals with reference to the items required by Ordering Paragraph 117 of D.12-05-015, the IOUs' applications in compliance with those requirements, and the additional items directed for inclusion by the November 8, 2012 ALJ Ruling, as affirmed by the January 18, 2013 Scoping Memo.

It became apparent from CCSE's plan, as well as IOU comments on that plan, that an overall consensus among the parties did not emerge, either with regard to CCSE's role in this proceeding, or regarding the contents of the plans themselves. We have been presented with two conflicting approaches, one contained in the utility applications, and one provided by CCSE. We resolve the differences identified by parties in the remainder of this decision. Based on our review of the record, we adopt the basic structure of CCSE's plan, with certain modifications specified below, because we find that CCSE's approach best meets the requirements we described in D.12-05-015 and the Scoping Memo.

5.3. Decision on Marketing Strategy

With specific regard to marketing strategies, our review of the utility proposals and CCSE's proposal indicates that we should provide clarification to all parties regarding our expectations for SW ME&O activities.

The utilities and CCSE propose differing variations on the role of a statewide marketing program. The utilities propose that the SW ME&O program should be primarily an "awareness only" campaign. CCSE proposes to promote high-level energy concepts, with the utilities marketing the programs directly to ratepayers. The utilities and CCSE identify a range of goals and objectives for statewide ME&O, and neither the utilities nor CCSE agree with the other's proposals. Other parties largely support CCSE's proposed approach

over that of the utilities. However, we find that neither CCSE's nor the utilities' proposed objectives adequately provide a path to achieve the strategies of statewide marketing as defined in the 2008 Strategic Plan. Therefore, we clarify our expectations regarding goals, strategies, and objectives below.

Our primary conclusion based on our review of the proposals before us is that we should clarify the goal and goal results identified in the 2008 Strategic Plan so that they are consistent with the more recent direction we provided in the 2012 Guidance Decision.

We note that the 2008 Strategic Plan identified a goal and goal result for statewide ME&O. While the 2008 goal focused on energy efficiency, the 2012 Guidance Decision expanded the scope of statewide marketing to be an integrated brand that also covered demand response and distributed generation. The Guidance Decision also expanded the scope of statewide marketing to clearly include small businesses.

We find that it is necessary to clarify our long term goal for SW ME&O as follows:

2008	The goal of statewide marketing, education and outreach is to create and launch an integrated, statewide Marketing, Education and Outreach effort for energy efficiency including an energy efficiency brand that results in high levels of awareness statewide of the value of energy efficiency that leads to strong demand for energy efficient products, homes and services.
2012	Our long term goal for statewide marketing, education and outreach is that Californians understand the value of energy efficiency, demand response, and distributed generation which leads to demand for products, services and rates for their homes and businesses. This demand leads Californians to take actions that save money, increase the installation of customer-owned renewable energy technologies, use energy more efficiently, and shift energy use away from peak hours as needed.

We also find that it is necessary to specify a short term goal for statewide ME&O as follows:

> The short term goal for the next two years of the statewide marketing, education and outreach program is that Energy Upgrade California is re-launched as an integrated, umbrella Statewide Marketing, Education and Outreach effort that provides California residents and small business owners with information about energy concepts, programs, services, rates and benefits of taking action so that Californians (1) begin to understand their energy use, the opportunities available for them to act, and the benefits of their action, and (2) begin to take well informed action to better manage energy.

Second, having specified and clarified our short and long term goals, we should ensure that they are consistent with the four strategies for achieving these goals that were established in the 2008 Strategic Plan. No Commission decision since the 2008 Strategic Plan has altered these strategies, but we find that some modifications, and one additional item, are necessary to comply with the 2012 guidance decision.

2008 Strategic Plan	Updates Consistent with 2012 Guidance Decision
An Energy Efficiency Brand: Creation of an instantly recognized brand for "California Energy Efficiency" with clear delineation of what the brand encompasses, including reducing GHG.	**Expand Energy Upgrade California:** Expansion of the Energy Upgrade California brand to become an umbrella brand that includes information about energy management, opportunities available for residential and small business consumers to act, and benefits of their action.

Integrated Marketing: Development of marketing messages that offer bundles of DSM programs targeted to specific customer groups and delivery of effective messages using partnerships with a range of energy efficiency participants, including local governments, retailers and manufacturers.	**Targeted, Integrated Marketing:** For residential customers- the development of messages that are targeted to specific customer groups, are aligned with local marketing efforts, are integrated, and are delivered using multiple channels including partnerships with a range of energy participants including local governments, retailers, realtors, and community based organizations and that incite residential consumers to take action. For small business owners- the development of effective integrated tactics and piloting of methods to communicate with small business owners. Segmentation analysis will be used to develop effective integrated tactics and identifies interests, awareness, needs, and barriers to energy efficiency, distributed generation, demand response enabling technologies, and time of use concepts.
Social Marketing: Use of social marketing techniques to create emotional and intellectual drivers for consumers to make commitment to change and participate in energy efficiency.	**Social Marketing:** Use of social marketing techniques to create emotional and intellectual drivers for consumers to make a commitment to change and participate in energy efficiency, demand response, or distributed generation opportunities.
Internet-Based Networking: Creation of a web portal that allows energy efficiency practitioners and consumers to exchange information and solutions on implementing energy efficiency programs and measures.	**Web portal:** Creation of a web site that enables consumers to identify information, options and actions that are relevant to them and provides them with a path to get more information or take an action.
	Based on parties' comments in this proceeding, we find it necessary to add one strategy: **Statewide, Regional and Local Coordination:** Ongoing information exchange between statewide, regional and local marketing leads, to optimize efficiency of messages and ensure consistency of messages that are communicated to customers that enable consumer action.

Next, having clarified our goals and strategies regarding statewide ME&O, we find that we should also specify a list of measurable objectives that should be pursued in order to implement the strategies listed above. We have reviewed the proposed objectives included in the utility plans and CCSE's proposal, and we find that, although the objectives proposed by the utilities are

measurable, they are too vague. The objectives proposed by CCSE are too broad and not all of them are measurable as-is. It is also important that the objectives we adopt relate directly to the clarified strategies we include in today's decision. Therefore, we adopt the following nine measurable objectives for statewide ME&O:

1. Use the EUC brand to educate consumers about why energy use matters and how California homes and businesses use energy, as well as energy efficiency, demand response, distributed generation, and energy management actions available to them including products, services, behavior modification and programs, especially featuring the Home Upgrade and Financing programs.
2. Encourage consumers to engage with resources and tools to learn more about their energy use.
3. Inform consumers about the benefits of participating in local program opportunities, seasonal opportunities, or no/low cost actions.
4. Provide direction about how consumers can learn more about and enroll in local program opportunities and time sensitive opportunities, or how to take no/low cost actions.
5. Identify and pilot messaging and message delivery for partners that complements existing utility partnerships, including, local governments, CBOs, retailers, and realtors.
6. Identify and pilot methods to provide information to small business owners.
7. Work with a marketing firm, and use behavior research to develop a social marketing campaign.
8. Coordinate local, regional, and statewide marketing efforts, messaging, and tactics.
9. Develop an EM&V roadmap for utility local marketing, and statewide marketing to understand the impacts of

local, utility- led marketing, and how local and statewide efforts can best be coordinated and complimentary.

5.4. Decision on Proposed Tactics and Channels

The utilities proposed broad conceptual tactics, and three specific channels for statewide marketing: (1) paid media, (2) earned media, and (3) the website. CCSE proposed a long list of detailed concepts, and a wide variety of channels and tactics that are in line with the direction in the 2008 Strategic Plan.

We find that the utility proposals do not provide a clear description of the concepts that the SW ME&O program would include. In their applications, the utilities suggested that it was not possible to provide a greater level of detail without conducting a brand assessment, which took place after the utilities filed their applications. On the other hand, CCSE was able to make use of that brand assessment, and provided a greater level of detail about the concepts that statewide marketing will cover. The concepts proposed by CCSE are consistent with the direction in the 2012 guidance decision and past Commission decisions. It is not necessary to approve or reject each individual concept, channel and tactic proposed by CCSE.

We do not wish to micromanage CCSE's day-to-day activities as it implements the program we adopt today. However, we do find that we should adopt an additional step that CCSE must follow in order to ensure that choices made by CCSE and marketing agencies are coordinated with local utility efforts and in compliance with our direction regarding the program. In order to accomplish this, CCSE shall submit semi-annual plans, one quarter ahead of time, to the Commission that identifies the concepts that it will share with identified target audiences, as well as the tactics and channels it will use to reach each target audience during the upcoming sixth month period. The plan should

also include any metrics and target values, KPIs, or tracking statistics that are relevant to each campaign. CCSE shall request input from the utilities and RENS prior to developing its plans and the utilities shall provide the requested input. CCSE should share the plans prior to submittal, so that utilities, RENs and CEC may raise any concerns with Commission staff. Commission staff may direct modifications based on feedback from these reviewers

The first plan should be submitted and reviewed in a condensed time frame to provide plans for the first half of 2014. If it is not possible for CCSE to prepare a 6 month plan prior to January 1, 2014, then CCSE should provide a plan for the first 3 months of 2014 as soon as possible after this decision is issued, and submit a second plan as soon as possible for April–July 2014. CCSE should work with Commission staff to design a template for the plan.

5.5. Decision on PPMs

In taking up the question of program performance metrics, or PPMs, we acknowledge the concerns expressed by both the utilities and CCSE, which are essentially the same: neither want to be held accountable for achieving precise metrics too early in the development of the SW ME&O program, because it is an ambitious program that will be implemented in a short period of time. We must balance this with our own concern, one that is well-articulated by other parties in their comments: the actions that will ensue from our decision today must be cost-effective and prudent uses of ratepayer funds. Therefore, we adopt an approach to program performance metrics that we find to be a fair compromise between our ambitions for the program and our duty to ratepayers.

First, we find that the SW ME&O program should span an approximately two-year program cycle, beginning with the effective date of this decision and ending in December 2015. Although this decision has referred to the proposals

before us as the "2013-2014" SW ME&O program, in fact we did not receive CCSE's proposal until March 2013, with comments and reply comments completed by April 2013. The timeliest decision on the proposals before us would have been issued sometime in July 2013, and we have not met that deadline. It is fair to all concerned, and a reasonable outcome, to change the cycle for implementing the SW ME&O program to a full two years, 2014 and 2015.

Second, as discussed later in this decision, we approve a budget and budget reporting requirements that are fair to the utilities and to CCSE but that spends ratepayer funds wisely and provides for accountability regarding that spending.

Third we direct CCSE to use the following metrics and performance indicators as a guideline to develop metrics, target values and performance indicators into a proposal to be submitted through a Tier 2 Advice Letter. We also direct CCSE to use the "collaborative process" recommended by TURN in its comments on the proposed decision in order to gather stakeholder feedback, with a slight change to TURN's proposed timeline. Within 45 days of this decision CCSE will file and serve revised metrics, performance indicators and target values that incorporate stakeholder feedback from comments, so that parties to the proceeding may review them. Following this distribution CCSE will set up a workshop to discuss the proposed metrics, indicators and target values. CCSE will submit an Advice Letter with metrics, indicators, and target values within 90 days of this decision.

When preparing the metrics CCSE should make no changes to Metric 6 and Metric 7. Finally, we agree with several commenters on the proposed

decision that CCSE should add metrics and indicators that are focused on low-income and hard-to-reach customers.[22]

The table below provides each metric, the target value, and the entity or entities responsible for achieving that metric:

Adopted Metrics

	Metric	Target Value	Responsible Entity
1	Increase in the number of Californians that are aware of Energy Upgrade California and the concepts associated with it. The 2012 Brand Assessment should be used as the baseline. Sub-bullets a-e may be modified to more accurately align with the questions in the brand assessment. Increase in the number of Californians that: a. associate EUC with the Home Upgrade Program; know why energy use matters; know how California homes and businesses use energy; and know actions they can take to save energy and reduce their demand, including programs, products, services and behavioral change; b. understand that energy has societal trade- offs/needs to be managed; c. understand the benefits of modifying their energy use;	CCSE shall submit an Advice Letter with proposed target values.	CCSE

[22] In developing these metrics and indicators, CCSE should look to Commission Resolution E-4611 for guidance, where we gave CCSE responsibility to design and develop a competitively neutral outreach and education program about the greenhouse gas revenue return in coordination with the Energy Upgrade California program. In that Resolution, we assigned tasks to CCSE that include targeted efforts to reach hard-to-reach populations such as people with disabilities and people with limited English proficiency; developing competitively neutral web content (designed in accordance with web accessibility standards) to be integrated into and featured on the Energy Upgrade California website; developing material in accessible formats and in-language; and working with community-based organizations to reach targeted hard-to-reach communities using culturally sensitive and in-language specific methods.

	Metric	Target Value	Responsible Entity
	d. know where to go to learn more about energy and energy management options; and e. know that there are actions they can take.		
2	Establish the baseline for the number of consumers actively seeking information about their energy use and options available to them. Number of consumers that: a. are using the statewide website (number of new and repeat visitors, and registered users); b. are seeking information about programs and services from their utility and other providers; c. are satisfied with the website; and d. additional possible examples include: i. have done an on-line home or business energy assessment; ii. have looked at their smart meter data; and iii. have checked to see if they are on the best rate for them.	Yes/No; CCSE shall submit an Advice Letter with a proposed format to verify at the end of the cycle that it has achieved this result.	CCSE
3	Establish the baseline for the number of consumers that report the following: a. taking no/low cost actions; b. intent to take no/low cost action; c. intent to enroll in program; and d. intent to take advantage of a rebate or incentive.	Yes/No; CCSE shall submit an Advice Letter with a proposed verification format.	CCSE
4	Methods and work processes have been identified to utilize statewide partners to communicate with consumers, that can be utilized in the next program cycle to reach consumers. (Yes/No metric).	Yes/No; CCSE shall submit an Advice Letter with a proposed verification format.	CCSE
5	Methods and work processes have been identified to communicate with small business owners that can be utilized in the next program cycle to reach them. (Yes/No metric).	Yes/No; CCSE shall submit an Advice	CCSE

	Metric	Target Value	Responsible Entity
		Letter with a proposed verification format.	
6	RENs and IOUs provide information to CCSE and Marketing firm in a timely manner (metric).	Yes/No CCSE shall submit an Advice Letter with a proposed standard format that it will use to request time sensitive information from IOUs and RENs	CCSE, Utilities, RENs
7	EM&V roadmap for marketing is completed. (Yes/No metric).	Yes/No	CCSE, Utilities, and Commission staff

Commission staff shall track and review the efforts put forth by CCSE and the utilities, to determine whether or not the metrics were achieved.

We also adopt the Performance Indicators listed below. Each item shall be tracked and reported by CCSE:

Adopted Performance Indicators

	Performance Indicators	**Responsible Entity**
1	Website activity. a. Sources of traffic to the website; and b. Length of time, number of pages visited, bounce rate etc.	CCSE
2	Increase in the number of leads generated to Home Upgrade program from Statewide Marketing Efforts. a. from the EUC website; b. from outreach by contractors; c. from outreach by local government; and d. from outreach by CBOs.	CCSE
3	Increase in in-person contact. a. In person conversations; b. Flyers distributed; and c. Events attended.	CCSE
4	Number and quality of key strategic partners.	CCSE
5	Consumer exposure to information. a. number of social media links/ followers; b. number of featured stories and significant mentions in news media; and c. advertising exposure and related cost-benefit analysis.	CCSE
6	Consumer perceived barriers, benefits, and sense of efficacy.	CCSE
7	Consumer consideration of the value of energy services in his or her life.	CCSE

Finally, regarding the longer term, beyond 2014-2015, we strongly agree with comments by stakeholders that since the long-term goal of statewide marketing is for residential and small business consumers to take action, at some point performance metrics must measure actions that can be attributed to statewide marketing. The utilities argue that this is difficult to achieve, and that it is difficult to distinguish between actions that are the result of statewide

versus local marketing efforts. At this point we lack the data to understand the exact challenges associated with coordinating statewide and local efforts while avoiding overlap. This is because there has not been a comprehensive evaluation of local utility marketing efforts; marketing has only been evaluated for specific programs, as a small part of individual program process evaluations. We do not yet have a consistent means of tracking the utilities' local marketing efforts or measuring the impacts. Nevertheless, we recognize that understanding these efforts is a key component of developing a statewide marketing program that achieves long term success.

Therefore, similar to the direction provided by the 2012 Energy Efficiency Portfolio decision, we direct all stakeholders to engage in a collaborative process to create a road map for EM&V of statewide and local marketing activities. Commission staff, rather than CCSE, will take the lead in this process. The road map should include the types of information that is needed, the types of evaluations that should be conducted, and a timeline for conducting them. The timeline should be within reason to enable study results to inform at least part of the next statewide marketing program cycle.

In the budget section below, we set aside a portion of the total budget for evaluation activities. The evaluation budget should include: 1) baseline studies, 2) evaluation of the statewide marketing efforts we adopt today, 3) development of the EM&V roadmap, if it is necessary to hire consultants for that purpose, and 4) additional studies identified by the road map that should occur in this program cycle. These activities should be added to the 2013–2014 Joint Evaluation Plan approved in D.12-11-015. The additional funds that we approve in this decision for these activities shall be added to the existing EM&V budget for 2013–2014 that is currently being managed by Energy Division.

5.6. Decision on Governance Structure

Based on our review of the utility proposals and CCSE's proposal, we conclude that we should adopt a governance structure that, while leaving the details of running the statewide marketing campaign to CCSE, also provides for strong oversight by the Commission and the CEC, while also allowing the utilities and others to provide collaborative input and advice.

Earlier in this decision, we discussed and resolved the disputes between the utilities and CCSE regarding the nature of the role that we expect CCSE to play in the statewide ME&O program. Here, we address the dispute over the legality of CCSE's proposed governance structure.

SCE, supported by PG&E and the Joint Utilities, asserts that the Commission previously found that the governance structure proposed by CCSE (i.e. non-utility administration) to be unlawful because it precludes the Commission from performing its statutory duty to ensure the proper use and expenditure of ratepayer funds. TURN disagrees with SCE, and provides a more complete discussion of the applicable precedents (TURN's analysis is included in our earlier summary of parties' reply comments on CCSE's plan). TURN concludes that while the Commission has previously been concerned with jurisdiction over non-utilities, it does not appear to have been an issue in situations where there is a binding contract with the third party and the Commission remains firmly in control from an oversight perspective. For this reason, TURN recommends that the Commission develop a process for monitoring the progress of the campaign that is rigorous, transparent, and includes some hands-on ownership and involvement by the Commissioners, with a transparent and accountable public review and oversight process.

We agree with TURN's reasoning and analysis. CCSE shall administer and implement the statewide ME&O program. Ratepayers will be protected by the binding contract between CCSE and PG&E, as we have ordered in D.12-05-015 and reaffirm in today's decision, and we will ensure that we remain in control of the statewide ME&O program by virtue of the oversight framework that we establish below.

Based on the comments from the utilities, CCSE, and all other parties in this proceeding, the governance structure that we adopt in today's decision includes the following components:

i. The CPUC, as owner of the EUC brand, in consultation with the CEC, has overriding authority on all decisions.

ii. CCSE, as program administrator for the SW ME&O program, shall have program design, coordination and implementation responsibility for the strategies, objectives, and metrics detailed elsewhere in this decision.

iii. CCSE shall be responsible for achieving Objectives 1-7, and jointly responsible with the utilities and RENs for achieving Objective 8. Commission staff will take the lead for achieving Objective 9, as defined in this decision.

iv. CCSE shall be responsible for providing any deliverables that Commission staff or the Commission itself requests regarding statewide marketing development, implementation, and evaluation.

v. The utilities and RENs shall be responsible for providing CCSE with timely information and data on their local marketing programs that relate to the SW ME&O activities that CCSE are charged with implementing. "Information" includes any marketing campaigns the utilities and the RENs conduct that are targeted to the residential and small business sectors. CCSE will inform the parties of any additional information needed, and when they will need it. Provision of this information will follow the standard format and

timeframe to be approved by the Commission in the Advice Letter required by performance metric 6.

vi. The utilities shall be responsible for providing any deliverables that Commission staff or the Commission itself requests related to local marketing development, implementation, and evaluation.

vii. PG&E shall hold the contract with CCSE and act as the fiscal manager. The Commission is responsible for reviewing materials and insuring that CCSE complies with orders of the Commission.

viii. Any change that CCSE proposes to make from one budget category to another that exceeds $250,000 shall require consultation with, and approval by, the utilities and Commission staff.

ix. Upon approval of the request by Commission staff, the utilities shall provide aggregated and anonymous customer data requested by CCSE for ME&O purposes, in a manner that complies with existing privacy rules. Data may include and is not limited to anonymous customer data for segmentation and targeting purposes.

x. CCSE shall convene and chair a stakeholder group consisting of representatives of the utilities, the CPUC, the CEC, the RENS and other local implementers, the environmental and consumer advocacy community, the contracting community, and academia. This stakeholder group should be formed to educate and inform CCSE on program direction and strategy. This group should meet as needed as determined by CCSE, but no less than once every quarter. Individual members should be considered as a resource on an ad-hoc basis. This group will ensure that CCSE has access to the expertise that will lead to program success. However, the stakeholder group does not have authority over CCSE's decision-making.

xi. CCSE will provide brand guidelines as they pertain to the use and coordination of the EUC brand, and take the lead on ensuring that RENs, IOUs and any other entities are properly and consistently using the EUC brand.

xii. CCSE will be a participant in the EUC Home Upgrade program coordination, and take a leadership role when matters relate to protecting the EUC brand, and statewide marketing program goals, objectives and strategies.

Comments on the proposed decision identified several aspects of our adopted governance structure that require clarification.

First, several parties expressed strong opinions regarding the provision of aggregated and anonymous customer data requested by CCSE for ME&O purposes. We agree with TURN's observation that the record in this proceeding has very little information to inform the Commission about data access and privacy concerns, while the record in R.08-12-009 relating to access to customer energy data is quite robust. We agree that data access issues should be resolved in that proceeding, and for this reason have not changed the determinations made in the proposed decision on the provision of customer data.

A second area discussed in comments is our direction that CCSE will be a participant in the EUC Home Upgrade program coordination, and take a leadership role in protecting the EUC brand, and statewide marketing program goals, objectives and strategies. CCSE offers a discussion of what it sees as the complicated relationship between the EUC brand and the Home Upgrade program, and asks the Commission to include an ordering paragraph in the final version of this decision that directs the whole-house program to be known as the Home Upgrade program and for that program to be recognized as an endorsed statewide program under the EUC brand umbrella. CCSE's discussion, and request, brought strong opposition from the utilities, and motivated two RENs to seek party status in order to reply to CCSE's comments. We decline to order the change sought by CCSE, because it is raised in comments on the PD, and therefore not timely pursuant to Rule 14.3(c). CCSE

should have made this proposal earlier in this proceeding, to allow for the record to be fully developed. If it is necessary to modify this decision in the future, for this or any other reason that is based on actual experiences once the program gets underway, we will consider such requests if and when we receive them.

5.7. Decision on Budget Allocation

The November 8, 2012 ruling by the assigned ALJ that directed CCSE to develop a SW ME&O plan requested that CCSE include a proposed budget allocation "based on the utilities' total proposed budget, subtracting utility administrative costs, and address(ing) how the rest of the budget would be utilized." In the cover letter accompanying its March 14, 2013 Plan, CCSE confirms that its proposed budget allocation is based on the utilities' total proposed budget. CCSE describes its allocation as linked to the program's overall strategy, governance, tactics, and channels. The utilities generally object to CCSE's proposed budget because it reduces the amount of funds allocated to the utilities for their own administrative costs.

It is correct that the process followed by CCSE to develop the administrative budget for itself and the utilities is inconsistent with the direction provided by the ALJ in the November, 2012 ruling (CCSE was to propose a budget allocation "based on the utilities' total proposed budget, subtracting utility administrative costs"). However, the approach taken by CCSE is logical, given their overall assumption of an expanded role for themselves, with a corresponding reduced administrative role for the utilities. This is also logically consistent with our decision to create this intermediary role for CCSE in the first place. Furthermore, the utilities provide little or no support in their applications for their own requested levels of administrative costs. Therefore, we adopt a

budget for 2014-2015 that is based on the percentage allocations employed by CCSE, albeit with several adjustments.

First we note that we do not have accurate estimates in our record regarding the amount of funds spent on statewide ME&O in 2012 and 2013 for transition activities authorized in Ordering Paragraph 118 of the EE Guidance Decision and on Energy Upgrade California website maintenance and transition. Therefore we adopt percentages for CCSE's proposed spending categories, rather than fixed dollar amounts. We direct updated showings from the utilities and CCSE on the total spent on transition activities (the EE Guidance Decision)[23], and website maintenance from January 201**3** to December 2013.[24] These total expenditures will be subtracted from the budgets proposed by the utilities in their 2012 applications. The revised total will be the amount authorized for 2014-2015 statewide marketing, education and outreach activities. The utilities and CCSE should jointly submit this updated showing to the service list, providing the total expenses in 2012 and 2013 with revised budget allocations per utility.

Second, we recognize that SDG&E's website contract expires on December 31, 2013. Going forward, we direct that CCSE shall directly contract with a website vendor.

Third, we note that in D.12-08-044, we approved activities for the Energy Savings Assistance Program and CARE. That Decision also authorized $1,150,000 to be used for statewide marketing activities for low income

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[23] D.12-05-015, OP 118.

[24] Assigned Commissioner's Ruling Authorizing Interim Support for Statewide Marketing and Outreach Web Portals, December 18, 2012.

consumers.[25] CCSE shall augment its marketing budget category with these authorized funds, and should adhere to the fund shifting rules in this decision and D.12-08-044.

Fourth, we will use CCSE's proposed categories as the budget categories for statewide ME&O and we will add the category for evaluation, measurement and outreach. In total there will be six budget categories: 1) marketing, 2) education, 3) outreach, 4) research, 5) evaluation, and 6) administration. Any change that CCSE proposes to make from one budget category to another that exceeds $250,000 shall require consultation with, and approval by, the utilities and Commission staff.

Fifth, we allocate 4% of the budget for the EM&V activities that we established earlier in this decision. Those funds shall be used by the Commission for program evaluation. This will require slight adjustments in the budget category percentages estimated by CCSE in its March 2013 proposal.

Sixth we adopt, with modifications, TURN's recommendation that we approve CCSE's requested two-year budget, but with a 10% "reserve" held back for CCSE's administrative costs. In our proposed decision, we outlined a procedure recommended by TURN which holds back 10% of CCSE's budget per quarter for Commission staff to review CCSE's activities before payment. CCSE, in comments on the PD, states that this will severely impact their cash-flow. They propose a different process which has been employed to implement the CSI program with SDG&E. TURN, in their reply comments, modifies its original recommendation so that the 10% hold-back be attached to the entire two-year CCSE administrative budget and that the actual amount held back

[25] D.12-08-044, Appendix B-E.

should reflect an equal percentage of the 10% amount for each of the six-month plans that CCSE will file pursuant to this decision, with disbursement of the held-back amount based on Commission staff review and approval of the measurable progress reflected in the PPMs that were in effect for the prior six months. We believe this is a sound and reasonable way to ensure accountability without unintended effects on CCSE's cash-flow, and we adopt this "hold-back" plan.

Seventh, we take steps to ensure that CCSE distributes part of its outreach budget to experienced CBOs that can reach the targeted populations. We direct CCSE to follow the model that SDG&E used to enable CBOs to conduct Flex Alert outreach, wherein SDG&E set aside a portion of its Flex Alert budget for CBOs and allowed them to apply for grants to conduct outreach.[26] Following this model, CCSE shall set aside a minimum of one quarter of its outreach budget for grants to CBOs that demonstrate an ability to reach target audiences and effectively convey program messages. CCSE shall determine the criteria for selecting grant recipients.

The 2014-2015 budget allocation percentages that we adopt today are shown in the table below:

Adopted 2014-2015 Budget Allocation Percentages

MARKETING	44.0%
Advertising	
Earned and Social Media	
Promotional Calendar and Co-op Marketing	

[26] This model was described by SDG&E in Phase I of this proceeding and approved in D.13-04-017.

EDUCATION	17.0%
Website & Digital Marketing	
Mobile Outreach and Education	
Small Business Advisor Pilot	
OUTREACH	21.0%
Retail Intercept Outreach and Education	
Strategic Partnerships and Sponsorships	
Youth Education & Outreach	
Community-based Social Marketing	
One quarter of this budget will be set aside to provide grants to community-based organizations.	
RESEARCH	4.0%
Research (small business, messaging, other)	
EM&V	4.0%
ADMINISTRATIVE EXPENSES	
CCSE administrative expenses	7.0%
IOU administrative expenses	3.0%
TOTAL	100.0%

While the exact amount available for the 2014-2015 budget must be updated, we explain our expectations regarding how that amount should be determined here. In D.12-05-015 we authorized the utilities to spend a maximum of $5 million of the remaining 2010-2012 statewide marketing budget to transition EUC to a larger umbrella for a statewide campaign. In addition, the December 18, 2012 Assigned Commissioner's Ruling directed the utilities to continue maintenance costs for the two existing statewide websites in 2013. We further stated that any remaining unspent statewide marketing funds from 2010-2012 should be returned to ratepayers either by reducing EE balancing accounts, or by using funds that have already been collected to fund new SW ME&O activities for 2013-2014. It is this amount that we require the utilities and CCSE to update so that we may finalize the budget for 2014-2015. The utilities and CCSE should provide this information in a letter to the Commission's Energy Division within 14 days of the issuance of this decision.

In comments on the proposed decision, several parties noted that, pursuant to D.09-09-047, Marketing, Education and Outreach costs for energy efficiency are set at 6% of total adopted energy efficiency budgets.[27] Parties sought clarification regarding whether the funding authorized in this proceeding will count toward that cap, and recommended that it should not. We clarify that clarify that statewide ME&O costs are excluded from the 6% cap or target we set for ME&O costs in D.09-09-047. As SCE noted in its comments, the statewide ME&O program is a separate and distinct activity to promote a DSM brand to consumers across the state of California, and does not support specific and discrete programs that encourage customer participation through active local advertising and a utility-specific customer engagement strategy. Therefore, the statewide ME&O funding authorized in this proceeding should not count toward the Energy Efficiency budget cap.

CCSE proposed revised budget categories in its comments on the proposed decision. CCSE's proposal was not timely, and we have not considered it in our final decision, other than to increase the allocation of administrative costs to the utilities from 2% to 3%, while reducing CCSE's share commensurately.

5.8. Decision on CCSE's Requests for "Additional Guidance Regarding Requirements for Operational Success"

In its March 14, 2013 Plan, CCSE lists nine items that it terms "Requirements for Operational Success." We acknowledge that CCSE has raised these issues, but we clarify here that we do not intend to intervene in the

[27] D.09-09-047, Ordering Paragraph 13.b.

relationship between CCSE and its partners at the level implicit in this list of items. Earlier in this decision, we clarified the nature of the respective roles that we expect CCSE and the utilities to play in our statewide ME&O program, and we also clarified our expectations regarding the goal of the program and the resulting objectives, strategies, and program performance metrics. We have clarified the governance structure, and we have established budget parameters. We find this to be sufficient guidance, and we are confident that CCSE, the utilities, and other stakeholders in this effort can begin taking concrete actions to implement the statewide ME&O program on the basis of the direction we provide in this decision.

Consistent with our previous direction in D.12-05-015,[28] PG&E should enter into a contract (or revise its existing contract) on behalf of the utilities with CCSE, reflecting the guidance we provide in this decision. This task shall be completed within 30 days of the date of this decision. A timely contract will enable all parties to avoid program implementation delays.

In comments on the proposed decision, PG&E expressed concerns regarding the details of its contractual relationship with CCSE. PG&E cites D.12-11-015 as useful guidance, stating that if the Commission intends to supervise and enforce the contract directly, the Commission should either contract directly with CCSE or instead refer to PG&E's contractual role as "fiscal manager" as it does in describing the contractual relationship of PG&E, SCE and [SoCalGas] with the RENs." SCE and the Joint Utilities express agreement with this approach in their reply comments on the proposed decision. For these

[28] D.12-05-015, Ordering Paragraph 123.

reasons, the proposed decision has been changed to describe PG&E as the fiscal manager, and to clarify our expectations of PG&E's actions in that role.

We anticipate the scope for the post-2015 statewide ME&O program will be decided in an upcoming energy efficiency rulemaking.

6. Motions for Party Status of the Southern California Regional Energy Network and the San Francisco Bay Area Regional Energy Network

On December 2, 2013, the Southern California Regional Energy Network (SoCalREN) and the San Francisco Bay Area Regional Energy Network (BayREN) filed motions for party status in this proceeding, along with reply comments on the proposed decision in this matter. In their motions, SoCalREN and BayREN explain that while they have been closely monitoring this proceeding, it was not until review of the opening comments on the proposed decision that they deemed it necessary to request party status in this proceeding. Both seek party status so that their reply comments may be considered. Both assert that no other party has a similar interest to theirs, and that they do not seek to expand the scope of the proceeding.

Rule 1.4 of the Commission's Rules of Practice and Procedure addresses participation in Commission proceedings. Pursuant to Rule 1.4(b), a person seeking party status by motion shall fully disclose the persons or entities in whose behalf the filing, appearance or motion is made, and the interest of such persons or entities in the proceeding; and state the factual and legal contentions that the person intends to make and show that the contentions will be reasonably pertinent to the issues already presented. SoCalREN and BayREN have met the requirements of Rule 1.4(b), and are granted party status.

7. Comments on Proposed Decision

The proposed decision of the Administrative Law Judge (ALJ) in this matter was mailed to the parties in accordance with Section 311 of the Public Utilities Code and comments were allowed under Rule 14.3 of the Commission's Rules of Practice and Procedure. Comments were filed on November 25, 2013, by PG&E, SCE, Joint Utilities, TURN, CforAT and Greenlining (jointly), Joint Parties, and CCSE. Reply comments were filed on December 2, 2013 by PG&E, SCE, Joint Utilities, TURN, CforAT and Greenlining (jointly), Joint Parties, CCSE, and, jointly, SoCalREN and BayREN. The proposed decision has been revised, as necessary, in response to comments.

8. Assignment of Proceeding

Mark J. Ferron is the assigned Commissioner and Stephen C. Roscow is the assigned ALJ in this proceeding.

Findings of Fact

1. The 2008 Strategic Plan identified a goal and goal result for statewide marketing, education and outreach.
2. The 2008 Strategic Plan identified four marketing strategies for statewide marketing, education and outreach.
3. The utilities' proposed objectives do not adequately provide a path to achieve the strategies of statewide marketing as defined in the 2008 Strategic Plan.
4. CCSE's proposed objectives do not adequately provide a path to achieve the strategies of statewide marketing as defined in the 2008 Strategic Plan.
5. The utilities proposed broad conceptual tactics, and three specific channels for statewide marketing: paid media, earned media, and a website.

6. The utility proposals do not provide sufficient information about the specifics of a statewide ME&O campaign.

7. CCSE proposed many detailed concepts, and a wide variety of channels and tactics.

8. CCSE's proposed concepts, channels and tactics are more in line with the direction in the 2008 Strategic Plan than those proposed by the utilities.

9. Performance metrics are necessary to track and monitor spending on behalf of ratepayers.

10. We do not yet have a consistent means of tracking the utilities' local marketing efforts or measuring the impacts, but understanding these efforts is a key component of developing a statewide marketing program that achieves long-term success.

11. Under CCSE's proposed governance structure the ME&O administrator reports directly to the Commission, while the utilities would oversee the funding flow and act as fiscal managers.

12. CCSE proposes a budget allocation based on the utilities' total proposed budget, modified to reflect CCSE's proposals regarding the program's overall strategy, governance, tactics, and channels.

13. Utility staffing levels should be commensurate with the effort required to fulfill the obligations required by this decision.

14. The exact amount of funding currently available for the 2014-2015 budget must be updated.

15. D.12-08-044 approved the low income energy efficiency program for 2012-2014, and authorized $1,150,000 to be used for statewide marketing activities. It is reasonable that CCSE will be responsible for using the funds authorized by that decision.

16. A timely contract between PG&E and CCSE will enable all parties to avoid program implementation delays.

Conclusions of Law

1. PG&E's proposed 2013-2014 statewide ME&O proposals should not be approved.

2. SCE's proposed 2013-2014 statewide ME&O program, including SCE's portion of statewide ME&O efforts and the interaction of SCE's local ME&O Offer Management Strategy with the statewide ME&O effort, should not be approved.

3. SDG&E's proposed Statewide ME&O effort should not be approved.

4. SoCalGas' proposed Statewide ME&O application should not be approved.

5. The basic structure of CCSE's proposed statewide ME&O plan should be adopted with modifications as described in this decision.

6. The goal and goal results identified in the 2008 Strategic Plan should be clarified so that they are consistent with the more recent direction we provided in the 2012 Guidance Decision.

7. In order to position statewide ME&O to be successfully implemented over the next two years the objectives established in the 2008 Strategic Plan should be clarified, and one additional strategy should be added to reflect the 2012 Guidance Decision.

8. A list of measurable objectives should be specified and followed in order to implement the strategies adopted in this Decision.

9. The concepts proposed by CCSE are consistent with the direction in the 2012 Guidance Decision and past Commission decisions, but it is not necessary

to approve or reject each individual concept, channel and tactic proposed by CCSE.

10. The Commission should ensure that choices made by CCSE and marketing agencies are coordinated with local utility efforts and in compliance with our direction regarding the program.

11. SCE's proposed statewide ME&O performance metrics for the investor owned utilities should not be approved.

12. SDG&E's proposed performance metrics should not be adopted.

13. It is reasonable to change the cycle for implementing the statewide ME&O program to a full two years, 2014 and 2015.

14. Metrics and performance indicators should be based on the objectives adopted in today's decision.

15. Commission staff should track and review the adopted performance indicators, to determine whether or not the metrics were achieved.

16. The performance indicators identified in this decision should serve as a guideline for CCSE to propose metrics and performance indicators to stakeholders. After finalization through a collaborative process, each metric and performance indicator should be tracked and reported by CCSE.

17. Beyond the 2014-2015 transition period, since the long-term goal of statewide marketing is for residential and small business consumers to take action, performance metrics should measure actions that can be attributed to statewide marketing.

18. Commission staff should organize and lead a stakeholder effort to engage in a collaborative process to create a road map for EM&V of statewide and local marketing activities. The road map should include the types of information that is needed, the types of evaluations that should be conducted, and a

reasonable timeline for conducting them in time to enable study results to inform at least part of the next statewide marketing program cycle. These activities should be added to the 2013–2014 Joint Evaluation Plan approved in D.12-11-015.

19. In D.09-09-047 the Commission established a 6% cap on ME&O activities for adopted energy efficiency budgets, but the statewide ME&O costs authorized in this proceeding do not count towards this 6% budget cap for ME&O.

20. A portion of the total budget adopted in this decision for statewide ME&O should be set aside for evaluation activities. The additional funds that we approve in this decision for these activities should be added to the existing EM&V budget for 2013–2014 that is currently being managed by Energy Division.

21. SCE's proposed oversight structure for the statewide ME&O program should not be implemented.

22. It is not necessary to conduct an open solicitation for proposals for coordination and implementation of the Statewide ME&O program.

23. SDG&E's proposed stakeholder process should not be adopted.

24. The RENs authorized in D.12-11-015 design and deliver energy efficiency services under the direct supervision of the Commission.

25. We should adopt a governance structure that leaves the details of running the statewide marketing campaign to CCSE, but also provides for strong oversight by the Commission and the CEC, while also allowing the utilities and others to provide input, advice and collaboration.

26. The Commission retains oversight control under CCSE's proposed governance structure because there is a binding contract between CCSE and PG&E.

27. The specific features of the governance structure described in this Decision should be adopted:

i. The CPUC, as owner of the EUC brand, in consultation with the CEC, has overriding authority on all decisions.

ii. CCSE, as program administrator for the SW ME&O program, shall have program design, coordination and implementation responsibility for the strategies, objectives, and metrics detailed elsewhere in this decision.

iii. CCSE shall be responsible for achieving Objectives 1-7, and jointly responsible with the utilities and RENs for achieving Objective 8. Commission staff will take the lead for achieving Objective 9, as defined in this decision.

iv. CCSE shall be responsible for providing any deliverables that Commission staff or the Commission itself requests regarding statewide marketing development, implementation, and evaluation.

v. The utilities and RENs shall be responsible for providing CCSE with timely information and data on their local marketing programs that relate to the SW ME&O activities that CCSE are charged with implementing. "Information" includes any marketing campaigns the utilities and the RENs conduct that are targeted to the residential and small business sectors. CCSE will inform the parties of any additional information needed, and when they will need it. Provision of this information will follow the standard format and timeframe to be approved by the Commission in the Advice Letter required by performance metric 6.

vi. The utilities shall be responsible for providing any deliverables that Commission staff or the Commission itself requests related to local marketing development, implementation, and evaluation.

vii. PG&E shall hold the contract with CCSE and act as the fiscal manager. The Commission is responsible for reviewing materials and insuring that CCSE complies with orders of the Commission.

viii. Any change that CCSE proposes to make from one budget category to another that exceeds $250,000 shall require consultation with, and approval by, the utilities and Commission staff.

ix. Upon approval of the request by Commission staff, the utilities shall provide aggregated and anonymous customer data requested by CCSE for ME&O purposes, in a manner that complies with existing privacy rules. Data may include and is not limited to anonymous customer data for segmentation and targeting purposes.

x. CCSE shall convene and chair a stakeholder group consisting of representatives of the utilities, the CPUC, the CEC, the RENS and other local implementers, the environmental and consumer advocacy community, the contracting community, and academia. This stakeholder group should be formed to educate and inform CCSE on program direction and strategy. This group should meet as needed as determined by CCSE, but no less than once every quarter. Individual members should be considered as a resource on an ad-hoc basis. This group will ensure that CCSE has access to the expertise that will lead to program success. However, the stakeholder group does not have authority over CCSE's decision-making.

xi. CCSE will provide brand guidelines as they pertain to the use and coordination of the EUC brand, and take the lead on ensuring that RENs, IOUs and any other entities are properly and consistently using the EUC brand.

xii. CCSE will be a participant in the EUC Home Upgrade program coordination, and take a leadership role when matters relate to protecting the EUC brand, and statewide marketing program goals, objectives and strategies.

28. PG&E's total funding and direct expense request of $24.6 million, or an annual average of $12.3 million over two years, should be approved, but updated to reflect funds already spent.

29. PG&E's proposed revenue requirement and cost recovery proposals for 2013-2014 should be approved.

30. SCE's proposed budget of $6.1 million per annum in energy efficiency statewide ME&O activities and $4.6 million per annum in demand response statewide ME&O activities, each year for 2013 and 2014 should be approved, but updated to reflect funds already spent.

31. SCE should be authorized to include the authorized Statewide ME&O 2013 and 2014 funding in the Public Purpose Programs Adjustment Mechanism (PPPAM) to be collected through Public Purpose Programs Charge (PPPC) rate levels.

32. The recorded operation of SCE's proposed Statewide ME&O Balancing Account shall be reviewed and verified by the Commission in SCE's annual Energy Resource Recovery Account Review application to ensure that the costs recorded are stated correctly and are consistent with a final decision issued in this proceeding.

33. SDG&E's request for funding to support SDG&E's portion of the Statewide ME&O program activities should be approved, but updated to reflect funds already spent.

34. SDG&E's proposed cost recovery mechanism should be approved.

35. SoCalGas' request for funding to support its portion of the Statewide EE ME&O program activities in the amount of $4,004,067 for the two-year period 2013-2014 should be approved, but updated to reflect funds already spent.

36. The explicit authorization sought by SoCalGas for joint contracting for statewide ME&O program implementation should be denied.

37. SoCalGas' proposal to recover the costs of the statewide ME&O Program from the G-PPPS tariff should be approved

38. The 2014-2015 budget should be allocated among the categories of Marketing (44.0%), Education (17.0%), Outreach (21.0%), Research (4.0%), EM&V (4.0%), CCSE administrative expenses (7.0%), and IOU administrative expenses (3.0%).

39. The Commission should review all ongoing staffing and budget requests with reference to their success in working within the governance structure adopted in this decision, and reduce IOU funding for administrative staffing if it no longer adds value to statewide marketing.

40. CCSE's proposed two-year budget for administrative costs should be approved, but 10% of the payment, based on the administrative portion of the budget, should be held back and dispersed every 6 months pending Commission staff review.

41. CCSE shall set aside a minimum of one quarter of its outreach budget for grants to CBOs that demonstrate an ability to reach target audiences and effectively convey program messages. CCSE shall determine the criteria for selecting grant recipients.

42. The IOUs' statewide ME&O costs do not count towards the 6% budget cap for ME&O established in D.09-09-047.

43. The utilities should provide updated budget information, as described in this Decision, in a letter to the Commission's Energy Division within 14 days of the issuance of this decision.

44. CCSE should serve as the statewide ME&O program implementer, as described in this Decision, under a contract entered into with PG&E within 30 days of the date of this decision.

45. PG&E should serve as the fiscal manager for the contract with CCSE.

46. In its role as the fiscal manager for the contract with CCSE, PG&E should not have control over CCSE's design of or modifications to the statewide ME&O program.

47. CCSE should be independently responsible to the Commission for delivering the results of the statewide ME&O program.

O R D E R

IT IS ORDERED that:

1. All submitted testimony is admitted into the record of this proceeding.

2. The following nine measurable objectives for Statewide Marketing, Education, and Outreach are adopted:

   i. Use the Energy Upgrade California (EUC) brand to educate consumers about the Home Upgrade programs, why energy use matters, how California homes and businesses use energy, as well as energy efficiency, demand response, distributed generation, and energy management actions available to them.

   ii. Encourage consumers to engage with resources and tools to learn more about their energy use.

   iii. Inform consumers about the benefits of participating in local program opportunities, seasonal opportunities, or no/low cost actions.

   iv. Provide direction about how consumers can learn more about and enroll in local program opportunities and time sensitive opportunities, or how to take no/low cost actions.

v. Identify and pilot messaging and message delivery for partners that complements existing utility partnerships, including, local governments, community-based organizations, retailers, and realtors.

vi. Identify and pilot methods to provide information to small business owners.

vii. Work with a marketing firm, and use behavior research to develop a social marketing campaign.

viii. Coordinate local, regional, and statewide marketing efforts, messaging, and tactics.

ix. Develop an EM&V roadmap for utility local marketing, and statewide marketing to understand the impacts of local, utility- led marketing, and how local and statewide efforts can best be coordinated and complimentary.

3. The 14 performance metrics discussed herein are adopted, subject to modification pursuant to the collaborative process described in this decision. The California Center for Sustainable Energy (CCSE) will be responsible for setting and meeting target values for one metric and shall submit a Tier 2 Advice Letter within 90 days of the issuance of this decision with the proposed target values. The Tier 2 Advice Letter shall include CCSE's mapping of objectives with metrics and performance indicators to identify how they relate and how success of the statewide ME&O campaign will be tracked.

4. The California Center for Sustainable Energy (CCSE) shall file and serve semi-annual plans, one quarter ahead of time, that identify the concepts that it will share with identified target audiences, as well as the tactics and channels it will use to reach each target audience during the upcoming sixth-month period. The plan should also include any metrics and target values, KPIs, or tracking statistics that are relevant to each campaign CCSE shall request input from the

utilities and Regional Energy Networks (RENs) prior to developing its plans and the utilities shall provide the requested input. CCSE shall share the plans prior to submittal, so that utilities, RENs and the California Energy Commission may raise any concerns with Commission staff. Commission staff may direct modifications based on feedback from these reviewers. The first plan should be submitted and reviewed in a condensed time frame to provide plans for the first half of 2014.

5. Pacific Gas and Electric Company's (PG&E) total funding and direct expense request of $22 million, or an annual average of $11 million over two years, is authorized, pending reduction by amounts spent by PG&E for 2012 and 2013 statewide marketing transition activities, and website maintenance.

6. Pacific Gas and Electric Company's proposed revenue requirement and cost recovery proposals for are authorized.

7. Southern California Edison Company's (SCE) proposed budget of $6.1 million per annum in energy efficiency statewide marketing, education, and outreach (ME&O) activities and $1.6 million per annum in demand response statewide ME&O activities, each year for 2014 and 2015 is approved, pending reduction by amounts spent by SCE for 2012 and 2013 statewide marketing transition activities, and website maintenance.

8. Southern California Edison Company is authorized to include the authorized Statewide Marketing, Education, and Outreach 2013 and 2014 funding in the Public Purpose Programs Adjustment Mechanism to be collected through Public Purpose Programs Charge rate levels.

9. The recorded operation of Southern California Edison Company's (SCE) proposed Statewide Marketing, Education, and Outreach Balancing Account shall be reviewed and verified by the Commission in SCE's annual Energy

Resource Recovery Account Review application to ensure that the costs recorded are stated correctly and are consistent with a final decision issued in this proceeding.

10. San Diego Gas & Electric Company's (SDG&E) total funding of $5,946,000 for Energy Efficiency Statewide Marketing, Education, and Outreach is authorized, or an annual average of $2,973,000, is approved, pending reduction by amounts spent by SDG&E for 2012 and 2013 statewide marketing transition activities, and website maintenance.

11. San Diego Gas & Electric Company's proposed revenue requirements and cost recovery proposal for the Energy Efficiency Statewide Marketing, Education, and Outreach program are authorized.

12. Southern California Gas Company's (SoCalGas) total funding of $4,004,067 for Energy Efficiency Statewide Marketing, Education, and Outreach, or an annual average of $2,002,035, is approved, pending reduction by amounts spent by SoCalGas for 2012 and 2013 statewide marketing transition activities, and website maintenance.

13. Southern California Gas Company's proposed revenue requirement and cost recovery proposal for the Energy Efficiency Statewide Marketing, Education, and Outreach program are authorized.

14. The California Center for Sustainable Energy is authorized to use the funds that were approved in Decision 12-08-044 for statewide marketing activities for low income consumers.

15. The 2014-2015 budget allocation percentages described in this decision are adopted.

16. The utilities and the California Center for Sustainable Energy shall provide updated budget information, as described in this Decision, in a letter to

the Commission's Energy Division within 14 days of the issuance of this decision.

17. For the 2014-2015 statewide marketing, education, and outreach campaign, Pacific Gas and Electric Company, on behalf of itself, Southern California Edison Company, San Diego Gas & Electric Company, and Southern California Gas Company, shall contract with the California Center for Sustainable Energy (CCSE) no later than January 1, 2014, to begin activities to allow CCSE to fully implement the program established in this decision beginning in 2014.

18. Pacific Gas and Electric Company shall serve as the fiscal manager for the contract with CCSE without exercising control over design of or modifications to the statewide ME&O program. Those approvals are the purview of the Commission and the California Energy Commission.

19. Application (A.) 12-08-007, A.12-08-008, A.12-08-009, and A.12-08-010 are closed.

This order is effective today.

Dated _____, at San Francisco, California.