

PUBLIC UTILITIES COMMISSION

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To: San Diego Gas & Electric (SDG&E)

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 awards<sup>1</sup> but directed that ex ante review 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 one CPUC staff project review disposition issued between January and June 2025. CPUC staff found the project review disposition was ready to proceed with exception as noted.

- **Timing and timeliness of submittals.** SDG&E continues to submit project documentation earlier than the SB 1131 timeline requirement.
- **PA Responsiveness to Issues Related to Gross Savings Impacts.** In the first half of 2025, SDG&E had one issue related to gross savings impacts which comprised 20% of all issues noted. This marks a significant improvement over 2024 where issues regarding gross savings impact were higher at 75% of all issues noted.

#### 2. Summary of Areas Requiring Improvement

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

- **Process, Policy and Program Rules.** In the first half of 2025, there were two issues related to Process, Policy and Program Rules which comprised 40 percent of all issues noted. These issues were related to EUL and RUL. This is a significant increase from 2024 where no issues were related to process, policy, and program rules. SDG&E must ensure the EUL and RUL aligns with standard requirements or provide sufficient documentation to claim beyond the default of the host equipment moving forward.

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

## **B. Measure Packages Review Overview**

### **1. Summary of 2025 Mid-Year Achievements**

CPUC staff observed strengths in SDG&E's development and management of measure package submissions in the following area:

- **Timeliness.** SDG&E has met expectations for timeliness.
- **Collaboration.** SDG&E has continued to collaborate with CPUC staff and Ex Ante Review team on measure package submittals. In addition, SDG&E has engaged with stakeholders and subject matter experts as needed, including forming a group to address modeling issues related to EnergyPlus.

### **2. Summary of Areas of Improvement**

CPUC staff highlights the following direction for improvement:

- **Content and Completeness.** SDG&E should continue to improve internal practices to ensure package submissions are complete and accurate. SDG&E should focus on reviewing the calculations and references in the measure packages more closely.

## **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 one CPUC staff 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**

During the first half of 2025, CPUC staff issued one project review disposition to SDG&E. SDG&E complied with SB1131 guidelines for submitting documentation before the 15 business days required. SDG&E is complying with CPUC requirements under this metric.

#### **2. Content, Completeness, and Quality of Submissions**

For the one project disposition issued in the first six months of 2025, CPUC staff found the project was ready to proceed with exceptions as noted. CPR 961 had five action items identified in the

disposition related to gross savings impacts, process, policy and program rules, documentation issues, and program influence. A similar number of issues were identified in 2025 as the previous year where four issues were noted. SDG&E must work to prevent deficiencies across issue areas from occurring on future project submissions to avoid a loss of EAR points under this metric.

In the first six months of 2025, CPUC staff identified two action items (40% of all actions) related to Process, Policy and Program Rules. This marks a significant increase compared to the previous year, when no issues were attributed to this action category. Both deficiencies found were related to EUL and RUL assumptions: one involved claiming an EUL beyond the RUL of the host equipment, and the other involved reporting inconsistent EUL values for the same measure. SDG&E must take action to acquire and provide all relevant documentation to avoid a loss of EAR points under this metric at the end of 2025.

SDG&E should continue refining its third-party implementer (3PI) custom review process, reviewing supplemental data requests and dispositions with 3PIs, identifying corrective actions, and implementing improvements to enhance the content, quality, and completeness of future submissions.

Table 1 below summarizes the four action items identified across two 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
<b>Issues Related to Gross Savings Impacts</b>	Analysis assumptions	0	0	0%
	Calculation method	0	0	0%
	Calculation tool	0	0	0%
	M&V plan	1	1	20%
	<b>Subtotals</b>	<b>1</b>	<b>1</b>	<b>20%</b>
<b>Process, Policy, Program Rules</b>	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	2	0	40%
	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%

	<b>Subtotals</b>	<b>2</b>	<b>1</b>	<b>40%</b>
<b>Documentation Issues</b>	Continue Document Upload	0	0	0%
	Missing Documents	0	0	0%
	Missing required information	1	0	20%
	Project scope unclear	0	0	0%
	<b>Subtotals</b>	<b>1</b>	<b>0</b>	<b>20%</b>
<b>Issues Related to Net Impacts</b>	Program influence	1	0	0%
	<b>Subtotals</b>	<b>1</b>	<b>0</b>	<b>20%</b>
<b>Other Issues</b>	Other 1 - Incorrect BMU data	0	2	0%
	Other 2 - Inconsistent BMU data	0	0	0%
	<b>Subtotals</b>	<b>0</b>	<b>2</b>	<b>0%</b>
	<b>Grand Total</b>	<b>5</b>	<b>3</b>	<b>100%</b>

### 3. Proactive Initiative of Collaboration

Compared to previous years, CPUC staff observed a decline in SDG&E's collaboration, with only six of twelve scheduled bi-weekly calls taking place in the first half of 2025. During the calls that occurred, SDG&E actively engaged with CPUC staff on project and policy matters, particularly during its bi-monthly meetings.

One key discussion initiated by SDG&E focused on the NMEC-to-custom project pathway. SDG&E proposed converting two previously submitted projects from an NMEC approach to a traditional custom approach, addressing the process for transitioning between savings methodologies.

Beyond these meetings, SDG&E continued participating in statewide forums, collaborating with other IOUs, third-party implementers, and the California Technical Forum (Cal TF). In 2025, new areas of engagement included topics such as EUL for Add On Equipment (AOE) projects, weather data files, and the International Performance Measurement and Verification Protocol (IPMVP) working group. SDG&E also contributed feedback and support to CPUC's Ex-Ante improvement efforts.

### 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. One disposition was issued during the first half of 2025 – CPR 961. As noted above, CPUC staff found five deficiencies across gross savings impacts, process, policy and program rules, documentation issues and net savings impacts demonstrating a need for SDG&E on the effectiveness of its QA and QC processes.

CPR 961 was allowed to proceed with exceptions. SDG&E must increase its QA and QC processes in response to disposition results to ensure that issues such as those identified under Metric 2 are corrected in future submissions.

## 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 actual rejections and exceptions based on eligibility and attribution, and the adaption to changes in rules over time.

SDG&E had one project review disposition issued with five deficiencies identified across gross savings impacts, process, policy and program rules, documentation issues, and net savings impacts in the first half of 2025. CPUC staff will observe the trend of any issues over the next six months for reporting and scoring on the year-end memo.

SDG&E demonstrated responsiveness by holding regular technical meetings with third-party implementers (3PIs) to clarify custom review requirements and share updates. The PA also introduced a Population-based NMEC checklist to improve submission quality and supported development of a custom tool for Root Zone Heating calculations.

Commission staff will continue to observe trends and evaluate the impact of these efforts for year-end scoring.

## 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 was limited for PA updates, the review scope was also narrow, resulting in relatively few findings. SDG&E had nine measure packages disposed in the first half of 2025 and eight measure packages in the second half of 2025 that are either already approved or currently 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 submitted measure package that was reviewed and disposed of during the review period. The second table, Measure Package Submissions table lists all the measure packages submitted by SDG&E 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

SDG&E has been timely with measure package submissions and responses to 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**

Seven out of nine SDG&E measure package submissions met CPUC staff requirements for completeness and quality over the first half of the year. However, two measure packages did not meet expectations due to content and quality issues.

CPUC staff identified several errors across these measure packages, including formatting, calculation errors, missing sources, incorrect text in measure characterization, and omission of key supplemental information. While SDG&E made updates and improvements to address these issues, CPUC staff notes that the prevalence of errors indicates a need for improved quality control. SDG&E should continue to focus on improving the content, documentation, and internal review of measure package submissions to minimize these issues. Detailed, measure-specific findings are provided in Attachment A.

## **3. Proactive Initiative of Collaboration**

SDG&E has continued good collaboration with CPUC staff and the Ex Ante Review team on measure package submittals. SDG&E's technical services team has collaborated with CPUC staff on various items including commercial HVAC sizing factor, EnergyPlus simulation modeling updates. In addition, SDG&E collaborates with Cal TF, CalNEXT, and the other PAs for various updates.

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

SDG&E should strengthen QA/QC practices to reduce errors in measure package submissions. Two measure packages did not meet expectations, indicating a need for improvements to SDG&E's internal Quality Assurance Plan. SDG&E should refine and enhance its corrective and preventive processes and make necessary adjustments to minimize errors in future submissions.

## **5. PA's Responsiveness**

SDG&E has generally been responsive to CPUC staff comments and has met the expectations of CPUC staff guidance.

## **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](mailto:lisa.paulo@cpuc.ca.gov)) or Peter Biermayer ([peter.biermayer@cpuc.ca.gov](mailto:peter.biermayer@cpuc.ca.gov)). Note that pursuant to D.13-09-023, CPUC Staff will schedule a meeting with SDG&E staff to discuss this memorandum.

Attachment A: Measure Package Feedback

The tables below list 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
SWHC009	5	Supply Fan Controls, Commercial	PY2026 submission with updated delivery type, measure impact type, EUL, NTG, costs and calculations. Clarified furnace upgrade eligibility. Measure approved with minor comments given this measure package had an already approved PY2026 version. Updates submitted in a timely manner.
SWHC049	6	Ducted AC and HP HVAC Equipment, Residential	PY2026 submission with updated delivery type, measure impact type, EUL, NTG, retired offerings for legacy products, updated costs and restricted flag calculations. Several revisions required per CPUC review including formatting, calculation errors, missing sources, and omission of key supplemental information.
SWHC013	6	Unitary Air-Cooled Air Conditioner, Over 65 kBtu/hr, Commercial	PY2026 submission with updated delivery type, measure impact type, EUL, NTG, costs and calculations. Several revisions required per CPUC review including incorrect text in measure characterization, incorrect baseline, costs, NTG, and missing references.
SWHC043	7	Multiple Capacity Unitary Air-Cooled Commercial Air Conditioners Between 65 and 240 kBtu/hr	Updates to EUL and all corresponding dependencies to align with 2025 values. Measure approved with comments related to restricted permutation flags. Updates submitted in a timely manner.
SWHC013	7	Unitary Air-Cooled Air Conditioner, Over 65 kBtu/hr, Commercial	Updates to EUL and all corresponding dependencies to align with 2025 values. Measure approved with minor comments. Updates submitted in a timely manner.



Measure Package Review – All Disposed in First Half of 2025			
SW MP ID	Rev	Title	Comments
SWHC014	7	Unitary Air-Cooled Air Conditioner or Heat Pump, Under 65 kBtu/hr, Commercial	Updates to EUL and all corresponding dependencies to align with 2025 values. Measure approved with some minor comments.
SWHC059	4	Smart Fan Controller, Residential	Updates to EUL and all corresponding dependencies to align with 2025 values. Measure approved with some minor comments.
SWHC049	7	Ducted AC and HP HVAC Equipment, Residential	Updates to EUL, permutations, and characterization based on 2025 values. There were no major issues with the measure updates and they were submitted in a timely manner.
SWHC050-07	7	Ductless Heat Pump, Residential	Updates to EUL, permutations, and characterization based on 2025 values. There were no major issues with the measure updates and they were submitted in a timely manner.

Measure Package Submittals – All Submitted in 2025		
SW MP ID	Title	Comments
SWHC009-05	Supply Fan Controls, Commercial	Approved
SWHC049-06	Ducted AC and HP HVAC Equipment, Residential	Approved
SWHC013-06	Unitary Air-Cooled Air Conditioner, Over 65 kBtu/hr, Commercial	Approved
SWHC043-07	Multiple Capacity Unitary Air-Cooled Commercial Air Conditioners Between 65 and 240 kBtu/hr	Approved

Measure Package Submittals – All Submitted in 2025		
SW MP ID	Title	Comments
SWHC013-07	Unitary Air-Cooled Air Conditioner, Over 65 kBtu/hr, Commercial	Approved
SWHC014-07	Unitary Air-Cooled Air Conditioner or Heat Pump, Under 65 kBtu/hr, Commercial	Approved
SWHC059-04	Smart Fan Controller, Residential	Approved
SWHC049-07	Ducted AC and HP HVAC Equipment, Residential	Approved
SWHC050-07	Ductless Heat Pump, Residential	Approved
SWHC052-03	Air-Cooled Chiller, Path B	Awaiting PA Response to Comments
SWHC014-08	Unitary Air-Cooled Air Conditioner or Heat Pump, Under 65 kBtu/hr, Commercial	Awaiting PA Response to Comments
SWHC043-08	Multiple Capacity Unitary Air-Cooled Commercial Air Conditioners Between 65 and 240 kBtu/hr	Awaiting PA Response to Comments
SWHC013-08	Unitary Air-Cooled Air Conditioner, Over 65 kBtu/hr, Commercial	EAR Review in Progress
SWHC049-08	Ducted AC and HP HVAC Equipment, Residential	Awaiting PA Response to Comments
SWHC050-08	Ductless Heat Pump, Residential	Awaiting PA Response to Comments
SWHC027-08	Package Terminal Air Conditioner or Heat Pump, Under 24kBtu/hr	EAR Review in Progress
SWAP008-05	Room Air Cleaner, Residential	EAR Review in Progress