



MCE

Commercial Energy Efficiency Program

Implementation Plan

MCE02

October 24, 2019

Version 5.0

Table of Contents

Program Overview	3
1. Program and/or Sub-Program Name	3
2. Sub-Program ID number	3
3. Sub-program Budget Table	3
4. Projected Program Net Impacts	3
5. Sub-Program Cost Effectiveness (TRC)	3
6. Sub-Program Cost Effectiveness (PAC)	4
7. Type of Sub-Program Implementer (Core, third party or Partnership)	4
8. Market Sector (including multi-family, low income, etc)	4
9. Sub-program Type	4
10. Intervention Strategies	4
Implementation Plan Narrative	5
1. Program Description	5
2. Program Delivery and Customer Services	5
3. Program Design and Best Practices	7
4. EM&V	12
5. Pilots	13
6. Additional information	13
Supporting Documents	14
1. Program Manuals and Program Rules	14
2. Program Logic Model	14
3. Process Flow chart	15
4. Incentive Tables, Workpapers, Software Tools	17
5. Quantitative Program Targets	18
6. Diagram of Program	19
7. Program Modifications from the California SEM Design Guide	19

Program Budget and Savings Information

1. Program and/or Sub-Program Name

MCE Commercial Program

2. Sub-Program ID number

MCE02

3. Sub-program Budget

MCE02 – Commercial	2019	2020*	Total
Admin	\$41,812.05	\$311,664.03	\$353,476.08
Marketing and Outreach	\$17,796.24	\$63,203.22	\$80,999.46
Direct Implementation - Non-Incentive (DINI)	\$681,869.78	\$642,445.20	\$1,324,314.98
Incentives	\$444,246.93	\$459,688.43	\$903,935.36
Total	\$1,185,725.00	\$1,477,000.88	\$2,662,725.88

*The 2020 program budget was proposed in the 2020 Annual Budget Advice Letter (ABAL), filed on September 3, 2019. The ABAL is currently under review by the California Public Utilities Commission (CPUC)

4. Projected Sub-program Net Impacts

Program Goals	2019 Program Year			2020 Program Year*		
	net kWh	net kW	net therms	net kWh	net kW	net therms
MCE02	1,967,330	358	34,219	3,164,164	524	19,978

*The 2020 program budget was proposed in the 2020 Annual Budget Advice Letter (ABAL), filed on September 3, 2019. The ABAL is currently under review by the California Public Utilities Commission (CPUC)

5. Sub-Program Cost Effectiveness (TRC)

Program ID Number	2019 TRC
MCE02	1.16

6. Sub-Program Cost Effectiveness (PAC)

Program ID Number	2019 PAC
MCE02	1.37

7. Type of Sub-Program Implementer (Core, third party or Partnership)

Third Party

8. Market Sector (including multi-family, low income, etc)

Commercial

9. Sub-program Type (Non-resource, resource acquisition, market transformation)

Resource acquisition

10. Intervention Strategies (Upstream, downstream, midstream, direct install, non-resource, finance, etc)

Downstream

Implementation Plan Narrative

1. Program Description

Describe the program, its rationale and objectives.

As authorized in CPUC Decision D.15-10-028, MCE has expanded its Small Commercial program to serve all commercial customers within its service territory¹ under a single program. The MCE Commercial Energy Efficiency Program (Program) acknowledges differences in opportunities between the various types of sizes of commercial properties, and emphasizes integrating diverse program offerings under one umbrella.

The Program provides a comprehensive approach to energy efficiency (EE) upgrades, based on individual customer needs and opportunities. The Program works with multiple implementation partners allowing for various participation pathways, including prescriptive, calculated, Strategic Energy Management (SEM) and meter-based strategies. The Program acts as a single point of contact (SPOC) for nonresidential² customers, connecting and leveraging available resources and funding sources pertaining to energy efficiency, renewable energy, and sustainability goals and needs. With a single customer-facing program, the Program is able to streamline the customer experience, reduce administrative costs, improve cost effectiveness, and better serve ratepayers regardless of customer size or business type.

The Program is implemented with the following objectives:

- Raise awareness about energy use and associated economic and environmental impacts in the commercial sector within MCE's service area.
- Provide customers with a single point of contact for their energy journey, simplifying otherwise complex and potentially competing project interests, while also connecting them to other available local and regional offerings.
- Ensure program impacts are verifiable and defensible and that incentive payments align with realized savings where feasible.
- Achieve annual energy reductions goals and program cost-effectiveness targets.

2. Program Delivery and Customer Services

Describe how the energy efficiency program will deliver savings (upstream, downstream, direct install, etc.); how it will reach customers and the services that the program will provide. Describe all services and tools that are provided.

The Program delivers downstream energy savings through the following energy efficiency calculation platforms:

1. Deemed

¹ MCE service territory includes all of Marin County and Napa County, unincorporated Contra Costa County and Solano County, and the cities of Benicia, Concord, Danville, El Cerrito, Lafayette, Martinez, Moraga, Oakley, Pinole, Pittsburg, Richmond, San Pablo, San Ramon, and Walnut Creek.

² Industrial and Agricultural customers are served under MCE's Agricultural and Industrial Resource Program.

2. Custom calculated
3. Meter-based, captured per normalized metered energy consumption (NMEC) and SEM rules and methods

Customers are identified and funneled into the appropriate platform based on their individual needs, characteristics of their project, savings opportunity, and efficiency goals.

Customer Outreach:

The Program leverages multiple customer outreach strategies to drive awareness of energy efficiency offerings and engagement within the Program. This includes street canvassing, customer representatives' outreach, data-driven analyses, and networking among MCE stakeholders and community groups.

Direct customer outreach is a key strategy for driving participation, and is utilized with two distinct channels of engagement. First, MCE is uniquely positioned to support targeted customer outreach, owing to strong relationships with energy-savvy customers, community organizations supporting sustainability activities, and an account management team that is well versed in energy efficiency programs and opportunities. The Programs' outreach and account management team focus on face-to-face meetings, email and phone calls to create and sustain relationships with this important customer group.

Second, the Program generates customer leads through direct marketing efforts run by the program implementers. Implementation partners use a blend of existing relationships, contractor/vendor driven outreach, and street canvassing to market the program. There is also a focused marketing effort on small and hard-to-reach commercial customers to bring in customer leads who may otherwise have had no contact with the program.

Lead generation comes from a variety of sources including:

- Direct customer marketing
- Social media
- Collaborations with other sustainability-based organizations and offerings
- Data-driven customer targeting through the analysis of customer load shapes, usage, and rates
- MCE account managers
- Commercial Program implementation partners
- Manufacturers, distributors and vendors
- Industry and trade organizations

Core to MCE's approach in supporting the customer journey is the SPOC concept. Customers interested in the program are informed about all energy efficiency programs available to them. Program staff are able to speak to other non-resource programs and opportunities that align with the sustainability goals of commercial customers. This eliminates confusion about multiple offerings and allows for coordination with existing statewide and local government programs to avoid overlapping outreach.

Support Tactics:

Other marketing tactics that support customer lead generation and account management include:

- **Collateral** – Educational materials that convey the energy and non-energy benefits associated with projects and other offerings. These materials educate customers about the long-term

benefits of energy efficiency, available incentives, and other programs that may help deliver on customer goals and cost-effective savings. Program collateral includes:

- Program overview
- Measure specific info sheets
- Program process outlines and application materials
- **Case Studies** – Descriptions of specific projects that have been implemented by customers in California are a key tool for account managers to use in encouraging customers to participate. Case studies are developed on a wide variety of measures and industry types in order to equip the outreach team with relevant examples for specific customer groups.
- **Web Content** – The MCE website promotes the Program, includes high-level program information and will be supplemented by case studies and other collateral as developed. Customers visiting the website are able to submit an interest form to learn more about the program and connect with program staff.
- **Trade Associations and Community Organizations** – Trade associations are trusted partners in the business community and provide another avenue for reaching target sectors. The Program reaches out to local trade associations, chambers of commerce, and business leader groups to raise program awareness.

Services Provided:

- **Single Point of Contact** – Personalized attention, follow-through, and assistance in identifying solutions that meet customers' needs, budget, and levels of readiness for change.
- **Facility Assessment** – A peripheral view of the facility and operating systems to assist in development of a list of potential measures and opportunities.
- **Technical Assistance** – Help customers understand the full scope of available resource conservation options and guide them through the process from project identification to completion.
- **Incentives** – To off-set costs of energy efficiency measures.
- **Strategic Energy Management** – A holistic, whole-facility approach that requires a multi-year customer commitment to participation in cohort-type training workshops, meter-based energy analyses, and Measurement and Verification (M&V) activities based on information and characteristics of the facility's specific processes. SEM activities present an opportunity to realize cost-effective savings in behavioral, maintenance and retro-commissioning projects.

3. Program Design and Best Practices

Describe how the program meets the market barriers in the relevant market sector/end use. Describe why the program approach constitutes “best practices” or reflects “lessons learned”. Provide references where available.

Program Design:

The Program is designed to meet the needs of a diverse range of nonresidential customers, with multiple implementation partners. This allows for a flexible incentive structure and multi-track engagement approach that guides each participant to the path that's right for them and their business. The Program works to identify which program pathway might be the best fit for each customer.

The Program:

- Combines incentive and financing resources to reduce costs, align with benefits, and reward savings.
- Carefully considers customer journeys and value propositions, tailored to support varied customer decision networks, making participating simple and attractive.
- Forms meaningful links between energy savings and internal priorities, such as increased production or employee retention.
- Reduces complications associated with vetting and approving new products for incentives through expert engineering analysis of market opportunity and a strong regulatory presence and relationships.
- Coordinates with the local workforce including trade allies, vendors, and other partners to drive program awareness and project adoption.
- Utilizes two (or more) implementation partners who bring unique skills sets to nonresidential customer sub-categories (e.g. small commercial and large commercial), to enable customers within those groups to receive optimal service that best fits their needs.

Following an initial customer engagement, the Program matches them with an adviser who provides ongoing support, guidance, and follow-up communication throughout the customer's participation experience. Additionally, this engagement is used to schedule and perform a Facility Assessment tailored to the customer's size and potential, and determine the track (custom, deemed, or meter-based) best suited to identify project opportunities. SEM participants are targeted deliberately based on their load profile, customer fit and facility type characteristics.

Market Barriers:

Nonresidential customers are challenged in evaluating and implementing cost-effective energy efficiency improvements, often due to limited bandwidth and/or hesitation to adopt new technologies. Due to competing priorities for resources within a customer's business, it is a challenge to gain the attention of key decision-makers without having a succinct and proactive energy efficiency strategy that will bring financial and operational benefits to a customer immediately and in the years to come.

Financial barriers are also a concern. Smarter, more capable energy efficiency equipment comes at a price premium, and as building code has advanced, so have the equipment specifications included in nonresidential energy efficiency programs. It is important for the program to not only offset customer costs with rebates and incentives, but also to coordinate closely with financing programs, and identifying as many low-cost savings opportunities as possible.

To overcome these barriers, commercial customers need a multifaceted approach – not solely an incentive or rebate offer – tailored to meet their specific business requirements. This program uses a tiered approach to program participation so the relationship can begin at the level most appropriate for the individual customer given their priorities, energy savings opportunities, and internal decision-making process and timing. Table 1 below details how the Program will minimize the barriers of participation.

Table 1. Market Barrier, Risks, and Risk Management Strategies

Market Barrier	Risk	Risk Management Strategies
Customer or building owner does not prioritize energy efficiency, uncertainty in achievable savings	<ul style="list-style-type: none"> Decision-makers choose to install cheaper, less efficient equipment with shorter payback/IRR, resulting in lower savings Owners are not informed about how their facility uses energy Existing debt may limit funds to purchase new efficient equipment 	<ul style="list-style-type: none"> MCE offers incentives to reduce payback for business owners The Program offers meter-based savings strategies and planning assistance to achieve energy savings The Program educates customers about the long-term benefits of energy efficiency, available incentives, and other programs that may help
Customers typically replace equipment only upon failure	<ul style="list-style-type: none"> Customers do not see a need to replace functioning equipment Customers are not informed about the most efficient equipment available when the need to replace it is immediate. 	<ul style="list-style-type: none"> The Program educates trade allies and customers about available energy efficient choices before equipment fails, the benefits of early retirement, and encourages businesses to plan for equipment replacement
Project lead, installation, and verification times can conflict with program dates and deadlines	<ul style="list-style-type: none"> Program misses out on significant energy savings toward meeting goals 	<ul style="list-style-type: none"> The Program will work closely with participants and trade allies to track project status and provide support to keep projects moving forward
Lack of dedicated and informed energy managers across commercial customers	<ul style="list-style-type: none"> Low priority placed on energy efficiency, despite favorable financial assessments 	<ul style="list-style-type: none"> Through SEM, provide training for dedicated energy managers and shared energy management strategies across customers
Trade allies have difficulty identifying custom projects due to lack of knowledge, and most identified projects are past the design phase, which is too late to affect efficiency choices	<ul style="list-style-type: none"> Lost opportunity to identify projects early in the replacement process to be better able to incorporate energy efficient upgrades into the work 	<ul style="list-style-type: none"> The Program educates trade allies on how to identify potential project opportunities

Best Practices:

The Program, administered by MCE and implemented by vetted implementation partners, promotes a comprehensive approach to energy efficiency projects, available to qualifying customers through a range of outreach and marketing tactics. The program works directly with customers and trade allies to help identify, develop, and implement qualifying projects.

Components of implementation, include:

- Engaging community partners across MCE's service area to provide maximum customer value and increase the rate of customer participation,
- Educating customers on energy efficiency opportunities and directing them to the program through direct interaction, and marketing activities and materials,
- Utilizing technical support to complete facility assessments to aid in the identification of potential opportunities,
- Educating and developing an effective network of contractors, trade allies, and distributors to encourage energy efficient installation decisions among their customers,
- For applicable project types, encouraging customers to complete an on-line portal program application, or working with trade allies to complete on-line portal applications,
- Reviewing pending and completed project documentation to verify the applicant is an eligible customer operating within the MCE service territory, and the completed project and installed equipment meets program eligibility requirements,
- For applicable project types, working with customers to confirm project pre-approval via email, before contracting for, ordering, or installing energy efficiency equipment and/or services,
- Processing completed applications and issuing rebates for qualified projects/equipment, and
- Verifying completed equipment installation for a sample of participants to confirm program integrity as a part of M&V efforts.

Strategic Energy Management:

SEM plays an important role in the Program and helps to address many of the market barriers mentioned above and those identified in MCE's Business Plan³. SEM programs have proven to be a successful approach to significantly reducing energy consumption in the industrial sector, and these successes can be quickly translated to other nonresidential customer types.⁴ Because establishing a SEM approach in a facility requires a broad set of skills and a significant commitment of staff time, external technical assistance is often critical for assisting the process. Energy efficiency programs across the US have demonstrated that they can be a determining factor in the implementation of SEM by providing targeted assistance.⁵

Under the Program and MCE's Agricultural and Industrial Resource program, SEM will be offered to a select number of targeted nonresidential customers. These participants will engage in an integrated cross-sector cohort of commercial, industrial and agricultural customers⁶ and will have a subset of objectives in addition to the overall program objectives. The primary objectives achieved over a two-year period are to help SEM participants:

1. Implement energy efficiency projects and save energy, with a focus on Behavioral, Retro-Commissioning and Operational measures.

³ MCE Business Plan, at p.100

^{4,5} Burgess, J et al. 2014, *Industrial Strategic Energy Management Initiative*. Consortium for Energy Efficiency: <https://library.cee1.org/content/cee-industrial-strategic-energy-management-initiative/>

⁶ Industrial and Agricultural customers are served under MCE's Agricultural and Industrial Resource Program. Savings will be attributed to the corresponding program based on customer type.

2. Establish a robust, continuous Energy Management System (EnMS) at the facility that impacts company culture in a positive way.
3. Quantify and report facility-wide energy performance.
4. Get peers to talk to one another - participants learn more by hearing from, and talking to, their peers.
5. Achieve a balance between saving energy and building EnMS practices.
6. Introduce customers to additional clean energy opportunities in water efficiency, demand response, renewable energy, project financing and carbon emissions mitigation.

To achieve energy savings goals, the program uses a cohort format for training workshops and a mix of individual and cohort site activities. Based on individual program participant's requests, circumstances, or energy savings opportunities, individual coaching is available and includes regular check-in meetings, regular contact, and other communication options.

Site activities include conducting an energy opportunity "Treasure Hunt" and recording findings in an Opportunity Register. The energy coach and technical staff help identify and provide technical project management support for implementation of behavioral, retro-commissioning and operational, as well as capital, custom and deemed energy efficiency projects.

During the first year, participants begin establishing Energy Management System practices and identify, implement, and track organizational and operational changes that will help save energy at their facilities. During the second year, participants solidify and advance those practices. In addition, participants' efforts in the early years are primarily focused on reducing energy waste by increasing operational efficiencies and implementing no- and low-cost solutions through operations and measurement (O&M) actions.

SEM Services Provided:

Once signed up for the program, initial engagement with customers includes:

- Individual kick-off meeting to lay out clear program expectations.
- Cohort or individual facility workshops with clearly defined learning objectives and well facilitated peer-to-peer learning that include strategies on:
 - Developing SEM
 - Identifying and Implementing Energy Savings Projects (focused on O&M and RcX)
 - Employee Engagement
 - Persistence of Savings
 - Tracking Energy Performance
 - Designing and Implementing an Energy Management Information System
- On-site energy "Treasure Hunt" to guide and introduce concepts to facilities that help them identify, track, prioritize, and estimate savings from O&M, retro-commissioning, capital projects, and other opportunities.
- On-site and remote support for goal development, employee engagement, energy map development, energy data collection and data logging, project savings persistence strategies, as well as annual updates to key activities.
- Development of an energy savings regression model and annual updates to meet the requirements of a separate M&V guide.
- Implementation of an "Energy Management System Assessment" to assess progress on customer EnMS and plan future improvements.

- Identify, scope and provide technical support for project implementation
- Where appropriate, support the customer in defining and implementing an “Energy Management Information System” to better track, report, and make decisions on energy data.

Detailed in Section 7 of the Supporting Documents below are more details on how the Program will further optimize the SEM offering to best serve the customers in MCE's service territory.

4. EM&V

Describe any process evaluation or other evaluation efforts that the Program Administrator (PA) will undertake. Identify the evaluation needs that the PA must build into the program. These might include:

MCE is proposing to work with CPUC Energy Division to develop a comprehensive evaluation, measurement and valuation (EM&V) Plan. MCE will follow the guidelines set forth in the Statewide Customized Offering Procedures, and coordinate with the Energy Division to approve the EM&V Plan to be in accordance with program objectives.

Implementation partners will review program applications in their respective project pools for measure assumptions (e.g., custom savings calculations, measure life, incremental cost, etc.) to determine their validity in conjunction with program requirements, to ensure energy savings claims meet applicable standards. Section 8 of the Program Manual describes the QA/QC process that is embedded within the program design.

a. Data collection strategies embedded in the design of the program or intervention to ensure ease of reporting and near-term feedback.

The Program will collect data throughout the customer's engagement that can be used to both inform on-going program performance s and meet the regulatory reporting needs. This data collection will be done in a way that minimizes the burden on the customer but nevertheless ensures adequate information is available to document energy savings achievement and inform future evaluations. This includes information on the customer, the site, equipment to be installed, and technical details such as runtime/operating schedule, equipment loading, part load efficiency, and calculations and assumptions used to derive the savings estimate.

b. Internal performance analysis during deployment

The Program will be tracking numerous internal performance metrics to gauge success and course correct as necessary. This will include efficacy of marketing and outreach, customer satisfaction, project timelines and accuracy of calculations.

c. Performance metrics

As defined in the Business Plan Decision, the Program will track and report on the following:

Commercial:

- First year annualized and lifecycle ex-ante (pre-evaluation) gas, electric, and demand savings (gross and net)
- First year annual and lifecycle ex-ante (pre-evaluation) gas, electric, and demand savings (gross and net) as a percentage of overall sectoral usage
- Greenhouse gasses (MT CO₂eq) Net kWh savings, reported on an annual basis
- Energy savings (gross kWh, therms) as a fraction of total project consumption.

- Percent of square feet of eligible population
- Percent of participation by customers defined as “hard-to-reach”
- Percent of benchmarked customers relative to eligible population for small, medium, and large customers
- Percent of benchmarked square feet of eligible population
- Percent of benchmarking by customers defined as “hard-to-reach”
- Percent of participation relative to eligible population for small, medium, and large customers
- Levelized cost of energy efficiency per kWh, therm, and kW (use both TRC and PAC)

5. Pilots

Please describe any pilot projects that are part of this program, and explain the innovative characteristics to these pilots. The inclusion of this description should not replace the Ideation Process requirements currently agreed by Commission staff and IOUs. This process is still undergoing refinements and will be further discussed as part of Phase III of this proceeding

Not applicable.

6. Additional information

Include here additional information as required by Commission decision or ruling (As applicable. Indicate decision or ruling and page numbers)

Workforce Standards:

As required in CPUC Decision 18-10-008, the Program requires the following:

- All HVAC projects receiving an incentive of \$3,000 will require that all workers participating in installation, modification, and maintenance of HVAC measures on projects that meet the criteria outlined in this decision to meet one of the following criteria: Completed an accredited HVAC apprenticeship.
 - Be enrolled in an accredited HVAC apprenticeship.
 - Completed at least five years of work experience at the journey level as defined by the California Department of Industrial Relations, passed a practical and written HVAC system installation competency test, and received credentialed training specific to the installation of the technology being installed.
 - Has a C-20 HVAC contractor license from the California Contractor's State Licensing Board.
 - All of the above requirements apply to all of the individuals that perform the installation work, not to the contracting firm itself.
- All lighting controls projects receiving an incentive of \$2,000 will require that California Lighting Controls Training Program (CALCTP) certification for technicians installing lighting controls projects.

In order to support compliance with these requirements, the Program will perform outreach to vendors serving commercial customers in MCE's service territory to promote these standards. It will help customers understand the value of these expertise and assist them in finding contractors that meet the specifications.

Supporting Documents

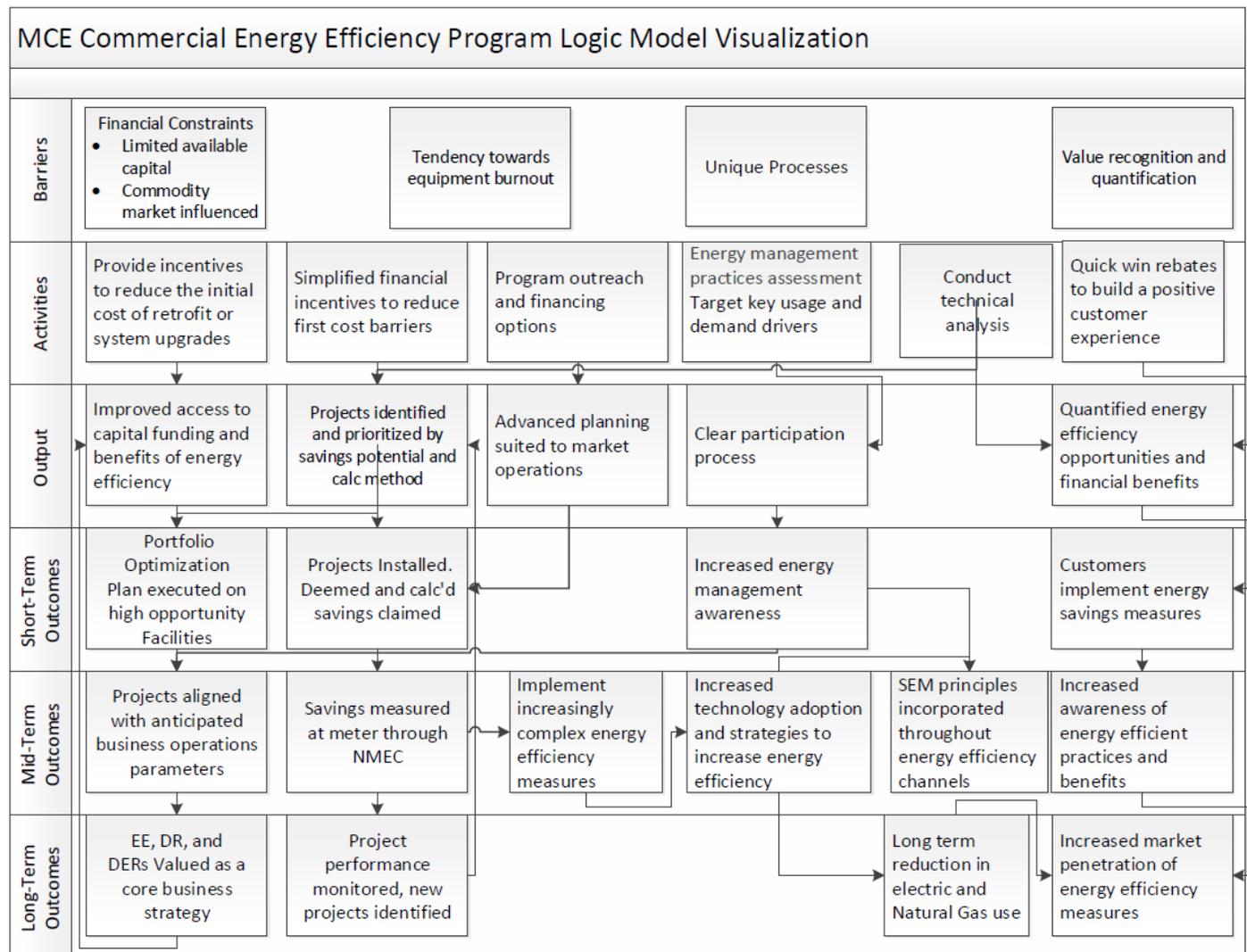
Attach the following documents in Word:

1. Program Manuals and Program Rules

See attachment

2. Program Logic Model

Model should visually explain underlying theory supporting the sub-program intervention approach, referring as needed to the relevant literature (e.g., past evaluations, best practices documents, journal articles, books, etc.).

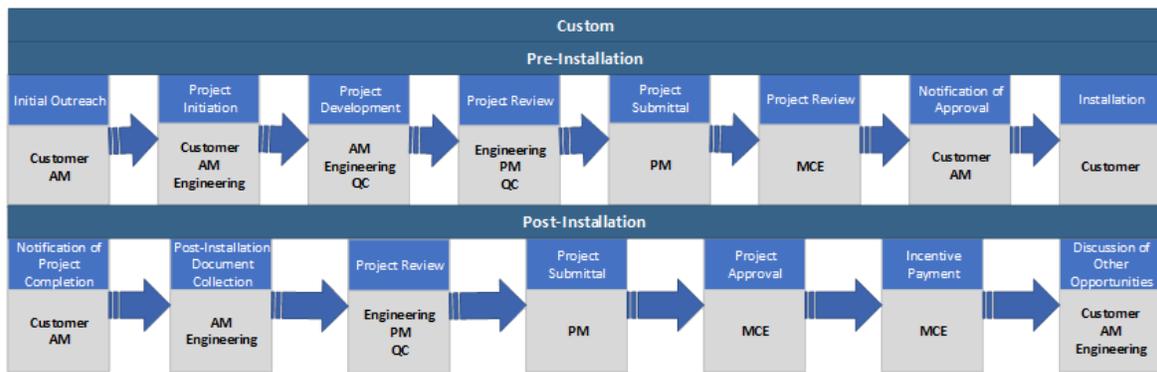


3. Process Flow chart

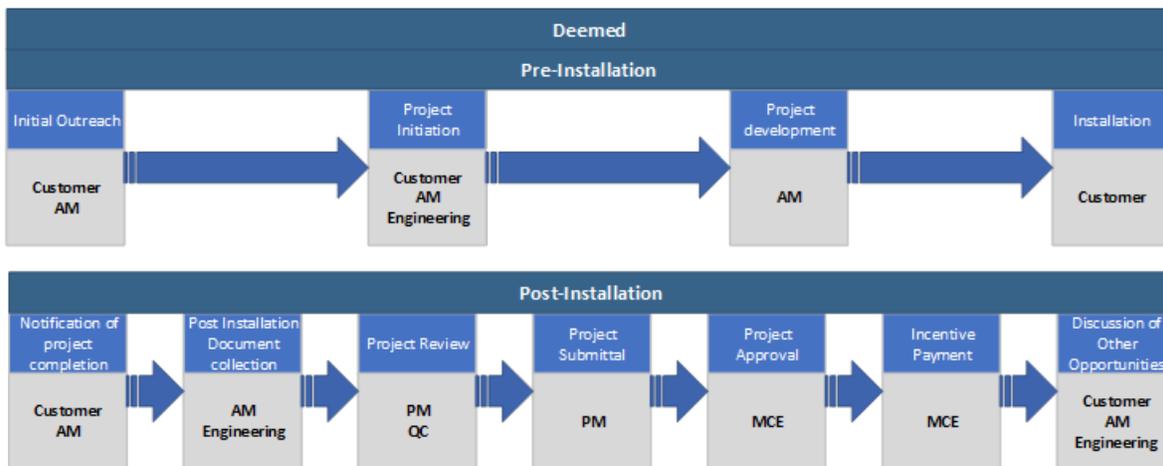
Provide a sub-program process flow chart that describes the administrative and procedural components of the sub-program. For example, the flow chart might describe a customer's submittal of an application, the screening of the application, the approval/disapproval of an application, verification of purchase or installation, the processing and payment of incentives, and any quality control activities.

All potential incentive platforms start with customer engagement and explanation of the program and identification of potential sustainability projects. The single point of contact will guide customers through all relevant paths. The process flow for the four platforms (Custom, Deemed, NMEC, and SEM) included in The Program are detailed below.

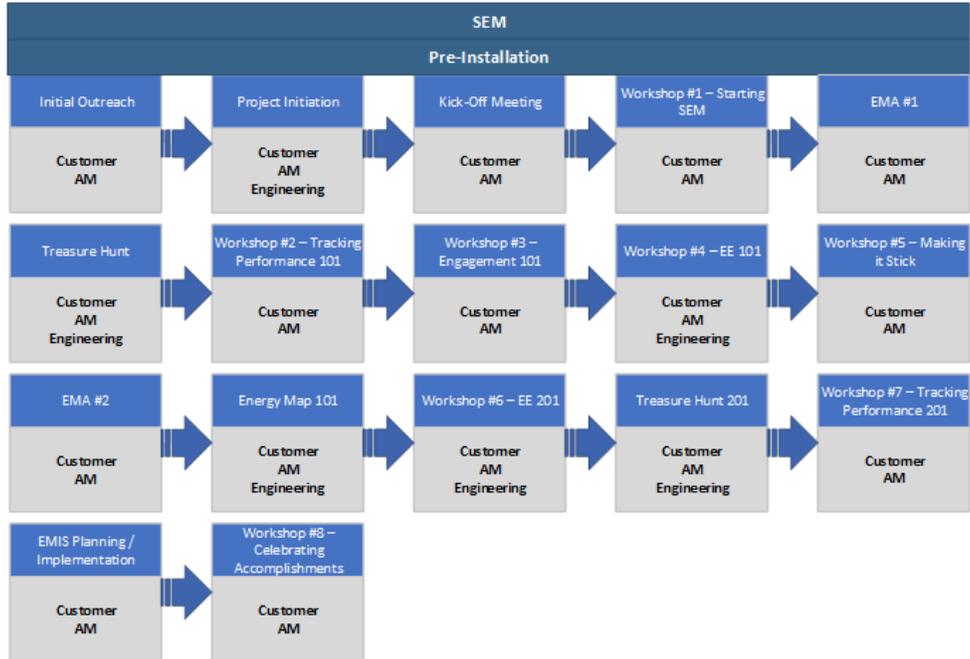
Custom:



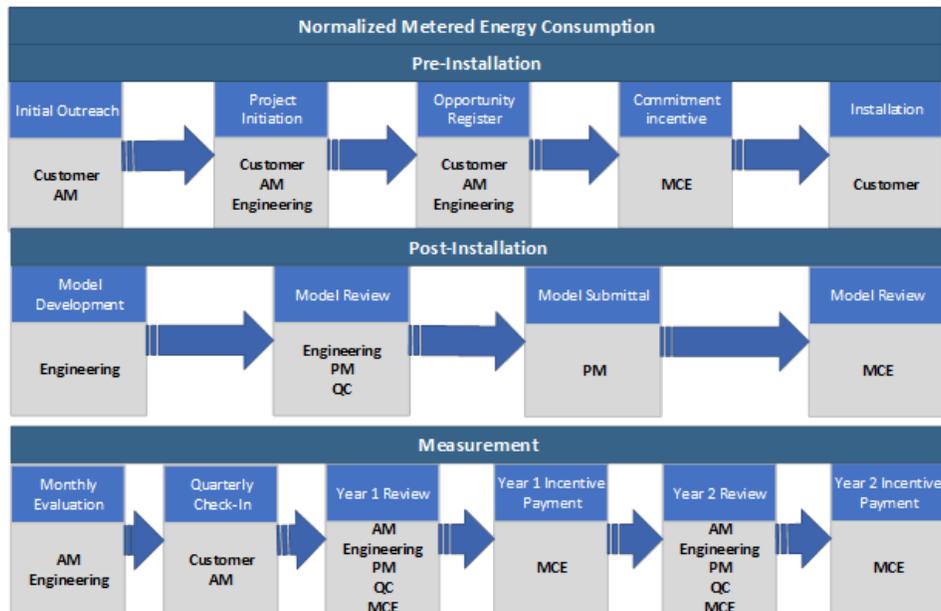
Deemed:



SEM:



NMEC:



4. Incentive Tables, Workpapers, Software Tools

(Can incentives be drawn out of the E3s?) Provide a summary table of measures and incentive levels, along with links to the associated workpapers. Templates are available at <http://eestats.cpuc.ca.gov/StandardTables/GuidanceDocument.aspx>

Custom:

Financial incentives for eligible custom projects will be calculated based on the delivery and measure application type for each measure. The incentive calculation method is supported by the following table, although is subject to change based on available budget and Annual Budget Advice Letter approvals:

Average Incentive Rate	\$/ net kWh	\$/ net therm
Targeted Average Rate	\$0.20	\$1.50

This average target incentive level has been determined based on the expected market potential for cost effective measures. It allows for a flexible yet balanced approach to incentives that encourages participation from a wide range of nonresidential customers. While the Program's intent is to maintain consistent incentive rates throughout the duration of the program, these rates are subject to change at any time based on budget availability for new participants.

Measure Platform	Payment Timeline
Custom	100% of the incentive will be paid upon project completion and verification of energy savings
Deemed	100% of the incentive will be paid upon project completion and verification of energy savings
NMEC	20% of the Year 1 estimated incentive will be paid upon full execution of the NMEC Enrollment Agreement
	100% of the Year 1 incentive minus the progress payment will be paid upon MCE approval of Year 1 savings model
	100% of the Year 2 incentive will be paid upon MCE approval of Year 2 savings model

Deemed:

Financial incentives for deemed measures are established by analysis of several factors including energy savings in workpapers and measure cost effectiveness. These eligible measures have prescriptive rebates per unit installed.

The program will be continuously evaluating deemed measures for their inclusion in the Program offer.

SEM:

Customer incentive payments:

1. **Milestone incentive payments:** Milestone incentives are paid to customers based on progress made in the program, primarily for meeting deadlines for providing energy and relevant variable data.
2. **Performance incentive payments:** Performance incentives are paid to customers based on energy savings calculated through the energy consumption adjustment model.

Milestone incentives are paid throughout the program, based on the customer's ability to meet deadlines and criteria. There are 5 milestones throughout the two-year engagement period. Payment for meeting each milestone:

Milestone	Quantity	Rate
Initial: Energy and Relevant variable Data and Workshop Attendance	1 per participant	\$2,000 per participant
Subsequent: Updated Data and Opportunity Register	4 per participant	\$1,000 per participant

Performance Based Payments involve the total Program energy savings and peak demand reduction goals for the Program's BRO, customized retrofit projects and various activities and tasks associated with SEM implementation. MCE pays for actual savings resulting from Projects, not forecasted. For custom retrofit projects, incentives will be paid on a \$/kWh, \$/therm, and task/activity basis and does not include Customer Incentive and Rebates. BRO measure savings payments are paid twice throughout the two-year engagement period and custom measure savings are paid throughout the program at the time of project completion. Payment for each type of savings:

Category	\$ / kWh	\$ / Therm
BRO Measure Savings	\$0.03	\$0.25
Custom Targeted Measure Savings	\$0.20	\$1.50
Custom Standard Measure Savings	\$0.15	\$1.50

5. Quantitative Program Targets

Provide estimated quantitative information on number of projects, companies, non-incentive customer services and/or incentives that program aims to deliver and/or complete annually. Provide references where available.

See table below.

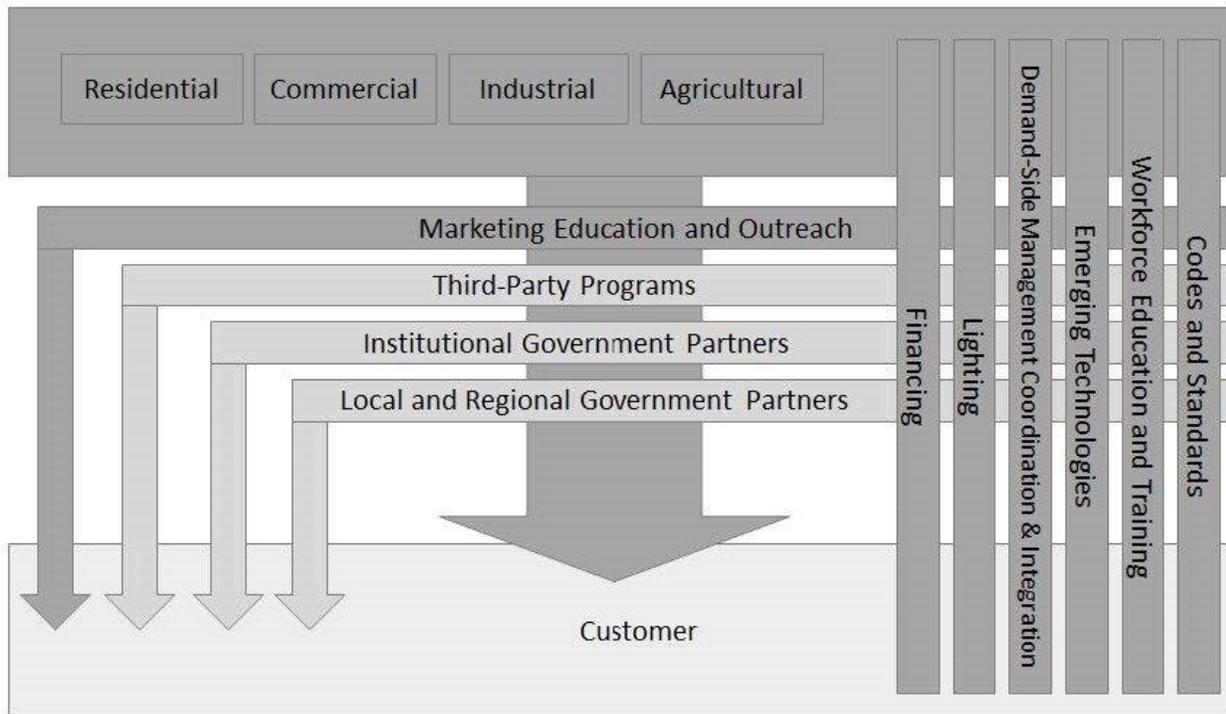
Category	2019	2020	2021	Total
# of Projects	40	90	110	240
SEM Cohort Enrollees	3-5	3-5	0	8-10

6. Diagram of Program

Please provide a one-page diagram of the program including subprograms.

This should visually illustrate the program/sub-program linkages to areas such as:

- Statewide and individual IOU marketing and outreach
- WE&T programs
- Emerging Technologies and Codes and Standards
- Coordinated approaches across IOUs
- Integrated efforts across DSM programs



7. Program Modifications from the California SEM Design Guide

The Program's SEM component will be modified to fit MCE's nonresidential customer base, leverage best-practices and ensure cost-effective delivery otherwise the Program's SEM will follow the guidelines of the California Industrial SEM Design Guide. These modifications include serving a broader nonresidential customer base, schedule changes, workshop spacing, shifting workshop topics, EMA timing, and milestone incentives and payment timing.

These changes are intended to increase program effectiveness:

- Workshop spacing changes encourage participation
- Shifting workshop topics to improve learning and accelerate savings opportunities
- EMA and energy map timing allows the Program to detect improvements earlier and encourage action

Schedule Changes

Topics and the spacing of workshops should be adjusted to improve participation and program effectiveness. The proposed changes do not impact overall design, number of workshops/site visits and topics covered.

Design Guide Schedule			Proposed MCE Schedule		
Month	Workshop	Site Specific Activities	Month	Workshop	Site Specific Activities
1		#1 Kick-off Meeting and Existing Project Review	1	#1 Starting SEM	#1 Kick-off Meeting and Existing Project Review
2	#1 Starting SEM		2		
3	#2 EE 101	#2 Energy Map 101 #3 Treasure Hunt 101	3		# 2 EMA #1 #3 Treasure Hunt
4			4	#2 Tracking: Performance 101	
5			5		
6	#3 Tracking: Performance 101		6		
7			7	#3 Employee Engagement 101	
8	#4 Employee Engagement 101	#4 Employee Engagement	8		
9			9		
10		#5 EMA #1	10	#4 EE 101	
11	#5 Making it Stick		11		
12			12		
13			13	#5 Making it Stick	#4 EMA #2
14			14		
15	#6 EE 201	#7 Energy Map 201	15		#5 Energy Map 101
16		#8 Treasure Hunt 201	16	#6 EE 201	#6 Treasure Hunt 201
17			17		

18			18		
19	#7 Tracking Performance 201	#9 EMIS Planning/ Implementation	19	#7 Tracking Performance 201	#7 EMIS Planning/ Implementation
20			20		
21			21		
22			22		
23		#10 EMA #2	23		
24	#8 Celebrating Accomplishments		24	#8 Celebrating Accomplishments	

Workshop Spacing

Based on both the timing of the start of this cohort and resource and time constraints, it is critical to limit the time commitment of participating facilities during the summer months. Following the schedule set out by the California SEM Design Guide would have workshops #1 and #2 as well as site specific activities #1 – #3 during the summer months. This schedule will be very difficult for the participants therefore CLEAResult proposes spacing out the group workshops. In addition, it is preferable to have an even cadence on the workshops so that the participants can plan for attendance every quarter.

Shifting Workshop Topics

All topics identified in the SEM Design Guide are retained but rearranged to accelerate savings.

It is imperative that the facilities have their hypothesis energy models as early in the program as possible, so they can help with the model development process. The Tracking: Performance 101 workshop teaches the facilities how the model is developed and helps them understand their data, this is valuable information when we are asking them about variables or deviations in their data. Therefore, we propose moving this workshop to be workshop #2. The topic outlined in the Design Guide Workshop #2 is Energy Efficiency 101 – this workshop is designed to teach the facilities how to find additional energy efficiency projects. Based on our extensive experience implementing SEM programs across North America we have found that that the Treasure Hunt is sufficient to populate the opportunity register for the first 9 months. The sites tend to become overwhelmed trying to add more projects to their list when they haven't started implementing projects. Therefore, we propose moving the Energy Efficiency 101 workshop to be Workshop #4. This also moves up the Employee Engagement workshop which is an important workshop for implementing BRO measures as it helps the site understand how to get their employees to make changes.

EMA and Energy Map Timing

The timing of the EMAs was adjusted to detect organizational progress by each site to ensure the Energy Management System was being implemented. CLEAResult is suggesting an EMA be conducted concurrent with site-specific activity #2 to establish an EMA baseline prior to any intervention. In

addition, the second EMA (EMA #2) was moved into month 13, 14 or 15 so that the participant's progress can be detected earlier than month 23 as in the California Design Guide.

In CLEARResult's experience delivering SEM, the energy map is something that sites are better suited to work on in the second year of engagement. Energy teams tend to get bogged down in the details of the energy map and can spend a lot of time in the first year on that process when the focus should be on energy savings projects. Therefore, CLEARResult is suggesting that the energy map be introduced and created in the second year of the program.