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April 23, 2014

Energy Division
Attention: Tariff Unit
California Public Utilities Commission
505 Van Ness Avenue, 4th Floor
San Francisco, CA 94102

Dear Energy Division Tariff Unit:

Subject: PG&E's Protest to the California Center for Sustainable Energy Advice Letter 46, CCSE's submittal of proposed performance metrics and indicators to evaluate the efficacy of the 2014-2015 Statewide Marketing, Education, and Outreach program, pursuant to Decision (D.) 13-12-038, OP #3.

Pursuant to Rule 7.4.1 of the California Public Utilities Commission's (CPUC or Commission) General Order (GO) 96-B, Pacific Gas and Electric Company (PG&E) hereby respectfully submits its protest to the California Center for Sustainable Energy (CCSE) Advice Letter 46 (the Advice Letter or AL) filed on April 3, 2014.

Background:

Advice Letter 46 is seeking approval from the Commission for CCSE's proposed program performance metrics (PPMs) for measuring the success of the Statewide Marketing, Education, and Outreach (Statewide ME&O) program in 2014-2015, as required by Ordering Paragraph (OP) 3 of D.13-12-038. The PPMs will be used to evaluate the performance of the Statewide ME&O program through the program cycle ending December 2015.

Response:

PG&E appreciates the time and effort CCSE has put into the complex task of developing performance metrics and key indicators for the Statewide ME&O program. However, PG&E recommends the Commission reject CCSE's AL 46, as filed, due to non-compliance with D.13-12-038, the lack of established

reporting periods, and metrics that do not include established baselines or target values. The Commission should require CCSE to refile the AL after addressing each of the issues outlined.

A. Areas of Non-Compliance with D.13-12-038

CCSE has consolidated and reworded the nine measurable objectives¹ identified and adopted in OP 2 of D.13-12-038. While the specific metrics and performance indicators identified in the Decision were subject to change by CCSE²; the objectives were adopted exactly as written. The consolidation and rewording of the objectives have changed the meaning of objectives 3 and 4, which were directives to “iii. Inform consumers about the benefits of participating in local program opportunities, seasonal opportunities, or no/low cost actions and 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 actions³”. Secondly, the consolidated and reworded objectives have omitted two of the Commission directed objectives⁴, including objective 6 that directs CCSE to “identify and pilot methods to provide information to small business owners” and objective 7 that directs CCSE to “work with a marketing firm, and use behavior research to develop a social marketing campaign”. The rewording and consolidated program objectives will result in intended Commission program objectives not being met during the 2014-2015 period. Therefore, the Commission should require CCSE to use all of the program objectives exactly as approved in the Decision.

Additionally, the Commission Decision directed “CCSE to use the “collaborative process” recommended by TURN in comments on the Proposed Decision in order to gather stakeholder feedback...⁵”. In TURN’s opening comments, filed on November 25, 2013, it was proposed that CCSE should: 1) prepare their recommended advice letter response to the metrics and indicators; 2) host a one day workshop to consider recommendations and; 3) file an advice letter that discusses CCSE’s recommendations, the input provided by other parties, and how this input was incorporated or rejected as a result of the workshop. PG&E values the opportunity to review the draft version of the proposed metrics and indicators and provided written feedback to CCSE. PG&E also looked forward to

¹ Advice Letter 46, pg. 9

² D.13-12-038 pg. 67

³ D.13-12-038 pg. 95

⁴ D.13-12-038, pg 64 and OP2 on pg. 95

⁵ D.13-12-038 pg. 67

a discussion of recommendations from all stakeholders at the March 19, 2014 workshop; however, the workshop was held in a two hour period and there was limited discussion around the various recommendations provided to CCSE from stakeholders. The filed AL only includes the statement that “a great deal of feedback and input from the IOUs, ratepayer advocates, and other stakeholders” was received, without discussing any specific recommendations or identifying, which of those recommendations were adopted or rejected. In a refiled advice letter, CCSE should discuss the recommendations and provide justification for accepted and recommended recommendations.

B. Establish Regular Reporting Periods

In PG&E’s comments to CCSE’s proposed PPMs (Attachment 1), PG&E recommended that CCSE establish a process for reporting performance, institute a timeline for the associated reporting periods, and suggested that updates on the PPMs should be a standing agenda item at the quarterly stakeholder meetings. The filed AL does not establish a regular reporting period for reports to be filed with the Commission, but instead, identifies CCSE is in the process of developing a dashboard intended to display indicators, which will be made available to the Commission. The dashboard should not be a stand-alone reference for demonstrating performance as reporting needs to include more context and relevance surrounding reported indicators to ensure that it properly aligns and correlates with the objectives outlined by the Commission in D.13-12-038. CCSE’s proposal of a two year period without formally established reporting process would prevent the Commission from effectively managing the Statewide ME&O program. To resolve this matter, PG&E proposes setting a target with an interim reporting goal of one year, to re-evaluate progress of the proposed metrics. By doing so, changes can be implemented to improve the process and better accomplish intended goals in the long-term.

C. Metrics Should Have Established Baselines, Target Values, And Hold Relevant Parties Accountable

CCSE identifies Opinion Dynamics Corporation (ODC) as working to “design a survey instrument that will provide baseline information related to the metrics and indicators”⁶; however, D.13-12-038 requires that Metric 1 use the Targetbase brand assessment to set a baseline and allow the sub-bullets⁷ to be modified to

⁶ Advice Letter 46 pg. 8

⁷ D.13-12-038 pg.68

accurately align with the questions in the brand assessment. Based on the information provided in the metrics table⁸, it does not appear that a baseline from the brand assessment is being used. Instead, it appears that ODC will be working to establish a baseline for all metrics. It is unclear why a new study is needed for all metrics, even if the brand assessment was not conducted for the specific purposes of a baseline, it does provide levels of awareness that can be utilized. Furthermore, CCSE was given latitude to make adjustments to the metrics to allow it to be better aligned with the brand assessment that was ordered to be utilized at a minimum for Metric 1.

In the draft version of the proposed metrics, CCSE set the target value for the metrics at a 2 percent increase over the baseline, which was identified as the minimum perceptible level. However, the AL filed by CCSE has removed all target values. The Decision indicated “the plan should include any metrics and target values, KPIs, or tracking statistics that are relevant to each campaign”⁹. The Decision further identified “the actions that will ensue from our decision today must be cost-effective and prudent uses of ratepayer funds”¹⁰. Without establishing any quantifiable metrics, determining achievement of those goals may be a challenge, and thus questionable as to whether the program was prudent use of ratepayer funds.

CCSE has inappropriately included Metric 6 that requires the RENs and IOUs to provide information to CCSE and contractors in a timely manner, and Metric 7 that identifies the Commission will lead the development of an EM&V roadmap. Neither of these Metrics are the responsibility of CCSE and the Decision identifies the “Commission staff shall track and review the efforts put forth by CCSE and the utilities to determine whether or not the metrics were achieved”¹¹. PG&E recommends the Commission require CCSE to refile the advice letter and remove the measurement and indicators for Metric 6 and 7. Additionally, in the Decision Metric 6 required CCSE to submit an AL with a proposed standard format that will be used to request time sensitive information,¹² which has not yet been filed. P&GE recommends the Commission set a timeframe for CCSE to submit this required advice letter.

⁸ Advice Letter 46 pg. 10, Metric #1

⁹ D.13-12-038 pg. 66

¹⁰ D.13-12-038 pg. 66

¹¹ D. 13-12.038 pg 70

¹² D.13-12-038 pg. 70

Conclusion:

While PG&E recognizes the time and effort CCSE has put forth in developing the performance metrics and key indicators for the Statewide ME&O program, PG&E recommends the Commission reject AL 46, as filed and require CCSE to refile the AL, after addressing the issues identified above.

Sincerely,

A handwritten signature in cursive script that reads "Brian Cherry / slw".

Vice President, Regulatory Relations

Attachment 1 - PG&E Comments on CCSE's Proposed Program Performance Metrics

cc: Edward Randolph, Director – Energy Division
Charlie Buck, Government Affairs Manager - CCSE

ATTACHMENT 1

PG&E Comments on CCSE's Proposed Program Performance Metrics

PG&E Comments on CCSE's Proposed Program Performance Metrics

1. Utilize a marketing mix model to determine targets for program performance metrics.

PG&E recommends that a marketing mix model be used to determine the expected impact of the planned outreach and CCSE should set specific targets for customer awareness based up on the model's estimates. CCSE indicates that the 2012 brand study¹ identified that 2 percentage points is the minimum required to measure a detectable change and has utilized that as the target value for performance metric 1. Keeping in mind the budget associated with this work, it seems like a higher target should be set than simply the ability to detect any change from baseline. PG&E recommends utilizing a higher target for percentage point increase, based on prior experience on small and medium business Time-Varying Pricing, where the marketing mix modeling indicated an increase of 12 percentage points was an appropriate target value. Ultimately, PG&E chose to increase the target value further to 30 percentage points based on low initial awareness levels (the baseline for time-of-use was 20%).

2. Each Program Performance Metric should include a target value based on an existing or new baseline

CCSE should utilize established baselines in the 2012 brand assessment or conduct new baselines studies for all required metrics. It should not be assumed that lack of information equals a zero percent baseline. Each metric should have a target value indicated so that it can be measured for success over time. Any desired measurement or evaluation that does not have a target value is better utilized as a tracking statistic or performance indicator that can be monitored over a given time period to gauge effectiveness and progress towards PPM targets.

For suggested metrics that indicate a yes/no value, consider changing to measure the effectiveness of those actions as opposed to whether the action has been completed. For example, the in-language materials and communications targeting impaired or disabled customers should be evaluated based on the effectiveness of those communications.

3. CCSE should establish a process for reporting performance and a timeline for the associated reporting periods

CCSE should establish a process for reporting on the program metric performance. PG&E recommends reporting on metrics quarterly and suggests CCSE provide the updates as a standing agenda item at the quarterly stakeholder meetings. Ideally, a timeline will be established that includes details such as the baseline (or when a baseline will be established), any interim reads, and when a final value will be determined.

4. CCSE should link each of the Program Performance Indicators with the associated Program Performance Metric

¹ Energy Upgrade California Brand Assessment Study conducted by Opinion Dynamics February 2013

CCSE indicates that the program performance indicators supply the data points for measuring the program performance metrics, but does not identify which program performance metric will utilize the data provided. It will be helpful for those reviewing the results to understand how the objectives, program performance metrics, and program performance indicators are linked.