

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

RESOLUTION E-4871

August 10, 2017

RESOLUTION

Resolution E-4871. DDB-San Francisco Requesting Approval of the Five-Year Marketing, Education, and Outreach Strategic Roadmap and the 2017 - 2018 Joint Consumer Action Plan.

PROPOSED OUTCOME:

- Approves with clarifications DDB San Francisco's (DDB) Five-Year Marketing, Education, and Outreach Strategic Roadmap and 2017 - 2018 Joint Consumer Action Plan.

SAFETY CONSIDERATIONS:

- There is no impact on safety.

ESTIMATED COST:

- The budget for activities from October 2016 to September 2019 is \$73,318,314. Of this, \$68,186,032 is allocated to DDB-San Francisco for marketing activities, \$2,932,733 to the CPUC's Energy Division for EM&V, and \$2,199,549 to the IOUs for administrative expenses.

By Advice Letter DDB-1 and DDB-2, Filed on April 5, 2017.

SUMMARY

DDB filed Advice Letters (AL) DDB-1 and DDB-2 on April 5, 2017. DDB-1 is a "Five-year Marketing, Education, and Outreach (ME&O) Strategic Roadmap," which guides the next five years of the statewide customer engagement campaign and the Energy Upgrade California brand in its marketing efforts. DDB-2 is a "2017-2018 Joint Consumer Action Plan," an annual one-year plan that reflects what the customer engagement campaign will accomplish from April 1, 2017 through March 31, 2018. Both of these items were ordered by the

CPUC in D.16-09-020, in Ordering Paragraph 13, and are described in greater detail in Attachment A of D.16-03-029. The latter document describes a detailed planning process involving the Statewide ME&O implementer as well as the program administrators. This resolution approves DDB's ME&O plans as filed in AL's DDB-1 and DDB-2 with clarifications regarding reporting requirements.

BACKGROUND

In D.16-03-029, the CPUC stated its intention to refine Energy Upgrade California, its program for energy management-related statewide marketing, education, and outreach to residential and small business customers. In the decision, the CPUC established a competitive solicitation process to be used to select the entity to implement and administer the program beginning in 2017. Also, the Commission adopted several modifications to the existing vision, goals, and governance structure in order to provide guidance to the solicitation process.

Ordering paragraph 1 of D.16-03-029 ordered CPUC staff to lead a multi-stakeholder competitive solicitation for an ME&O implementer, to be under contract to PG&E. In D.16-09-020, the CPUC approved both the RFP process, and the results of that process. Based on the scoring of written bids, an in-person interview, and a creative pitch, DDB was the top scoring candidate in the competitive solicitation. D.16-09-020 also ordered the four investor-owned utilities to file via Tier 1 advice letters their budget contributions to the program, and it ordered PG&E to be the fiscal manager of the program and to enter into contract with the ME&O implementer.

The governance structure adopted in D.16-03-029 included guidelines for the marketing plans that are the subject of this resolution. The decision required the statewide implementer, in collaboration with stakeholders, to develop two documents regarding ME&O planning and submit via AL for the Commission's approval. The first is a longer-term ME&O Strategic Roadmap (Roadmap) describing messaging and outreach strategies over a five-year period. The second is an annual Joint Consumer Action Plan (Plan) that contains more detailed information on planned ME&O activities for the upcoming year. DDB timely filed Advice Letters DDB-1 and DDB-2, containing the Roadmap and Plan respectively, on April 5, 2017. The ALs and the attached Roadmap and Plan are described below.

NOTICE

DDB-1 and DDB-2 were mailed and distributed in accordance with Section 4 of General Order 96-B. The advice letters were distributed to the service list for A.12-08-007, the proceeding that authorized the program.

PROTESTS

Center for Accessible Technology (CforAT) timely filed a protest to the DDB-1 and DDB-2 ALs on April 25, 2017. There was no reply from DDB-San Francisco.

The following is a more detailed summary of the major issues raised in the protest(s).

Before addressing the substance of CforAT's protest, it is important to note that CforAT made comments to previous iterations of the Plans, but according to their protest letter was unable to conduct a detailed comparison between the Plans as submitted and earlier versions. Their protest potentially does not reflect changes made between earlier drafts and the Plans as filed. CforAT makes the following points in their protest, some of which apply to both the 5-year Roadmap and the 1-year Plan. Broadly, these fall into 5 categories of concerns, summarized below:

1. Inadequate targeting of disadvantaged communities

CforAT is concerned that the Plans do not adequately serve disadvantaged communities, "...including language minorities, people with disabilities that impact their ability to use standard forms of communication, or people who are best served through the use of culturally relevant materials." They note that the Plans do not address communications standards for the disabled, and that the Energy Savings Assistance program (ESA) is not targeted for messaging through PR and events. They also note that there is a heavy reliance on electronic communication and media, to which some households have little or no access. Finally, they claim that the programs, products, and services that DDB prioritizes in their Plans "...may be outside of the budget of many Californians."

2. Governance structure that does not adequately elevate concerns of consumer advocates

Under the governance structure's "RASCI" model, CforAT notes that it fails to include consumer advocates as anything more than "informed," meaning consumer advocates have no formal role in the program beyond that of any member of the public.

3. Concern that Statewide ME&O does not adequately integrate with other efforts

CforAT is concerned that the "...Draft Roadmap articulates the importance of integration and coordination with other activities and priorities of the California Public Utilities Commission, but it is not clear how it will pursue these goals," in particular how it will integrate with the Energy Savings Assistance (ESA) program.

4. Concern about the marketing and measurement methodology

CforAT has concerns about DDB's marketing and measuring methodology, as the protest letter questions DDB's metrics for being too broad; questions DDB's segmentation work; raises concerns that it does not follow more "standard demographic groupings, including language minorities and cultural affinities;" and thus that they will not reach hard-to-reach communities or measure the program's performance in those communities.

5. Stakeholder collaboration

Finally CforAT states that if the Commission does not delay adoption of the two advice letters, CforAT requests that "...DDB be directed to work directly with CforAT and other stakeholders representing the interests of consumers to ensure that the ongoing work to implement the Roadmap and Plan will effectively take the needs of all Californians into consideration."

DISCUSSION

In reviewing DDB-San Francisco's advice letters, the Commission took into account the protest from CforAT and our staff's analysis of the proposed 5-year Strategic ME&O Roadmap and 1-Year Joint Consumer Action Plan. Our findings also take into consideration the direction the CPUC ordered the Statewide ME&O program to take in D.16-03-029 and in D.16-09-020.

1. Center for Accessible Technology's Protest

In their protest, CforAT requests that the Commission delay adoption of the two advice letters until their concerns have been addressed. We decline to adopt this recommendation, and approve DDB-San Francisco's advice letters for the following reasons.

a. Targeting of Disadvantaged Communities

CforAT asserts that DDB San Francisco does not adequately explain how they will communicate to hard-to-reach communities. Our review shows that DDB San Francisco adequately explains this on pages 10 and 11 of the 1 year plan, including section 2.3 regarding Californians with disabilities. This section also details specific tactics DDB will use to provide access for the disabled, including an ADA-compliant website, large print materials, and an interpreter at community events.

There is also a section of the 1 year plan detailing the community-based organizations (CBOs) they will work with, which include several health and faith-based organizations. DDB's plan does include developing collateral for use by CBOs. It is also worth noting that CBOs will serve as in-person representatives for the program, which will aid in communicating energy saving tips to segments of the population who may not have access to digital information.

DDB's plans also include reaching out to CBOs that include "organizations for economically disadvantaged and multicultural communities, environmental/energy advocacy organizations, state-based businesses/organizations, and education community groups." (Sec. 4.4 of 1 year plan).

With regard to the priority topic areas, CforAT claims that they may be unaffordable for some. Yet some of the high priority items are low- or no-cost. For instance, the category of "behavior change" includes free, cost-saving actions like switching off lights and adjusting thermostats. Energy Management Technologies are a wide range of products, some of which are free apps, while many lighting solutions are low cost and get a good return on investment in energy savings. And as CforAT noted, the Energy Savings Assistance program is free for qualified households.

b. Governance

As CforAT acknowledges, their protest did not address the advice letters as filed, but rather earlier iterations that they were asked to comment on as a stakeholder. CforAT's assertion that consumer advocates are "informed" in the RASCI model is incorrect. The 5 Year Plan as filed revises, on page 7, the RASCI to include "Consumer Advocate Groups and other key stakeholders/consumer advocates" as 'consulted' rather than 'informed.'"

c. Integration with other programs

CforAT's assertion that CARE customers are given low priority in the 5-year Plan is incorrect. It is true that the CARE *program* is given low priority, as it already has very high participation, and is well marketed by the utilities. This is different from CARE-eligible *customers*, who are included in the segmentation study as the research covered all income levels in California. We are satisfied with the level of integration that is included in the Plans. The ESA program is given some priority, while the CARE program is not because it is already well-subscribed. Yet hard-to-reach communities of all types are represented throughout the plans, both in the segmentation and in the CBO strategy. This is consistent with the direction the CPUC has given DDB.

d. Marketing and Measurement Methodology

In several areas, CforAT takes issue with a segmentation approach that is based on attitudes and knowledge of energy, as opposed to other "more standard demographic groupings." It is important to note here that per D.16-03-029, DDB's charge was to create a "Strategic Roadmap that will outline long-term goals, metrics, and strategies, with consideration of what contribution ME&O will play in complying with Senate Bill (SB) 350." This law includes doubling of building efficiency by 2030, which is an aggressive goal. Thus, we find that the program should direct an adequate portion of its finite budget towards those with the most propensity to act. DDB's choice of segmenting Californians in this way is strategically the prudent thing to do, and is common marketing practice.

With regard to segmentation of hard-to-reach communities, DDB states that their semi-annual Brand Health Tracking Study, due in the third quarter of 2017, "...will assist in identifying older age and disability profiles within the data segments. This will also provide a quantitative read on how effective customer engagement communications are performing against the harder-to-reach audience within the segmentation sample (Sec. 5.3)."

e. Future Stakeholder Collaboration

Regarding CforAT's final point on whether DDB-San Francisco should work directly with CforAT and other stakeholders, as previously noted, DDB-San Francisco has revised the RASCI model to ensure clearer lines of collaboration and input between all stakeholders and the program implementer. We want to take this opportunity to provide CforAT some ideas on how to best make this a productive arrangement.

CforAT voices general concerns regarding the importance of messages reaching the hard-to-reach communities, but does not provide any data on these communities or on the disabled community that is CforAT's constituency. Thus, their direction to the program is vague, and requires more substantiation in order for DDB to act. In future stakeholder convenings and in written communications to DDB-San Francisco, we hope CforAT will provide some specific data on the communities they represent, the different types of disabilities that their constituents have, what energy management challenges those different segments face, and how best to reach them.

2. Collaboration with the retail rate reform proceeding (R.12-06-013)

According to OP 2 in D. 16-09-020, the long-term goal for statewide ME&O is that "Statewide marketing, education and outreach will lead consumers to products, services and rates that empower all Californians to take actions that will lead to lower bills, higher energy efficiency, and the adoption of demand-side solutions including customer-owned renewable energy technologies."

It is important that Energy Upgrade California promotes not just energy efficiency, but also load shifting in response to the time of use rates that residential customers will be defaulted to as ordered in D.15-07-001. The utilities are currently scheduled to begin defaulting customers in 2019. In coming years, customers will be faced with a changing landscape of electricity rates and choices to manage those changes. These customer choices could include the energy management technologies and behaviors as described in the Plans that are the subject of this resolution. This will be addressed more fully in R.12-06-013¹.

¹ The ALJ's in R.12-06-013 issued a ruling on April 14, 2017 seeking comment on procedural next steps for statewide rate reform marketing, education and outreach.

3. Clarification on Reporting and Budget

What DDB-1 and DDB-2 do not discuss is how they will report progress to the CPUC. As there is great interest from across different sectors of the CPUC in this program, we are requesting that DDB report on their progress and their research on an on-going basis. DDB should make the following compliance filings to the A.12-08-007 service list. April 5, 2017, should be considered the start dates (the first filing of a deliverable due every 6 months would be due on October 5, 2017.)

a. DDB will report on performance towards both short and long term metrics every 6 months, starting 6 months after the filing of this advice letter. Reports shall be sent to the service list in A. 12-08-007 or its successor proceeding. The first is due on October 5, 2017, and will be due every 6 months thereafter.

b. To ensure accountability, and to keep all supported and consulted parties informed, DDB will submit a twice-yearly calendar of upcoming EUC related activities, starting October 5, 2017 by sending the calendar of upcoming EUC activities to the service list in A. 12-08-007 or its successor proceeding. This can be included with the metrics performance discussed in number 1 above.

c. DDB will submit a brand health tracking study on October 5 and April 5 of each year.

d. Although we accept DDB San Francisco's recommendation to remove "Statewide Implementer Administrative Expense" from the budgeting framework, DDB should still be able to provide statewide implementer administrative expenses broken out, if requested by the CPUC staff or as part of a financial audit.

COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. Section 311(g)(2) provides that this 30-day period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day comment period for the draft of this resolution was neither waived nor reduced.

PG&E and DDB timely filed comment letters to this resolution on July 31, 2017. The comment letters make nearly identical points, summarized below:

1. Supports the order to submit a brand health tracking study twice per year. No change to the resolution is requested.
2. Asks to remove the order requiring a segmentation study on an annual basis, as PG&E and DDB argue that segmentation studies are normally conducted every 3 to 5 years. According to PG&E, this is "...because mindsets don't change frequently enough to be captured in annual updates. In a category such as energy, segmentations are generally conducted every three to five years." We support this argument, and have removed the requirement for segmentation studies.
3. Asks that the budget table in DDB-1 be amended to clarify what tasks are DDB-San Francisco's responsibilities, and which are not. We address how to make this amendment in the ordering paragraphs below.

FINDINGS

1. D.16-03-029 ordered CPUC staff to lead a multi-stakeholder competitive solicitation for an ME&O implementer, to be under contract to PG&E. In D.16-09-020, the CPUC approved both the RFP process, and the results of that process. DDB-San Francisco was awarded the contract for this work based on the process.
2. DDB-San Francisco filed Advice Letters DDB-1 and DDB-2 as Tier 1 on April 5, 2017, requesting approval of their Five-Year Marketing, Education, and Outreach Strategic Roadmap, and 2017 - 2018 Joint Consumer Action Plan. The budget requested to implement these plans is \$73,318,314 over three years.
3. DDB collaborated with stakeholders to develop both plans, as ordered in D.16-03-029.
4. The five-year "ME&O Strategic Roadmap" outlines long-term goals, metrics and strategies, with consideration of what contribution ME&O will play in complying with Senate Bill (SB) 350, as ordered in D.16-03-029.
5. The one-year "Joint Consumer Action Plan" includes high priority topics, as ordered in D.16-03-029.

6. DDB should be prepared to provide statewide implementer administrative expenses broken out, if requested by the CPUC staff or as part of a financial audit.
7. As DDB-San Francisco is in compliance with Commission direction, it is reasonable to approve DDB-1 and DDB-2.

THEREFORE IT IS ORDERED THAT:

1. DDB-San Francisco's advice letter DDB-1, the five-year "ME&O Strategic Roadmap" is approved, with reporting requirements clarified herein.
2. DDB-San Francisco's advice letter DDB-2, the one-year "Joint Consumer Action Plan" is approved without modification.
3. DDB will submit reports on performance towards metrics, calendars of upcoming EUC-related activities, and brand health tracking studies per the direction under "Reporting" above.
4. DDB will submit, within 30 days, a supplemental advice letter to DDB-1 with an amended budget that specifies that the task of EM&V will be accomplished by the CPUC's Energy Division, and that the ME&O administrative budget for the IOUs will be managed by the IOUs.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on August 10, 2017; the following Commissioners voting favorably thereon:

/s/TIMOTHY J. SULLIVAN
TIMOTHY J. SULLIVAN
Executive Director

MICHAEL PICKER
President

CARLA J. PETERMAN
LIANE M. RANDOLPH
MARTHA GUZMAN ACEVES
CLIFFORD RECHTSCHAFFEN
Commissioners