

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



Date: March 4, 2026

To: Southern California Gas (SoCalGas)

From: Lisa Paulo and Peter Biermayer, California Public Utilities Commission (CPUC)

Cc: R.25-04-010 Service Lists

Subject: MID-YEAR FEEDBACK - 2025 EX ANTE REVIEW (EAR) PERFORMANCE

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Pursuant to Decision (D).13-09-023, D.15-10-028, D.16-08-019, and D.20-11-013, California Public Utilities Commission (CPUC) Staff and consultants are providing the 2025 Ex Ante Review (EAR) Performance Mid-year Feedback on the investor-owned utilities (IOUs) respective activities as of June 30, 2025. D.20-11-013 placed a moratorium on EAR awards¹ but directed that EAR scoring and evaluation processes shall continue. The mid-year feedback focuses on specific accomplishments and issues or concerns identified as part of ongoing measure package and custom project reviews. This feedback will help the IOUs address these issues for the remaining year.

I. CPUC Staff Findings 2025 Mid-year Activities Feedback

The following sections of this memorandum provide a description of the findings, including areas of achievement and areas requiring improvement for both custom projects and measure packages review activities.

A. Custom Projects Review Overview

1. Summary of 2025 Mid-year Achievements

This feedback is based on three CPUC staff project review dispositions issued between January and June 2025. All three custom project review dispositions were for CIAC and ready to proceed with exception as noted.

SoCalGas continues to demonstrate efforts to improve its performance. CPUC Staff's observations include:

- **Timing and timeliness of submittals.** SoCalGas continues to submit project documentation earlier than the SB 1131 timeline requirement.
- **Collaboration.** SoCalGas continues to proactively engage CPUC staff on project and policy issues during its bi-monthly meetings with Staff. This includes presenting potential project submissions to address questions in advance, inviting CPUC staff to participate in site visits, collaborating on the finalization of the statewide Steam Trap Incentive Offering Early Opinion (EO), and introducing a potential new measure for consideration.
- **PA Responsiveness to Process, Policy and Program Rules Improvements.** In the first half of 2025, SCG had no action items identified related to Process, Policy and Program Rules. This marks a significant improvement over 2024 where issues regarding process, policy, and programs were higher at 27% of all issues noted.
- **PA Responsiveness to Documentation Issue Improvements.** In the first half of 2025, SCG had no action items identified related to Documentation Issues. This indicates significant improvement over 2024 where issues regarding documentation accounted for 27% of all issues noted.

2. Summary of Areas Requiring Improvement

Areas that were most problematic, frequent, and/or need improvement include:

- **Gross Savings Impacts.** The six action items identified in dispositions issued during the

¹ The EAR awards were part of the Efficiency Savings and Performance Incentive (ESPI) awards.

first half of 2025 were related to Gross Savings Impacts. The issues noted below in Table 1 primarily concern analysis assumptions, and another noted the M&V plan's calculation approach.

B. Measure Packages Review Overview

1. Summary of 2025 Mid-Year Achievements

The following findings reflect the limited scope of the mid-cycle review, which focused on targeted updates rather than broader, measure package submission issues. Given the limited scope of PY2025 measure package updates that happened during the first half of PY2025, this review did not assess proactive efforts to address larger, cross-cutting topics, such as baseline studies for measures with significant portfolio impacts.

- **Collaboration.** SoCalGas continues to effectively collaborate with the CPUC and ex-ante review team. SoCalGas should place greater emphasis on early identification and resolution of broader measure development issues such as baselines, beyond responding to specific comments.
- **Timeliness.** SoCalGas met expectations for the timeliness of measure package submittals and responses to comments.
- **QA/QC.** Only one measure package had issues.

2. Summary of Areas of Improvement

CPUC Staff highlights the following direction for improvement:

- **Content.** Measure package reviewers found one measure package that required significant comments due to incomplete updates. SoCalGas should ensure that all relevant updates are made prior to submittal. SoCalGas should consider proactive efforts to address larger, cross-cutting topics, such as baseline studies for measures with significant portfolio impacts.

II. Discussion

The following sections of this memorandum provide a detailed description of the findings, including, areas of achievement and areas requiring improvement for both custom projects and measure packages.

A. Custom Projects Performance Review

Each year, CPUC Staff reviews a selected sample of custom project energy efficiency program applications. The review findings and directions to the IOUs are presented in documents referred to as "dispositions". This feedback is based on 3 CPUC project review dispositions issued between January and June 2025.

The comments below are organized by the five metric areas prescribed in D.16-08-019. No scores

are provided for these metrics in the mid-year memo. All feedback provided at this time is qualitative.

1. Timeliness of Submittals

SCG continues to comply with SB1131 guidelines for submitting documentation before the 15 business days required. Three dispositions were issued in the first half of 2025. Of the three projects, one was selected in late 2024 and the others in 2025. For all projects, SoCalGas uploaded their initial project documents 5 days earlier than required.

2. Content, Completeness, and Quality of Submissions

The three projects with dispositions issued in the first six months of 2025 were CPR 966, 976, and CPR 991.

CPUC staff identified six action items in the three dispositions issued in the first half of 2025, compared to 11 action items identified across four dispositions in the previous year indicating a significant improvement in areas impacting process, policy, program rules, documentation completeness, and issues related to net impacts. The deficiencies found in dispositions issued January through June 2025 were primarily related to analysis assumptions and one related to M&V plan's calculation approach. Analysis assumption issues were attributed to insufficient trend and operating data and incomplete scope of impact of added electric equipment.

Table 1 below summarizes the six action items identified across three dispositions issued between January 1, 2025, and June 30, 2025.

Table 1: Summary of Categorized Action Items for Custom Projects

| Issue Area | Action Categories | Summary of CPUC Staff Required Action by the PA: | Summary of CPUC Staff Notes or Instructions : | Percent of Total Actions |
|---|---------------------------------------|--|---|--------------------------|
| Issues Related to Gross Savings Impacts | Analysis assumptions | 4 | 1 | 67% |
| | Calculation method | 0 | 1 | 0% |
| | Calculation tool | 0 | 0 | 0% |
| | M&V plan | 2 | 2 | 33% |
| | Subtotals | 6 | 4 | 100% |
| Process, Policy, Program Rules | Baseline | 0 | 0 | 0% |
| | CPUC Policy | 0 | 0 | 0% |
| | Did not follow previous CPUC guidance | 0 | 0 | 0% |
| | Eligibility | 0 | 0 | 0% |
| | ER preponderance of evidence | 0 | 0 | 0% |

| | | | | |
|--------------------------------------|---------------------------------|----------|----------|-------------|
| | EUL/RUL | 0 | 2 | 0% |
| | Incentive calculation | 0 | 0 | 0% |
| | Measure cost | 0 | 0 | 0% |
| | Measure type | 0 | 0 | 0% |
| | PA program rules | 0 | 0 | 0% |
| | Self generation | 0 | 0 | 0% |
| | Subtotals | 0 | 2 | 0% |
| Documentation Issues | Continue Document Upload | 0 | 0 | 0% |
| | Missing Documents | 0 | 0 | 0% |
| | Missing required information | 0 | 0 | 0% |
| | Project scope unclear | 0 | 0 | 0% |
| | Subtotals | 0 | 0 | 0% |
| Issues Related to Net Impacts | Program influence | 0 | 0 | 0% |
| | Subtotals | 0 | 0 | 0% |
| Other Issues | Other 1 - Incorrect BMU data | 0 | 0 | 0% |
| | Other 2 - Inconsistent BMU data | 0 | 1 | 0% |
| | Subtotals | 0 | 1 | 0% |
| | Grand Total | 6 | 7 | 100% |

3. Proactive Initiative of Collaboration

Commission Staff found that SoCalGas has taken a more active and engaged role in bi-weekly meetings. SoCalGas has leveraged these sessions to foster open communication, strategically discuss projects in advance, proactively address potential concerns, and invite CPUC to participate in site visits—all aimed at streamlining the CPR process.

SoCalGas also provided feedback on a statewide early opinion submitted in the latter half of 2024 regarding the steam trap replacement memorandum. The early opinion asserted that CPUC staff's 2016 statewide memorandum was outdated and misaligned with the installation type defined in Resolution E-4818 for Behavioral, Retro-commissioning, and Operational (BRO) measures. As a result, an updated Statewide Steam Trap Memorandum was issued, allowing savings claims for steam trap replacements under BRO with tiered eligibility and implementation requirements. This update provides clearer alignment with current BRO installation practices. CPUC staff expects continued collaboration with CPUC to assess the memorandum's impact on the project pipeline.

SoCalGas should continue leveraging bi-weekly meetings to provide feedback on both project-specific and statewide initiatives—such as introducing potential new measures for consideration or developing tools like the SCG TSB calculator.

4. PA's Due Diligence, Quality Assurance, and Quality Control (QA/QC)

Project and measure level disposition performance results reviewed under Metric 2 are used as a proxy for the level of QA/QC occurring by the PA. During the first six months of 2025, three

projects were reviewed—CPR 966, 975, and 991. As noted earlier, staff identified deficiencies related to gross savings impacts, highlighting the need for SCG to strengthen evaluation practices by regularly reassessing and refining assumptions and continuing collaboration with Third Party Implementers (TPIs) to develop comprehensive M&V plans.

The dispositions issued between January and June 2025 were allowed to proceed with exceptions. However, SCG must improve its QC processes to ensure future project submissions meet eligibility and compliance requirements. Addressing issues identified under Metric 2 is critical to avoid a loss of EAR points under this metric at the end of 2025.

5. PA's Responsiveness

When reviewed at a portfolio level, CPUC Staff assesses the time series of rejections and exceptions, the alignment of program policy and procedures with the number of rejections and exceptions based on eligibility and attribution, and the adaptation to changes in rules over time.

SCG had three project review dispositions issued with two action items each identified in the first half of 2025. Due to this, it has not been possible to identify a trend in terms of project performance over time (i.e. project submissions issues did not increase, decrease, or change category, when submitted in the first six months of 2025).

However, SoCalGas demonstrated adaptability following the release of the Statewide Steam Trap Incentive Memorandum by hosting a virtual technical forum to share updates and engage TPIs, sparking renewed interest in the measure. To further improve collaboration and streamline reviews, SCG introduced recurring office hours with TPIs and implemented the Measure Application Technical Request (MATR) form as a pre-screening tool. These actions have reduced Supplemental Data Requests (SDRs) and expedited CPUC dispositions, showing proactive efforts to align with evolving rules and improve project quality.

Commission staff will observe the trend of any issues over the next six months for reporting and scoring on the year-end memo.

B. Measure Packages Performance Review

During the first part of 2025, measure package updates were limited to EUL revisions based on the new EUL study published by CPUC. As a result, PAs were required to complete a mid-cycle update and make any related updates tied to the new EULs, including updates to refrigerant impacts. Because the scope of PA updates was limited, the review scope was also narrow, resulting in relatively few findings. SoCalGas had ten measure packages disposed in the first half of 2025 and has twenty measure packages in the second half of 2025 that are either already approved or under review.

The comments below are organized by the five scoring metric areas created in D.16-08-019. The narrative includes observations common to multiple measure packages and feedback related to the measure package development process as well as direction for future measure packages.

Specific measure package feedback is provided in tables in Attachment A, at the end of this document. The first table, Measure Package Reviews, provides feedback on the measure packages

that were reviewed and disposed of in the first half of the year. The second table, Measure Package Submissions, lists all measure packages submitted by SoCalGas in 2025 and their status. CPUC staff acknowledges that measure package development may have been supported by multiple PAs; however, for the purpose of this mid-year review, feedback is directed to the submitting PA that led the development effort.

1. Timeliness of Submittals

SoCalGas has been timely with measure package submissions and responses to measure package comments.

Given that this review period reflected a mid-cycle update to accommodate EUL revisions, CPUC staff generally scored all PA submissions as meeting applicable deadlines.

2. Content, Completeness, and Quality of Submissions

SoCalGas has generally met requirements for content, completeness, and quality of measure package submissions with nine out of ten measure packages meeting or exceeding expectations. There was one measure packages with more significant issues related to incomplete updates to code requirements, data collection requirements, wording and clarity, and missing EUL updates.

More attention is needed on initiating baseline studies for measures with significant portfolio impacts in a timely manner.

3. Proactive Initiative of Collaboration

SoCalGas has been proactive to engage with the CPUC staff and the ex-ante review team early and often as in its updates to measure packages. In addition, SoCalGas has continued to manage and facilitate the statewide deemed measure collaboration meetings. They also led the creation and coordination of a new Fuel ID required by Resolution E-5330.

4. PA's Due Diligence, Quality Assurance, and Quality Control (QA/QC)

SoCalGas met or exceeded expectations on their due diligence and QA/QC for nine out of ten measure packages. Only one measure package resulted in errors that did not pass their QA/QC process. SoCalGas has implemented a four level review process to improve their internal QA/QC efforts.

5. PA's Responsiveness

SoCalGas has demonstrated responsiveness to program needs by introducing new measures and technologies, new measure packages, or new data for measure package revisions. CPUC staff also notes that, in some cases, SoCalGas tends to push back on comments rather than fully addressing the underlying concerns. In one case, the implementer responded to our request for data by telling us to contact the company that did the study. These broader strategic and responsiveness issues

should be a focus of future reviews.

III. Attachments

Attachment A: Measure Package Feedback contains the measure package summary tables showing the qualitative components for each metric.

Questions or comments about the feedback should be directed to Lisa Paulo (lisa.paulo@cpuc.ca.gov) or Peter Biermayer (peter.biermayer@cpuc.ca.gov). Note that pursuant to D.13-09-023, CPUC Staff will schedule a meeting with SoCalGas staff to discuss this memorandum.

Attachment A: Measure Package Feedback

The table below lists the ID numbers associated with each measure package submission or disposition. The PA may refer to the individual dispositions for more detailed descriptions of the specific actions staff required for each measure package. The qualitative feedbacks are designated as follows:

| Measure Package Review – All Disposed in First Half of 2025 | | | |
|---|-----|---------------------------------------|---|
| SW MP ID | Rev | Title | Comments |
| SWHC001 | 6 | Wall Furnace, Residential | Updates to EUL, permutations, and characterization based on DEER2025 values. Added Restricted Permutation Flag value table. There were no major issues with the measure updates and they were submitted in a timely manner. |
| SWHC047 | 6 | Gas Fireplace, Residential | Updates to EUL and all corresponding dependencies to align with DEER 2025. Measure approved with no comment. Updates submitted in a timely manner. |
| SWHC002 | 5 | Intermittent Pilot Light, Residential | Updates to EUL and all corresponding dependencies to align with DEER 2025. Measure approved with minor comments. Updates submitted in a timely manner. |
| SWHC031 | 5 | Furnace, Residential | Updates to EUL and all corresponding dependencies to align with DEER 2025. Measure approved with minor comments. Updates submitted in a timely manner. |
| SWWH026 | 5 | Water Heater Pipe Wrap, Residential | Updates to EUL and all corresponding dependencies to align with DEER 2025. Measure approved with some updates needed for restricted permutations. Updates submitted in a timely manner. |
| SWWH013 | 5 | Tankless Water Heater, Residential | Updates to EUL and all corresponding dependencies to align with DEER 2025. Measure approved with some updates needed for restricted permutations and language/clarity. Updates submitted in a timely manner. |

Measure Package Review – All Disposed in First Half of 2025

| SW MP ID | Rev | Title | Comments |
|----------|-----|--|--|
| SWWH012 | 5 | Storage Water Heater, Residential | Updates to EUL and all corresponding dependencies to align with 2025 values. Measure approved with some updates required for data collection, code and baseline clarity, and missing eligibility language, . Updates submitted in a timely manner. |
| SWWH006 | 9 | Tankless Water Heater, Commercial | Updates to EUL and all corresponding dependencies to align with 2025 values . Measure approved with some updates required for data collection, code and baseline clarity, and missing eligibility language . Updates submitted in a timely manner. |
| SWWH007 | 7 | Storage Water Heater, Commercial | Updates to EUL and all corresponding dependencies to align with 2025 values. Measure approved with some updates required for data collection, code and baseline clarity, and missing eligibility language . Updates submitted in a timely manner. |
| SWWH016 | 5 | Domestic Hot Water Loop Temperature Controller, Multifamily & Commercial | EUL, permutations, RACC-FSC, and characterization were updated based on 2025 values. CPUC identified several issues, including incomplete updates to relevant code requirements, data collection requirements, and wording and clarity, as well as missing updates to EUL values, which were the primary purpose of this revision. |

| Measure Package Submittals – All Submitted in 2025 | | |
|--|--|----------|
| SW MP ID | Title | Comments |
| SWHC001-06 | Wall Furnace, Residential | Approved |
| SWHC047-06 | Gas Fireplace, Residential | Approved |
| SWHC002-05 | Intermittent Pilot Light, Residential | Approved |
| SWHC031-05 | Furnace, Residential | Approved |
| SWWH026-05 | Water Heater Pipe Wrap, Residential | Approved |
| SWWH013-05 | Tankless Water Heater, Residential | Approved |
| SWWH012-05 | Storage Water Heater, Residential | Approved |
| SWWH006-09 | Tankless Water Heater, Commercial | Approved |
| SWWH007-07 | Storage Water Heater, Commercial | Approved |
| SWWH016-05 | Domestic Hot Water Loop Temperature Controller, Multifamily & Commercial | Approved |
| SWHC054-03 | Heat Recovery Ventilation, Residential | Approved |
| SWWH026-06 | Water Heater Pipe Wrap, Residential | Approved |
| SWAP003-05 | Clothes Dryer, Residential | Approved |
| SWWH032-03 | Solar Thermal Water Heating System, Residential | Approved |
| SWWH002-06 | Low-Flow Showerhead, Residential | Approved |
| SWFS032-01 | Refrigerated Prep Table, Commercial | Approved |
| SWHC031-07 | Furnace, Residential | Approved |

| Measure Package Submittals – All Submitted in 2025 | | |
|--|--|--|
| SW MP ID | Title | Comments |
| SWWH003-05 | TSV with and without an Integrated Low-Flow Showerhead, Residential | Approved |
| SWHC004-07 | Space Heating Boiler, Commercial & Multifamily | Under review (by CPUC staff or the PA) |
| SWWH015-04 | Demand Control for Centralized Water Heater Recirculation Pump, Multifamily & Commercial | Under review (by CPUC staff or the PA) |
| SWFS031-01 | Range Oven, Gas, Commercial | Under review (by CPUC staff or the PA) |
| SWFS033-01 | Pasta Cooker, Gas, Commercial | Under review (by CPUC staff or the PA) |
| SWSV015-01 | Weather Sealing, Residential | Under review (by CPUC staff or the PA) |
| SWWH035-01 | Water Heater Controller, Gas, Residential | Under review (by CPUC staff or the PA) |
| SWWH016-06 | Domestic Hot Water Loop Temperature Controller, Multifamily & Commercial | Under review (by CPUC staff or the PA) |
| SWWH023-04 | Diverting Tub Spout with TSV, Residential | Under review (by CPUC staff or the PA) |
| SWWH007-08 | Storage Water Heater, Commercial | Under review (by CPUC staff or the PA) |
| SWWH006-10 | Tankless Water Heater, Commercial | Under review (by CPUC staff or the PA) |
| SWWH012-06 | Storage Water Heater, Residential | Under review (by CPUC staff or the PA) |
| SWWH013-06 | Tankless Water Heater, Residential | Under review (by CPUC staff or the PA) |