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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation, and Related Issues.	Rulemaking 13-11-005 (Filed November 14, 2013)

ADMINISTRATIVE LAW JUDGE'S RULING RE COMMENTS ON PHASE II WORKSHOP 3 (STATEWIDE AND THIRD PARTY ENERGY EFFICIENCY PROGRAMS)

1. Comments on Workshop 3 (Statewide and Third Party Energy Efficiency Programs).

The February 24, 2015 Assigned Commissioner and Administrative Law Judge's Ruling and Scoping Memorandum regarding implementation of energy efficiency "Rolling Portfolios" (Phase II of Rulemaking 13-11-005) (Phase II Scoping Memo) set out the procedural schedule for the current phase of this proceeding. Pursuant to that schedule, on March 23-24, 2015 we conducted a workshop concerning statewide and third-party energy efficiency programs (workshop 3[1]). We have attached to this ruling the workshop 3 slide presentations, notes prepared by Ms. Fitch and Ms. Clinton for their presentations, and a set of notes from Mr. Campbell's presentation on behalf of the Office of Ratepayer Advocates.

[1] Workshop 1 concerned "Rolling Portfolio" implementation mechanics. Workshop 2 concerned post-2015 energy efficiency potential. We introduced some confusion in a prior e-mail ruling by changing a date related to workshop 2 when we meant to change the date for workshop 3. We remedy that mistake here.

2. Party comments concerning the workshop are due on April 13, 2015.

It was clear from the workshop that the issues implicated there – statewide versus regional programs; third-party versus IOU program administration – are the subject of long-running debates within the energy efficiency community. We will not resolve these debates now. In their comments, parties should *focus on programmatic changes that are actionable for 2016*.

It was also clear from both workshop 1 and workshop 3 that we need a better nomenclature for what various entities are doing in connection with energy efficiency. This too is not something we will resolve now. However, parties can assist us in their comments by clarifying to the extent feasible what they mean when using words like "program" or phrases like "third party."

We are not *prescribing* any particular briefing outline here. We do, however, *invite* parties to respond to the following questions in their comments in the order presented. There is obviously a great deal of overlap across topic areas and questions, and so we do not want to be too prescriptive. At the same time, it will be helpful to us if comments generally take up similar issues in a similar order.

Note that we are *not* currently soliciting comments on the Opinion Dynamics study; the results presented at the workshop were too preliminary to warrant comment now.

2.1 Statewide Energy Efficiency Programs

2.2.1. Current implementation approach of IOU Statewide programs

1. On the supply side, utility-owned generation projects have been required to compete "head-to-head" with independent power producer bids in RFOs. Could/should that same approach be taken in energy efficiency portfolios?

2. Are statewide programs designed to support efficiency measure pathways to code adoption in coordination with the IOUs' Codes and Standards advocacy?
   a. If not, should they be?
   b. Does the business plan concept proposed by the joint stakeholders incorporate a "pathway to code" concept?

2.2.2. Should we Standardize Current Statewide Programs?

1. Should we standardize current statewide programs across Program Administrators (Pas)?
2. What kinds of programs lend themselves to statewide leadership on design and implementation?
3. Would it make sense to develop mid-stream and upstream programs at the statewide level to more fully leverage the state's buying power with manufacturers and/or retailers, rather than have each utility develop separate mid-stream and upstream programs?
4. Can/should we simultaneously have regional variations for similar programs (e.g., commercial lighting) *and* have an overlapping single statewide program for the benefit of those with a statewide footprint?
5. Would the proposed business plan approach envisioned by the joint stakeholders' proposal lend itself to a more standardized statewide approach? If so, how? If not, why not?

2.2.3. Should we Replace Some Statewide Approaches with Regional Approaches?

1. Are there particular "statewide" programs that we should re-label as regional or local?
2. If so, which programs and why?

2.2.4. Should we modify the mechanics of Statewide Program Administration?

1. Do the portfolios have too many programs? If so, how could we modify the statewide PA mechanics help to reduce them?
2. Should we move to a third-party administrator for some statewide program(s); if so which one(s)?

2.3. Third-Party Energy Efficiency Programs

2.3.1. How Do IOUs Configure and Solicit 3P Programs to meet policy objectives?

1. What distinguishes a "Third Party Program" from other forms of non-IOU implementation? Is this distinction worth maintaining?
2. How do IOUs decide what programs to pursue via "Third Party Program" solicitations versus via their statewide programs?
3. What is the process for and likelihood of "Third Party Programs" that are not successful or that have run their course being terminated, or on the other hand, of scaling up and "graduating" to becoming statewide programs?
4. To what extent are Third-Party Program bidders able to propose their own program designs?
5. How much latitude is there for Third-Party Program bidders to propose:
   a. target market sector or segment?
   b. geographic scope of coverage? (within a utility service area, or to serve multiple service areas); and,
   c. set of end uses or measures to be included or permitted?

2.3.2. Changes to Third Party Approaches

1. Does the current program implementation framework constrain or create barriers to innovative third party program design; if so, how?
2. Should co-pays be required for direct install programs; if so, why?
3. What solicitation process improvements for Third Party Programs could better achieve or exceed Commission objectives for:
   a. innovation and
   b. improved portfolio performance?
4. What framework or process offers promise for obtaining higher levels of efficiency outcomes and/or with lower costs, so as to obtain improved portfolio metrics?
5. What process(es) could be adopted to ensure program designs and implementation procedures or practices take full advantage of identifying opportunities for improvements and higher performance outcomes
6. With respect to PG&E's plan to rebid most/all of its Third Party Programs, are PG&E's proposed changes to its solicitation processes reasonable?
7. How might statewide or regional/local programs integrate their resources and activities to support some of the strategies identified in the current CEC Existing Buildings EE Action Plan (AB 758), as discussed by Martha Brook of the CEC at the March 23 workshop? (see: http://www.energy.ca.gov/ab758/documents/index.html) E.g. coordination with building benchmarking activities, or using customer

data to assist in targeting best prospects for EE adoption.

8. Are there national utility or EE industry sources of program design best practices, and implementation benchmarks or best practices that should receive greater attention by PAs and implementers in California?

2.3.3. Possible Third Party Approach to Statewide Programs

1. Should a single PA administer some statewide program(s) for the entire state; if so which one(s)?
2. Are there other states, multi-state regions, or countries that California should look to for models for better designs, operational features, or opportunities for economies of scale for utility costs, supplier channel participation, or customer engagement? If so:
   a. What are they;
   b. How might their models be applied for California; what changes to CPUC policies or rules that would be needed?
3. Would some kind of "challenge" program be helpful, such as the long-ago "Golden Carrot" competition, or in more recent years an X-prize competition?

3. PG&E Request for Clarification of Phase II Scoping Memorandum

On March 25, 2015, counsel for PG&E requested clarification of an aspect to the Phase II Scoping Memo:

> As discussed at the workshop in this proceeding on March 24, 2015, the Phase II Scoping Memo prohibits program administrators from rebidding or revamping their third-party programs. (Scoping Memo, p. 7.) PG&E seeks a clarification regarding whether this instruction was intended to preclude further IDEEA365 solicitations, which are a type of third-party

solicitation approved for the utilities in Decision 12-11-015 at 80-81).

We will address PG&E's request in this ruling, as it deals with Third Party Program solicitations.

We did not intend in the Phase II Scoping Memo to prevent the IDEEA 365 solicitations from going forward. Based on the information presented at workshop 3, it appears that IDEEA 365 are rolling solicitations, regularly refreshed. They are therefore the sort of routine processes that rolling portfolios are supposed to allow PAs to undertake absent further Commission direction. This seems distinct from the rebid of programs that have not been put out for solicitation for years (e.g., since 2006), which is what we intended to capture in the Phase II Scoping Memo. Accordingly, we conclude that PAs may proceed with their IDEEA 365 solicitations.

IT IS RULED that:

1. Party comments concerning workshop 3 (statewide and third party programs) are due on April 13, 2015.

2. Comments on workshop 3 are not to exceed 50 pages, *excluding* caption and signature blocks, and *excluding* attachments. Attachments should be things not created specifically for purposes of the comments – that is, they should be studies, academic articles and the like.

3. Party comments concerning workshop 2 (Navigant potential study) are informal only, and not to be filed. Parties should submit them to staff by April 10, 2015, as originally directed in the Phase II Scoping Memo.

4. Program Administrators may proceed with their IDEEA 365 solicitations.

Dated April 1, 2015, at San Francisco, California.

/s/ TODD O. EDMISTER
Todd O. Edmister
Administrative Law Judge

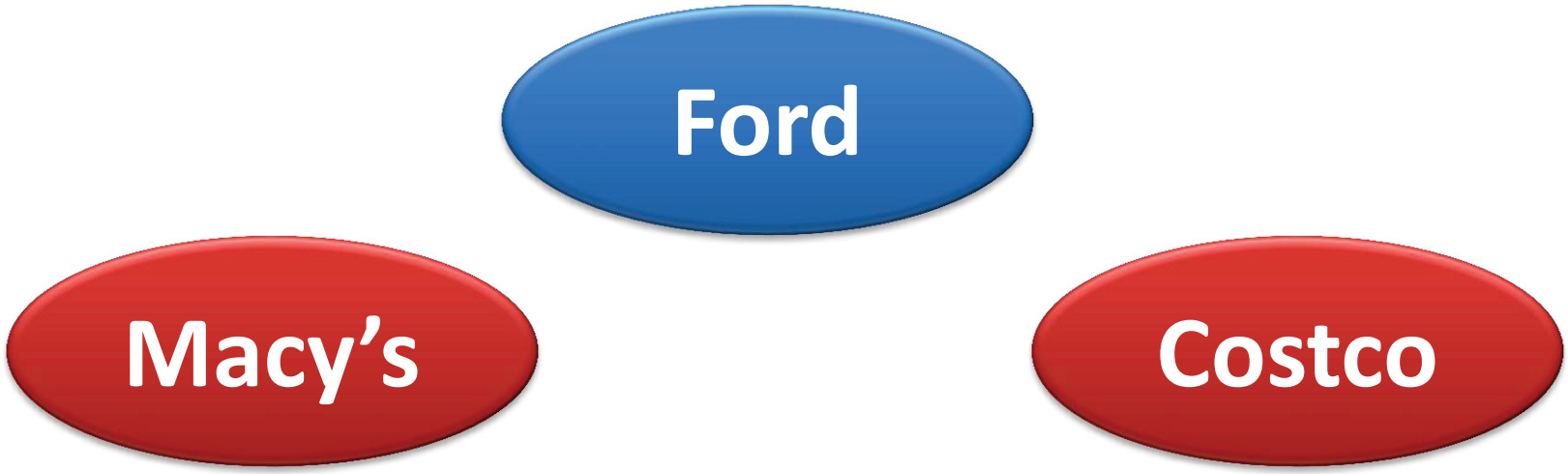
California Statewide Energy Efficiency Programs

2016 Energy Efficiency Changes: Statewide and Third Party Programs Workshop

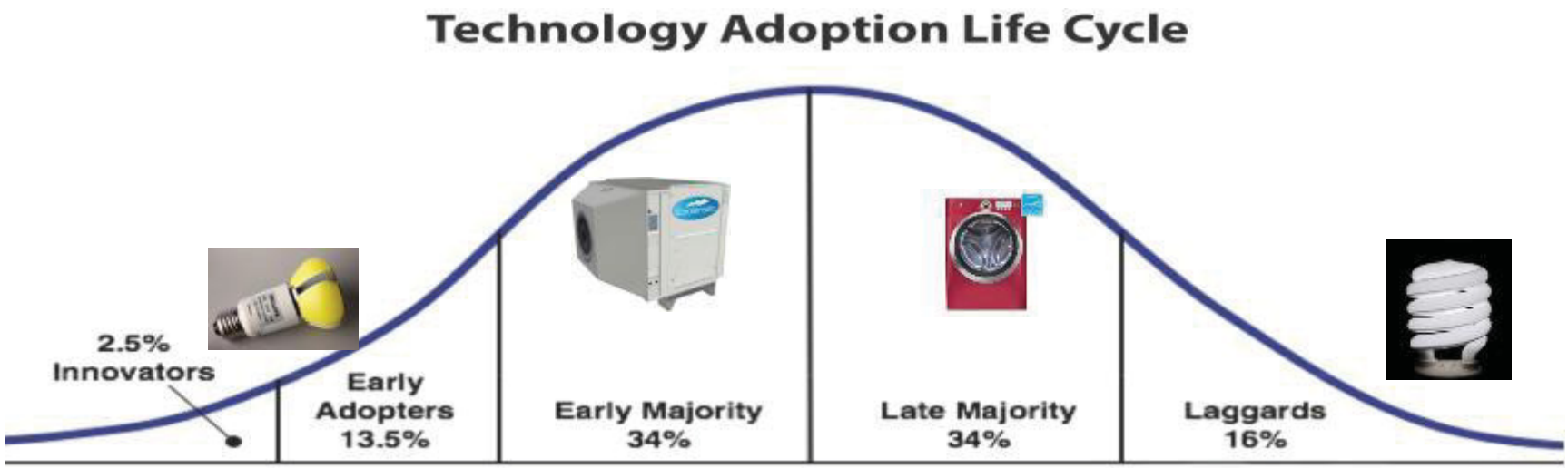
Joint IOU Presentation
3/23/2015

Statewide Framework – Local Needs

- Statewide EE Program structure provides a consistent framework
  - Allows for localized approaches to engage customers and meet energy savings goals
- Other industries have nationwide (and international) frameworks, and offer localized product and sales approaches



Adoption Curve Applied to Energy Efficiency Portfolio



Emerging Technology

Incentives Rebates

Codes and Standard Reach Codes

Codes and Standard Advocacy

Lighting Market Transformation

Basic Lighting

Energy Efficiency Portfolios Are Comprehensive

Multiple customer segments

Multiple channels

	Residential	Commercial	Industrial	Agriculture	Low Income
Direct to customer rebates					
In-store promotions					
Manufacturer or distributor incentives					
On-bill financing					
Third-party programs					
Government partnership programs					

Multiple market development mechanisms

- C&S advocacy / compliance training
- Emerging Technology assessments / demos / incubation
- Workforce education

Multiple technologies

- Plug Load
- Appliances
- Lighting
- Buildings / Envelope
  - New construction
  - Retrofits
  - Home / facility audits
- HVAC systems
- Food services
- Refrigeration
- Boilers / steam systems
- Industrial systems / processes
  - Motors
  - Pumps and fans
  - Energy Management Systems

IOU Statewide Programs*:

Residential & Non-Residential

1	2	3	4
RESIDENTIAL	COMMERCIAL	INDUSTRIAL	AGRICULTURE
1. Energy Advisor	1. Energy Advisor	1. Energy Advisor	1. Energy Advisor
2. Plug Load & Appliances	2. Calculated	2. Calculated	2. Calculated
3. Multifamily EE Rebates	3. Deemed	3. Deemed	3. Deemed
4. Home Upgrade	4. Direct Install	4. CEI	4. CEI
5. Residential HVAC	5. CEI		
6. New Construction	6. Non-Residential HVAC		

- **Per D.12-05-015**

IOU Statewide Programs*:

Cross-Cutting

5

LIGHTING

1. Market Transformation
2. Lighting Innovation
3. Primary Lighting

6

FINANCE

1. On-Bill Financing
2. ARRA
3. New Finance Offerings

7

ET

1. Technology Development
2. Technology Assessment
3. Technology Introduction

8

IDSM

1. IDSM

9

C&S

1. Building Codes Advocacy
2. Appliance Standards Advocacy
3. Compliance Improvement
4. Reach Codes
5. Planning & Coordination

10

WE&T

1. Centergies
2. Connections
3. Planning

- **Per D.12-05-015**

Local IOU Programs: Third Party Programs and Government Partnership Programs*

11

THIRD PARTY

1. Residential
2. Commercial
3. Industrial
4. Agricultural
5. Other Cross-Cutting Offerings

12

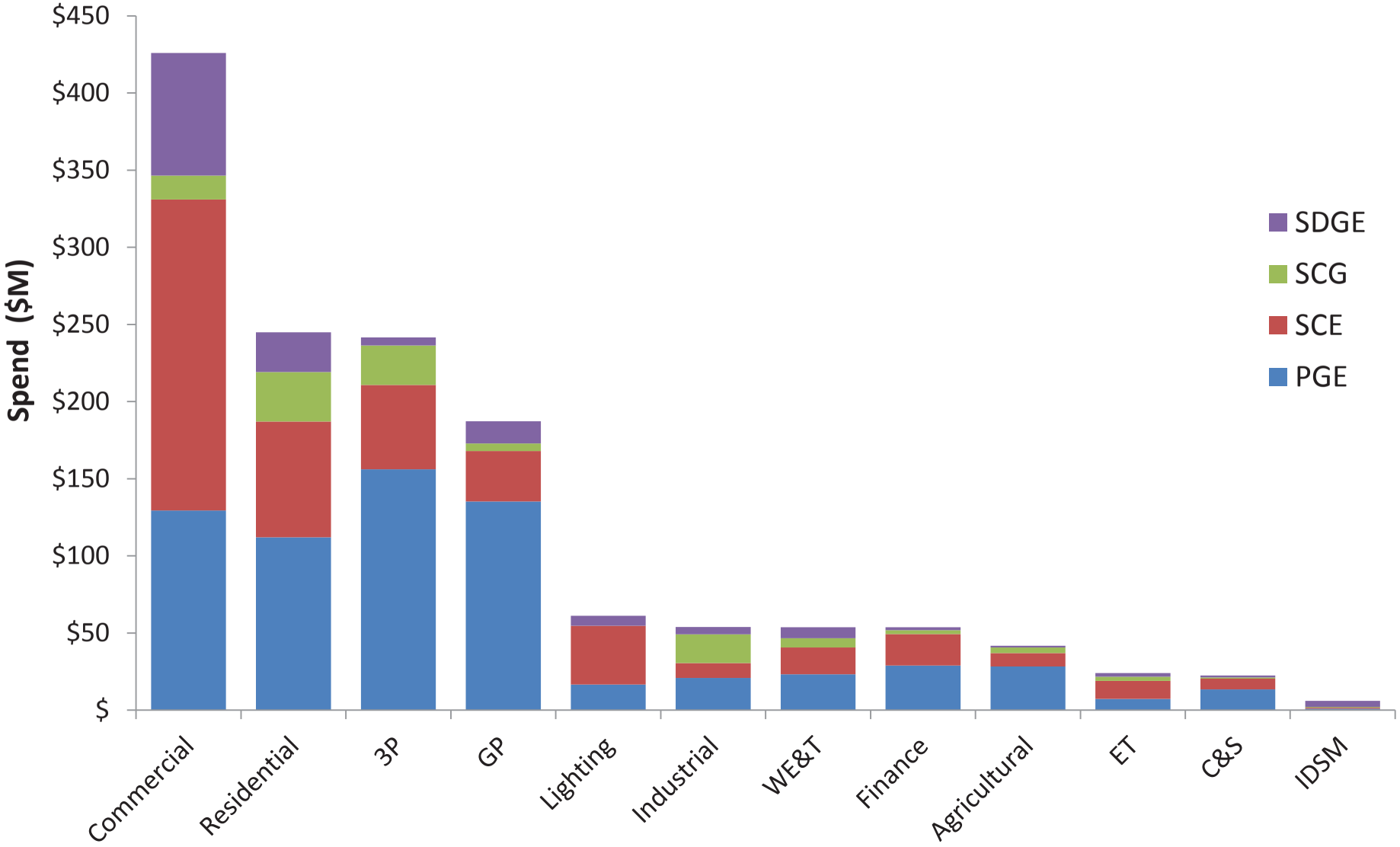
GOVERNMENT PARTNERSHIPS

1. Institutional & Gov't Partnerships
2. Local Government Partnerships

- **Per D.12-05-015/D.12-11-015**

This slide is for illustrative purposes only and intended to provide an overview of IOUs "local program" funding categories. Third Party Programs and Government Partnership Programs vary by IOU, designed to address local needs.

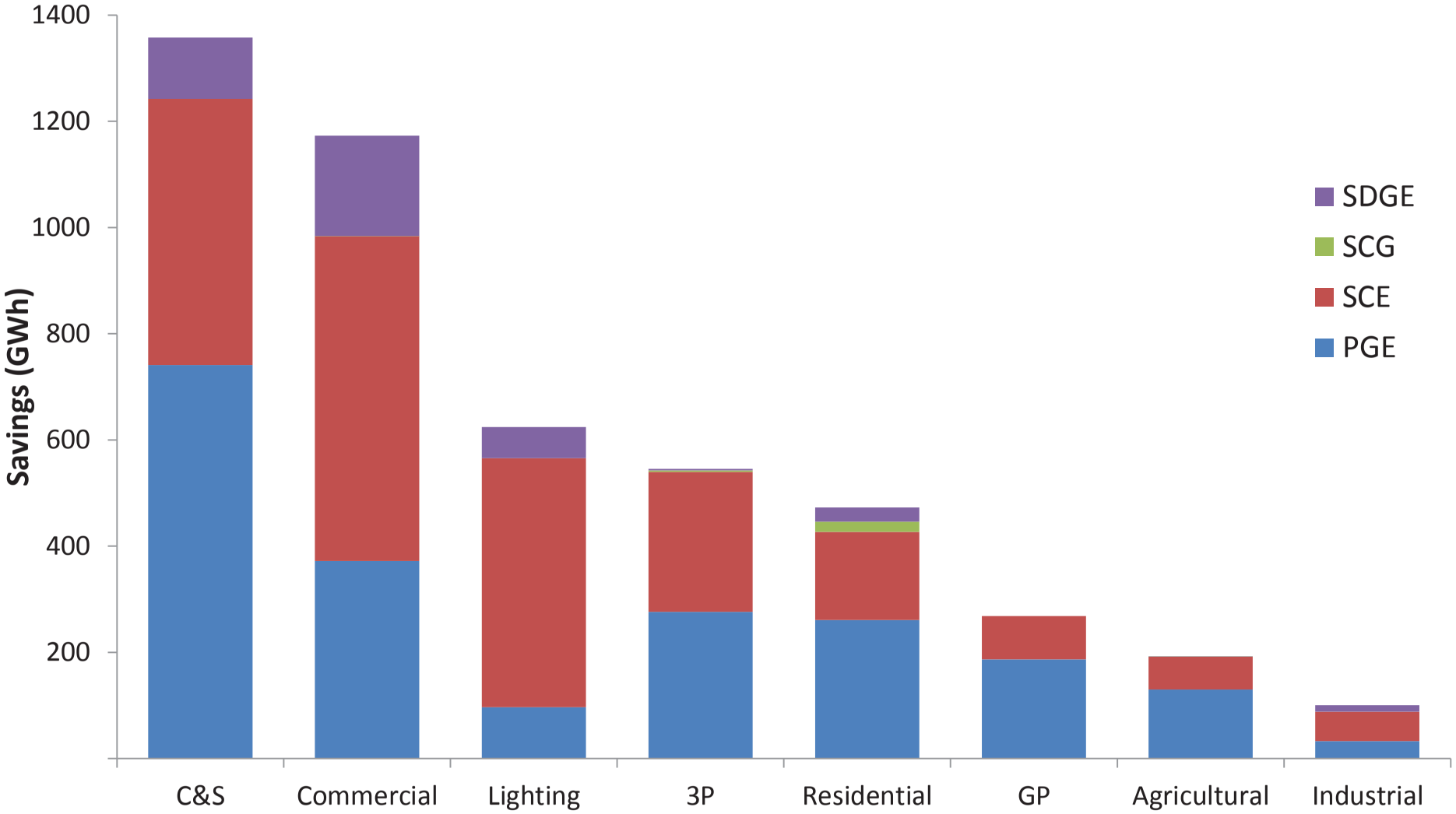
2013-14 $M Spend by Utility and Program



1. 3P refers to local Third Party implementers.
2. Commercial, Residential, Industrial, and Ag include some competitively bid subprograms
3. GP includes some Direct Install incentives for PG&E

Data Source: IOU December 2014 Monthly Reports - EEStats

2013-14 GWh Savings by Utility and Program



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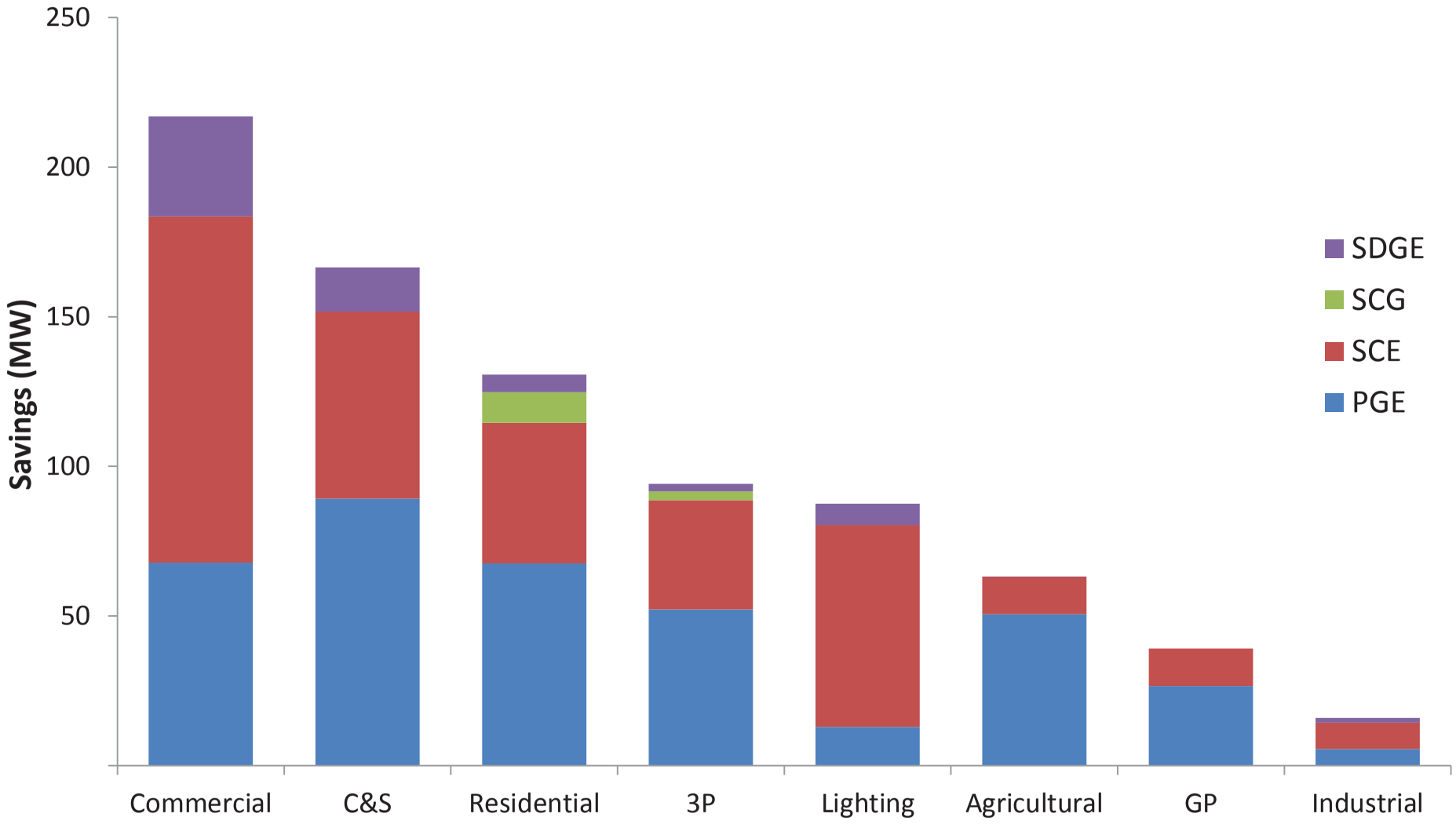
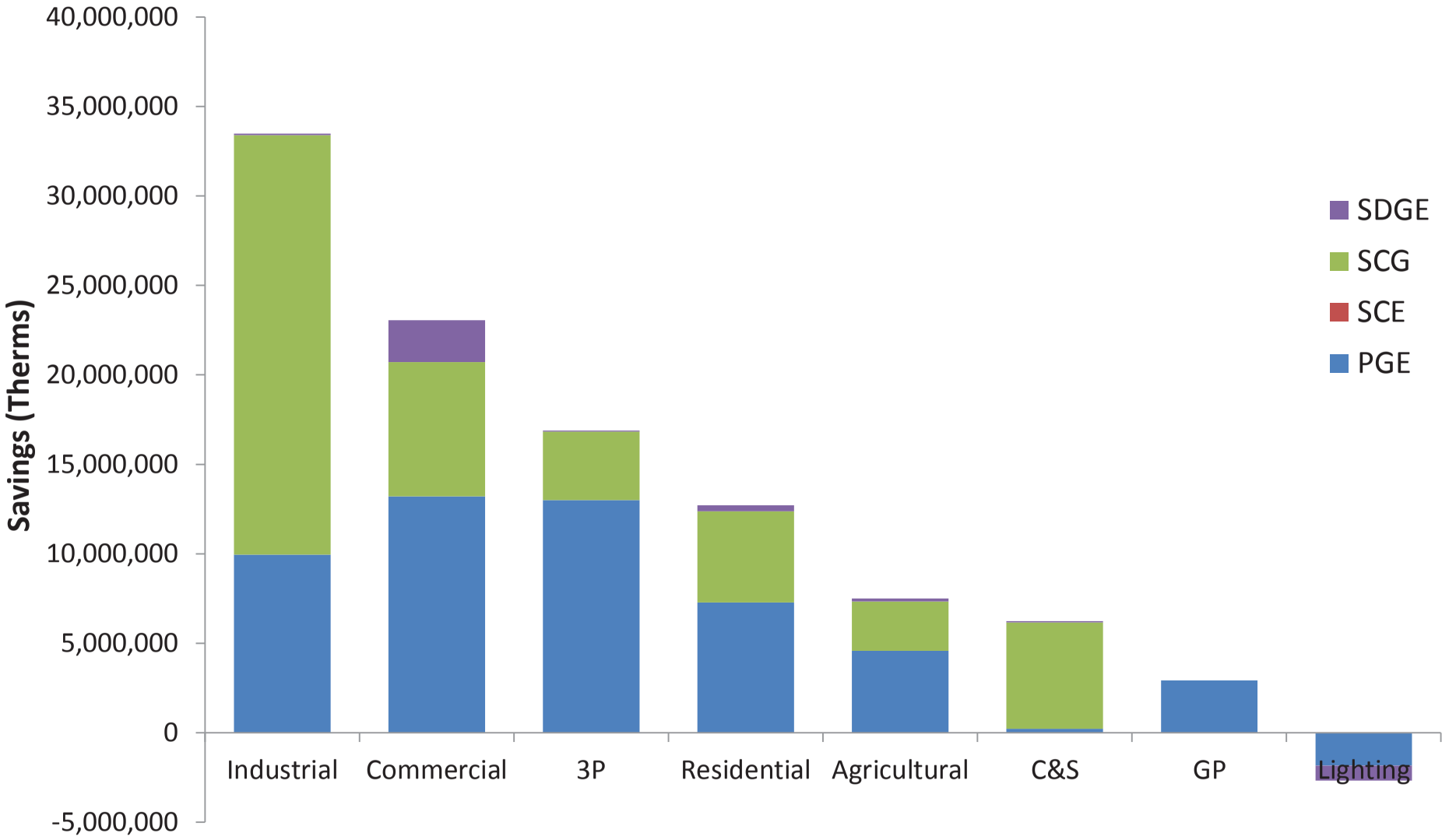
2013-14 MW Savings by Utility and Program



1. 3P refers to local Third Party implementers.
2. Commercial, Residential, Industrial, and Ag include some competitively bid subprograms
3. GP includes some Direct Install incentives for PG&E

Data Source: IOU December 2014 Monthly Reports –

2013-14 Therm Savings by Utility and Program



1. 3P refers to local Third Party implementers.
2. Commercial, Residential, Industrial, and Ag include some competitively bid subprograms
3. GP includes some Direct Install incentives for PG&E

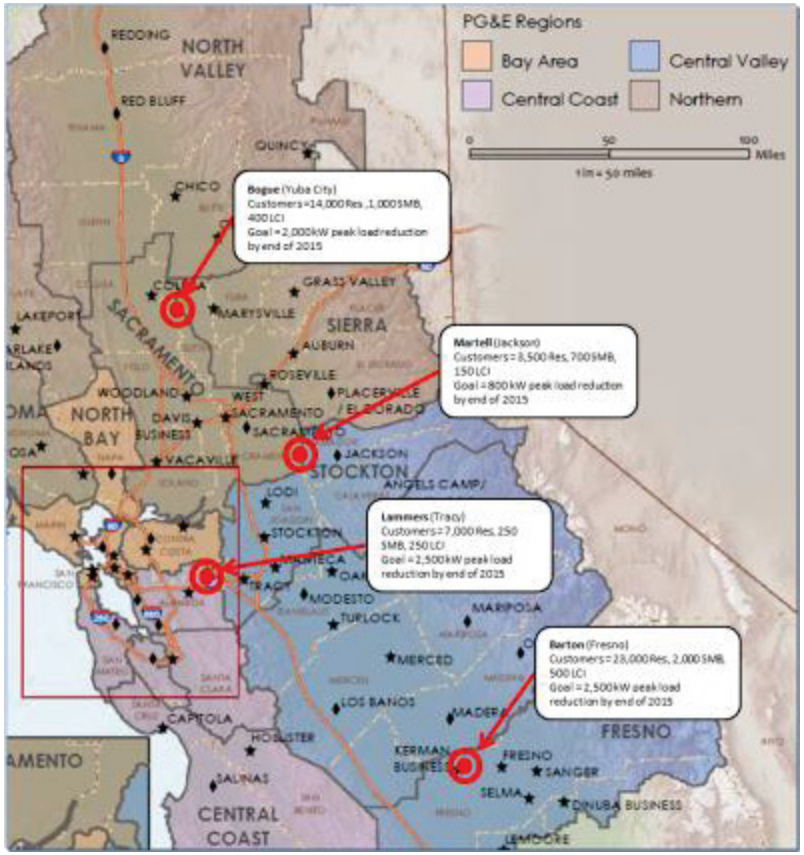
Data Source: IOU December 2014 Monthly Reports - EEStats

Localized Approaches within a Statewide Framework

PG&E: Targeted DSM (TDSM) for Distribution Reliability Initiative

TDSM Initiative: Four delivery channels to success

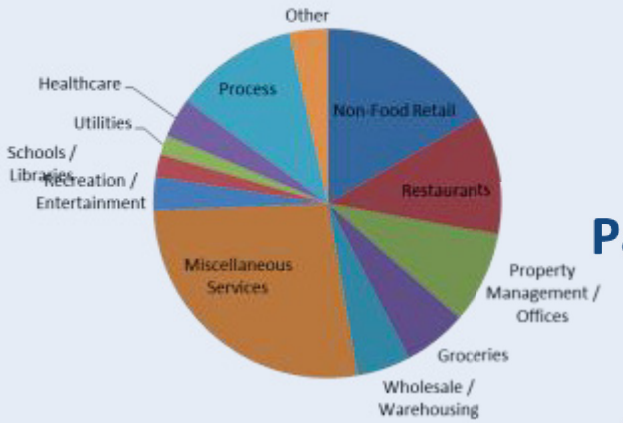
SW& 3P Residential EE Offerings	SW & 3P Commercial SMB EE Offerings	SW & 3P Large Commercial & Industrial EE Offerings	Residential & Large Commercial & Industrial DR Offerings
Advanced Home Upgrade	Targeting Direct Install with 3P Programs and Government Partnership Programs	First Fuel Remote Audits	BIP
HVAC Quality Maintenance		Surgical Strikes with SW Calculated & Deemed, and Targeted 3P Programs	Smart AC
Mobile Home Program			
Cooling Optimizer			



SDG&E: 2015 Direct Install Program in San Diego

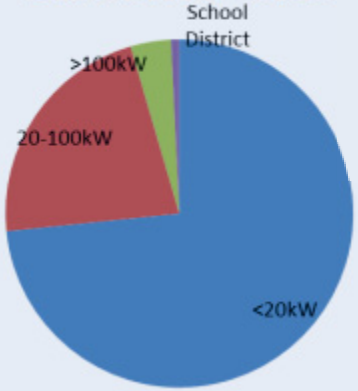
Program Design

Customer Segments



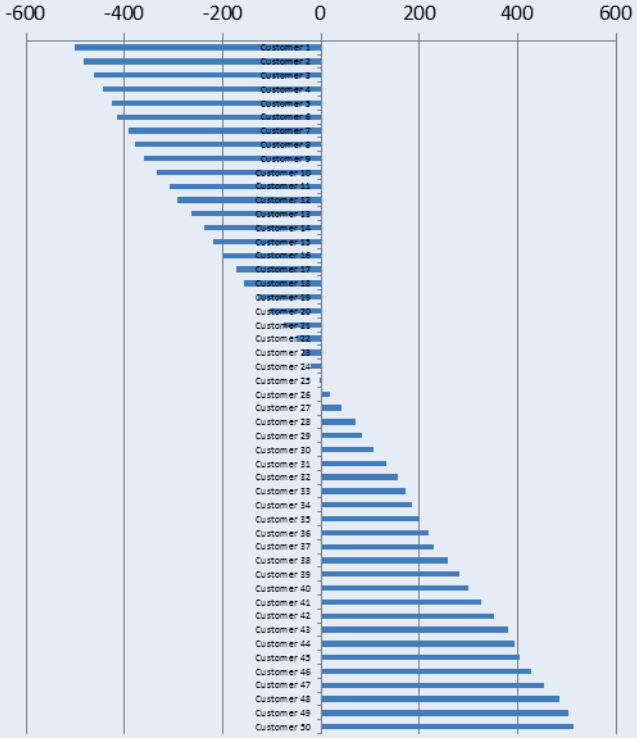
Past Participation

Customer Size



Program Implementation

Impact of TOU Rate

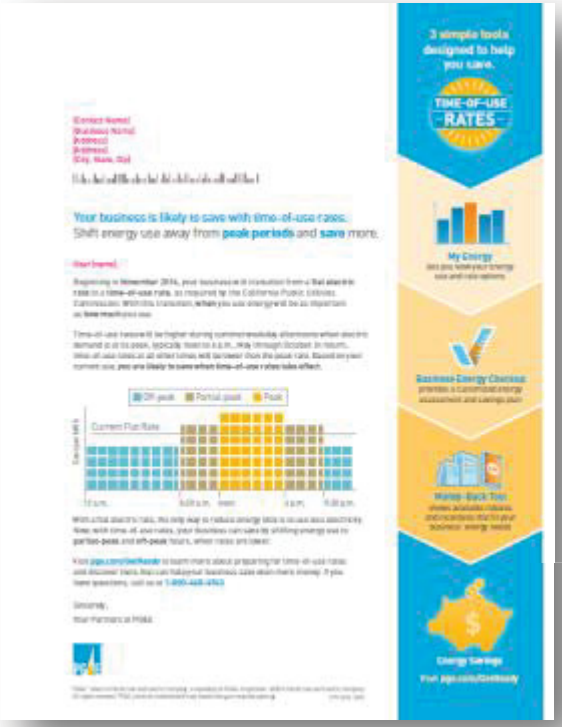


PG&E: SMB Targeted Time-of-Use Rates + Energy Efficiency

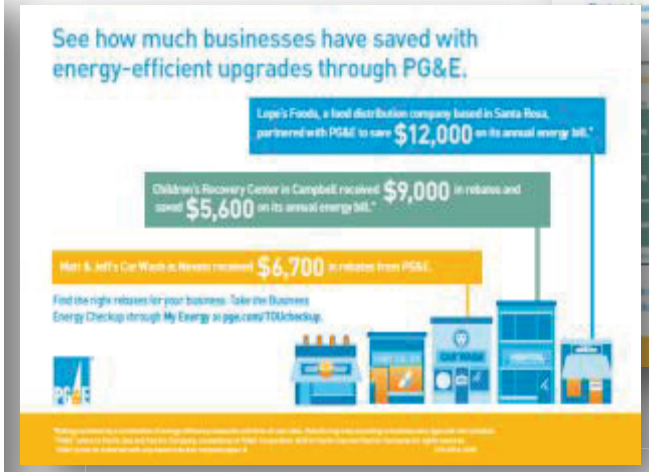
Educate
customers about upcoming rate changes and the potential for impact on their business

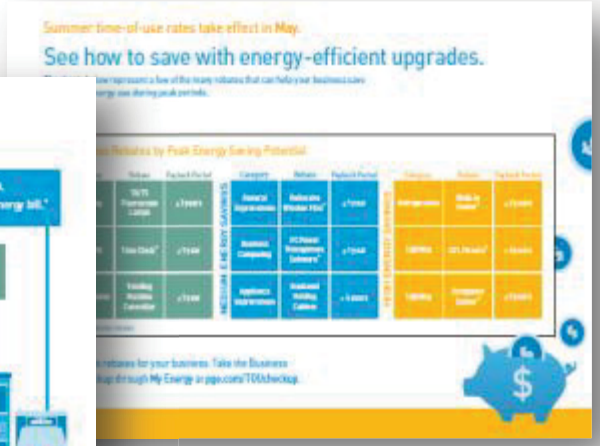
Activate
customers' longer-term engagement with PG&E tools and resources

Mailer: Getting ready for time-of-use



Mailer: Seasonal Rate Change





Digital Banners: Summer Season Tips

SCE Preferred Resource Pilot: Integrated DSM

- Pilot explores use of EE, DR, DG and energy storage to meet local and system capacity requirements
- Leverages existing SW programs and full compliment of IDSM resources including utility marketing, communications, and outreach
- Pilot provides opportunities to procure competitively priced preferred resources

South Orange County

SoCalGas: Nexus Between SW and Local Providers

- **SoCalGas leverages its role and relationships as a natural gas service provider to expand bandwidth of EE Programs and better serve customers**
  - Master partnerships with Municipal Utilities covering 14 joint programs with LADWP, MWD, Riverside, Anaheim and Pasadena, including SW programs
    - Savings: 475,000 Therms, 12 GWh, 190 million gallons of water **(Claimed)**; 520,000 Therms; 25 GWh **(Pipeline)**
- **Coordination across SW Programs to maximize participation**
  - Multi-measure projects for landowners with large multi-family properties
    - Large projects at Park La Brea, LINC Housing, and with HACLA
    - SW Programs = MFEER, ET, with multiple 3P and ESA Programs involved
  - Leveraging SW programs in the development of communities (Playa Vista)
    - 1,750 Residential and 5 Commercial units in new construction and ET programs
- **Emphasis on close coordination of IDSM opportunities**
  - EE, Water, DR, DG, Advanced Metering, ET, and Solar Thermal among others, PLUS ways to enhance administrative effectiveness (e.g., joint A/E training)

Statewide Program Implementation

PG&E Statewide Programs Implementation

SW Residential Program	SW Program Implementer and Portfolio Support
Energy Advisor	• Opower (HERs, Web)
Plug Load & Appliances	• JACO (Appliance Recycling) • Navitas (Retail Relationship Management)
Multifamily EE Rebates	
Home Upgrade	• Build It Green (Single Family Home Upgrade) • TRC (Multifamily Home Upgrade)
Residential HVAC	• Build It Green
New Construction	• TRC

SW Commercial Program	SW Program Implementer and Portfolio Support
Energy Advisor	• C3 (Web) • See Technical Consultants
Calculated	• See Technical Consultants
Deemed	• Energy Solutions (Upstream/Midstream WH & Food Service Bottling)
Direct Install*	• Ecology Action • TEAA • Staples • RHA • LGP in-house
CEI	• REVSustainability (Sustainability Circles)
HVAC	• Honeywell

SW Ag and Industrial Programs	SW Program Implementer and Portfolio Support
Energy Advisor	• C3 (Web) • See Technical Consultants
Calculated	• CSU Fresno (Pump Testing) • See Technical Consultants
Deemed	
CEI	• REVSustainability (Sustainability Circles)

Technical Consultants	
Abraxas Energy Consulting LLC	Fisher-Nickel, Inc.
Affordable Comfort Inc.	Gabel Associates, LLC
AESC, Inc.	Integral Group Inc.
ASW Engineering Management Consultants	Integrated Resource Solutions Group, Inc.
BASE Energy, Inc.	KEMA Services, Inc.
Benningfield Group	kW Engineering
Bevilacqua Knight Inc.	Lincus, Inc.
Cannon Corporation	Misti Bruceri & Associates LLC
CleaResult	Newcomb Anderson McCormick, Inc.
Davis Energy Group	Nexant, Inc.
Douglas Beaman Associates, LLC	PL Energy LLC
Ecova, Inc.	Proctor Engineering Group
Enercomp, Inc.	Quest, Inc.
Energy Efficiency Funding Group	RHA, Inc.
EnerNOC, Inc	Salas O'Brien Engineers, Inc.
EnergySoft, LLC	Lighting Wizards
Enovity, Inc.	Syska Hennessy Group
Energy Resources Integration, LLC	Taylor Engineering, LLC
Facility Dynamics Engineering	TRC Solutions, Inc

*PG&E delivers DI program through 3P and GP Programs

** List of vendors is not exhaustive and meant for illustrative purposes only

PG&E Statewide Program Support

Cross-Cutting Programs	SW Portfolio Support
Finance	• KPMG • Harcourt Brown and Carey • NRG Ventures • CHF • emPower SBC • Pillsbury Winthrop • Fresno SBDC • Saving Neighborhood Energy • Miriam Wrobel Consulting • Noesis
Emerging Technologies	• TRC • CLTC • VaCom • CSU Fresno • CalPoly • UC Davis • AEC • Davis Energy Group • Cadmus • Quest • CleaResult • Honeywell • Opower • Pulse • kW Engineering • Siemens

Cross-Cutting Programs	SW Portfolio Support
Codes & Standards	• Energy Solutions • McHugh Energy • Gabel and Associates • Davis Energy Group • CLTC • Energy Solutions • Ecova • Pinnacle Land & Energy • Wilkins Communications • Media Macros • Misti Bruceri • EnergySoft • ASW • AEC
WE&T	• RHA • ICF • Energy Coalition • Alliance to Save Energy • WestEd • Intelleto Advantage
Lighting	• Energy Solutions

* List of vendors is not exhaustive and meant for illustrative purposes only

SCE Statewide Programs Implementation

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SW Residential Program	SW Program Implementer and Portfolio Support
Energy Advisor	• Global Energy Partners • Kema • OPower
Plug Load & Appliances	• Appliance Recycling Center of America • JACO Environmental • Enerpath • Hines & Partners
Home Upgrade	• Energy Save • ICR Resources • John Harrison Contracting • Maravilla Foundation • Partner Energy • Peace Officers for a Green Environment • Portland Energy Conservation • Richard Heath & Associates • Tri State Home Improvements
Residential HVAC	• CSG

SW Commercial Program	SW Program Implementer and Portfolio Support
Direct Install	• CA Retrofit • FCI Managemetn Consultant • FEE Energy
HVAC	• Cohen Ventures • Portland Energy • Trane

Technical Support	SW Portfolio Support
	• ACCO Engineered Systems • Alternative Energy Systems • Association • Building Industry • California Homebuilding Foundation • California Manufacturing • Cohen Ventures • Ecova, Inc. • EMCOR Energy Services • Energy Analysis Technologies • Enernon Inc. • ICF Resources • Kilowatt Engineering • Lincus • NAHB • National Comfort Institute • PL Energy • Portland Energy Conservation • TRC Engineers, Inc. • TRC Environmental Corporation • VCCT • Waypoint Building Group

SCE Statewide Programs Implementation

R.13-11-005 TOD/ek4

Cross-Cutting Programs	SW Portfolio Support
WE&T	• Alliance to Save Energy • Architectural Energy Corporation • ASW Engineering • ASWB Engineering • Blue C LLC DBA HVAC REducation.net • Design Services • Energy Market Innovations • Galawish Consulting Associates • Institute of Heating & Air Conditioning • National Comfort Institute • Northwest Energy Efficiency Council • Organizational Support Services • Resource Action Programs • RNM Engineering, Inc
Emerging Technologies	• CGM Engineering • Corepoint 1, Inc. • Energy Soft • EPRI • Integrated Resource Solutions Group • Kliewer and Associates • Lincus • Livingston Energy Innovations • New West Partners • Nexant • Quantum Energy Services • Solaris Technical • Teradata Operations
Finance	• CMK Consulting • CHF • emPower SBC

Cross-Cutting Programs	SW Portfolio Support
C&S	• Architectural Energy Corporation • ASW Engineering Management • Benningfield Group • Cohen Ventures • Design Services • Energy Soft • Institute of Heating • Kliewer and Assoc. • Mchugh Energy Consultants • Misti Bruceri & Associated • TRC Environmental Corporation
Lighting	• Organization Support Services
IDSM	• Barakat Consulting

SDG&E Statewide Programs Implementation

SW Residential Program	SW Program Implementer and Portfolio Support
Energy Advisor	• On-Line tool • Paper audit
Plug Load & Appliances	• In store displays • Sales training • Appliance recycling
Multifamily EE Rebates	• Direct Install
Home Upgrade	• Training, contractor recruitment, QA/QC • Moderate Income Direct Install
Residential HVAC	• QM/QI
New Construction	• Technical Services • T24 Training

SW Commercial Program	SW Program Implementer and Portfolio Support
Energy Advisor	• Factility Audits
Calculated	• Technical Services • Retrocommisssioning
Deemed	
Direct Install	• Program Implementation
CEI	• Program Implementation
HVAC	• QM/QI

SW Ag and Industrial Programs	SW Program Implementer and Portfolio Support
Energy Advisor	• Facility Audits
Calculated	• Technical Services • Retrocommisssioning
Deemed	
CEI	• Program Implementation

Cross-Cutting Programs	SW Portfolio Support
WE&T	• Implementation (Connections) • Equipment Testing • Training
C&S	• Support Services
Emerging Technologies	• Support Services
Finance	• Support Services
IDSM	• Behavioral Program Implementation

SCG Statewide Programs Implementation*

SW Residential Program	SW Program Implementer and Portfolio Support
Energy Advisor	• Tool development
Plug Load & Appliances	• Measure distribution • Retail support services • Inspections • Processing
Multifamily EE Rebates	• Inspections
Home Upgrade	• Tool development • Technical assistance • Quality assurance, quality control, and verification • Contractor marketing, outreach, training, support • Inspections • MIDI: Installation Enrollment, assessment and measure installation
Residential HVAC	• Quality Maintenance • Quality Installation
New Construction	• Technical assistance • Training

SW Commercial Program	SW Program Implementer and Portfolio Support
Energy Advisor	• Tool development • On-site energy audits
Calculated	• Project design assistance • Technical consulting • Program implementation
Deemed	• *Technical* assistance
Direct Install	• *Not offered by SCG*
CEI	• Customer outreach • Program Implementation • Assessments
HVAC	• Various implementation and support services

SW Ag and Industrial Programs	SW Program Implementer and Portfolio Support
Energy Advisor	• Tool development • On-site energy audits
Calculated	• Project design assistance • Technical consulting • Program implementation
Deemed	• Technical assistance
CEI	• Customer Outreach • Assessments • Program implementation

Cross-Cutting Programs	SW Portfolio Support
WE&T	• Trainings and Seminars • Educational program implementation
Emerging Technologies	• Assessments • Administrative support
Finance	• Program development consulting • Marketing, outreach and education • Database support
C&S	• IT-related Implementation support
IDSM	• Audits

* Services provided by 3Ps not intended to be complete list, but rather a representative showing of support for SW programs.

Large Commercial Benchmarking:
Integration with IOU Portfolios

- **Transaction-based Benchmarking (AB 1103)**
  - Builds utility whole building data infrastructure
  - < 4% of CA commercial floor space per year
  - Updated CEC regulations effective 2016
- **Time-certain Benchmarking (AB 758; EBEE Action Plan)**
  - ~ 20% of CA commercial floor space per year – 2018
  - ~ 50% of CA commercial floor space per year – 2019 and beyond
  - Public Disclosure ~ 2020
- **IOU Portfolio Support – Link Benchmarking to:**
  - Technical Assistance & Information
  - Efficiency Programs
  - Financing

Large Commercial Benchmarking:
Integration with IOU Portfolios

- **Technical Assistance & Information**
  - Benchmarking Services
  - Pre-Audit Services (e.g. smart meter data analytics)
  - Real Estate Agents & Appraisers
    - Voluntary disclosures of benchmark data & other high performance building features
    - Finder fees for program recruitment
  - Increase Awareness of Investor Confidence Project (ICP) Protocols
- **Efficiency Programs**
  - Use relative benchmarks & plans for future disclosure to recruit program participation
  - Include post-upgrade benchmarking in program design
- **Financing**
  - Complete ICP protocols on all Large Com projects
  - Submit recommendations for protocol improvements to ICP

EE Statewide Framework – Local Lens

Workshop Panel A

Janice Berman
Senior Director, Energy Efficiency Strategy
March 23, 2015

IOU Statewide Programs*:

Residential & Non-Residential

1	2	3	4
RESIDENTIAL	COMMERCIAL	INDUSTRIAL	AGRICULTURE
1. Energy Advisor	1. Energy Advisor	1. Energy Advisor	1. Energy Advisor
2. Plug Load & Appliances	2. Calculated	2. Calculated	2. Calculated
3. Multifamily EE Rebates	3. Deemed	3. Deemed	3. Deemed
4. Home Upgrade	4. Direct Install	4. CEI	4. CEI
5. Residential HVAC	5. CEI		
6. New Construction	6. Non-Residential HVAC		

- **Per D.12-05-015**

IOU Statewide Programs*:

Cross-Cutting

5 LIGHTING

1. Market Transformation
2. Lighting Innovation
3. Primary Lighting

6 FINANCE

1. On-Bill Financing
2. ARRA
3. New Finance Offerings

7 ET

1. Technology Development
2. Technology Assessment
3. Technology Introduction

8 IDSM

1. IDSM

9 C&S

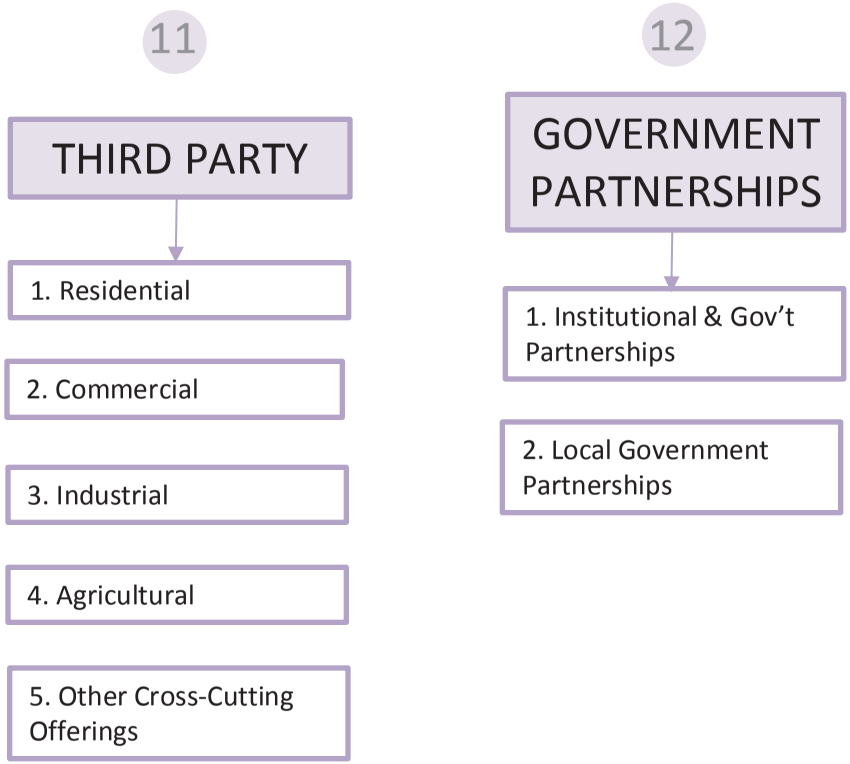
1. Building Codes Advocacy
2. Appliance Standards Advocacy
3. Compliance Improvement
4. Reach Codes
5. Planning & Coordination

10 WE&T

1. Centergies
2. Connections
3. Planning

- **Per D.12-05-015**

Local IOU Programs: Third Party and Government Partnership Programs*



- **Per D.12-05-015/D.12-11-015**

This slide is for illustrative purposes only and intended to provide an overview of IOUs "local program" funding categories. Third Party Programs and Government Partnership Programs vary by IOU, designed to address local needs.

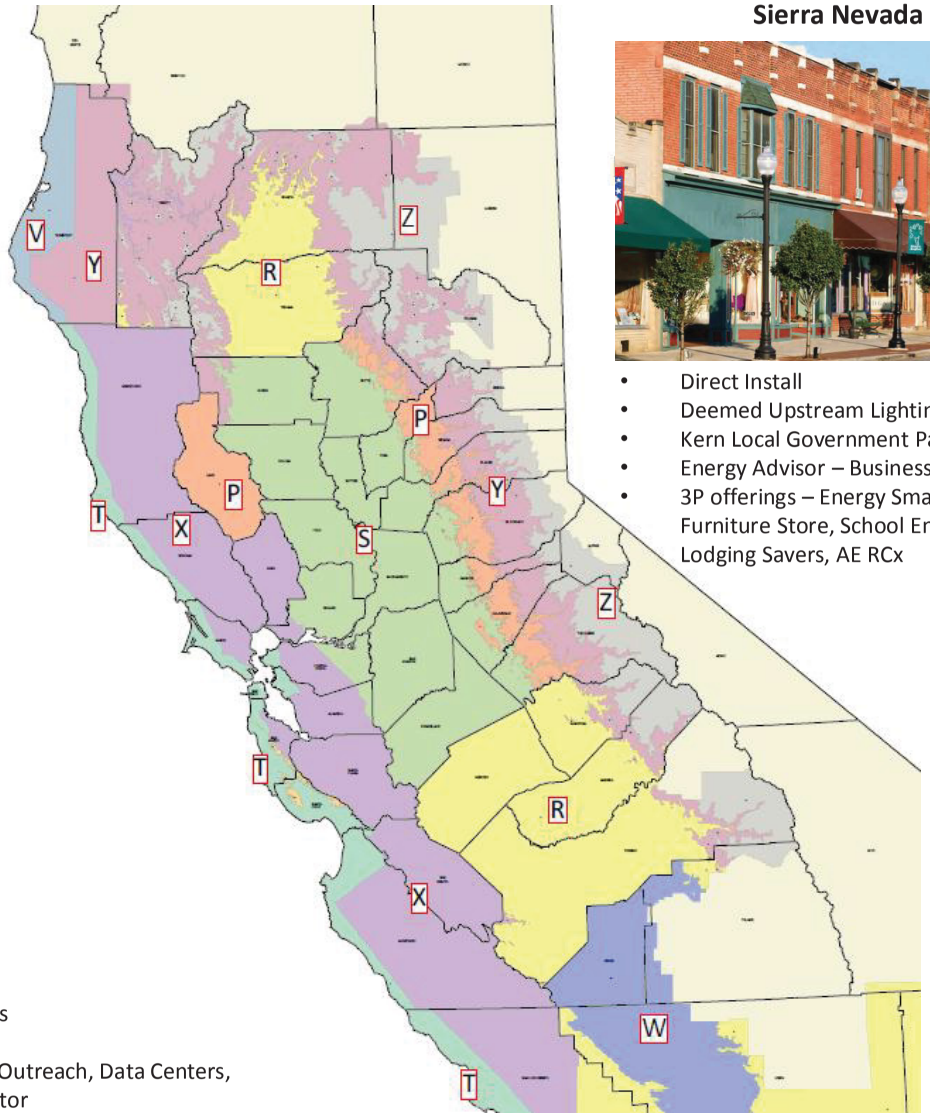
Statewide Framework – Local Lens

Napa County

- Direct Install
- Calculated and deemed rebates - LEDs, VFDs, Motors , Pump testing , water/energy measures
- 3P offerings – Wineries, Dairies, Light Exchange

Downtown San Francisco

- Energy Advisor – Energy Audits
- CEI – Sustainability Circles
- RCx (SW and 3P offerings)
- Retrofit calculated and deemed rebates
- Savings by Design /New Construction
- 3P offerings – Commercial Real Estate Outreach, Data Centers, Commercial Mid-Market, LED Accelerator



Sierra Nevada

- Direct Install
- Deemed Upstream Lighting Rebates
- Kern Local Government Partnership
- Energy Advisor – Business Energy Checkup
- 3P offerings – Energy Smart Grocery, Furniture Store, School Energy Efficiency, Lodging Savers, AE RCx

Fresno

- Res HVAC
  Non-Res HVAC
- Home Upgrade and Advanced Home Upgrade
- Appliance Recycling
- 3P offerings – Air Care Plus, Cooling Optimizer, Mobile Homes

Statewide Programs Workshop Kickoff

March 23, 2015

Past Decision excerpts on "statewide"

- From D.01-11-066:
  - "Statewide programs will continue to be the backbone of the energy efficiency approach for 2002. These programs serve the Commission's policy goals and objectives by allocating funding equitably across customer classes and geography, providing consistent and recognizable program reach and securing both short- and long-term energy savings and peak demand reduction.
  - Statewide programs must be uniform, with consistent terms and requirements throughout all the utilities' service territories. These consistent terms should include identical application procedures, financial incentives (if applicable), and other program implementation details. If the utilities cannot align their statewide program proposals, the Commission will choose the elements it prefers from those proposed. "

- From D.02-03-056:
  - "As we discuss below, many of the IOUs' proposed programs are not uniform. We have modified those proposals to achieve consistency across IOU programs to enhance energy savings statewide."

- D.03-04-055 which authorizes 2003 programs, includes the following "statewide" programs:
  - Appliance recycling
  - Single-Family Rebates
  - Multi-Family Rebates
  - Home EE surveys
  - Energy Star New Homes
  - Standard Performance Contracting
  - Express Efficiency
  - Nonresidential Audits
  - Building Operator Certification and Training
  - Savings by Design
  - Education and Training
  - Codes and Standards
  - Upstream residential lighting

  - Emerging Technologies
  - Marketing and Outreach

- Also from D.03-04-055:
  - "Some energy efficiency programs should be uniform around the state to promote customer understanding and equitable funding across customer classes and geography."

- D.03-12-060 contains some further definition:
  - "Statewide energy efficiency programs are those that are offered uniformly by the utilities and are designed to promote customer participation on a broader basis. In addition, statewide marketing and outreach programs are designed to coordinate government-sponsored activities with private sector stakeholders including manufacturers and retail sellers of energy efficiency products and services, business and residential building managers, commercial and industrial program managers, and non-governmental organizations… Local programs are those that are narrower in scope, tailored to specific geographic areas or hard to reach customer groups."

- From D.09-09-047:
  - We adopt and fund twelve statewide programs, with some modifications specified below to be consistent with the Strategic Plan:
    - Residential
    - Commercial
    - Industrial
    - Agricultural
    - New Construction
    - Lighting Market Transformation
    - HVAC
    - Codes and Standards
    - Emerging Technologies
    - Workforce Education and Training
    - Marketing Education and Outreach
    - Integrated DSM.
  - "The initial utility applications in July 2008 included well over 200 distinct programs. These programs often overlapped within utilities, and failed to coordinate similar programs among utilities. One of our goals is to simplify the

existing maze of programs into fewer, clearer, and more coordinated programs that customers, particularly those in multiple jurisdictions, can more easily access and understand the availability of ratepayer-funded programs.

  - In October 2008, there was an Assigned Commissioner's Ruling that directed the utilities to refile their applications, which stated: "We must reduce very significantly the overall number of programs. We envision no more than 10 core statewide programs and perhaps another 20-30 for the entire suite of utility portfolios (not including third party programs)."

- D. 11-04-005 from 2011 modified D.09-09-047 and stated the following:
  - "We will adopt certain of the modifications sought by the Joint IOUs in this area. It is reasonable to allow small variations to statewide programs to fit the needs of different IOU territories, as long as these variations are generally consistent with the intent and design of the statewide programs."
  - That decision ordered the utilities to "ensure statewide utility energy efficiency offerings are coordinated (i.e., very similar or the same) across a number of areas, including: 1) program name, b) incentive levels offered, c) delivery mechanisms, d) marketing materials, e) regular inter-utility coordination, f) ongoing review and adoption of best practices and feedback from program evaluations across the utilities, and g) intra-utility coordinated actions with state, local and federal agencies and other key actors."
- Footnote 6 in D.12-05-015 also contains some language on statewide vs. regional vs. local definitions.

R.13-11-005 TOD/ek4

CPUC Workshop R: 13.11-005 – 2016 Efficiency Changes: Statewide and Third Party Programs

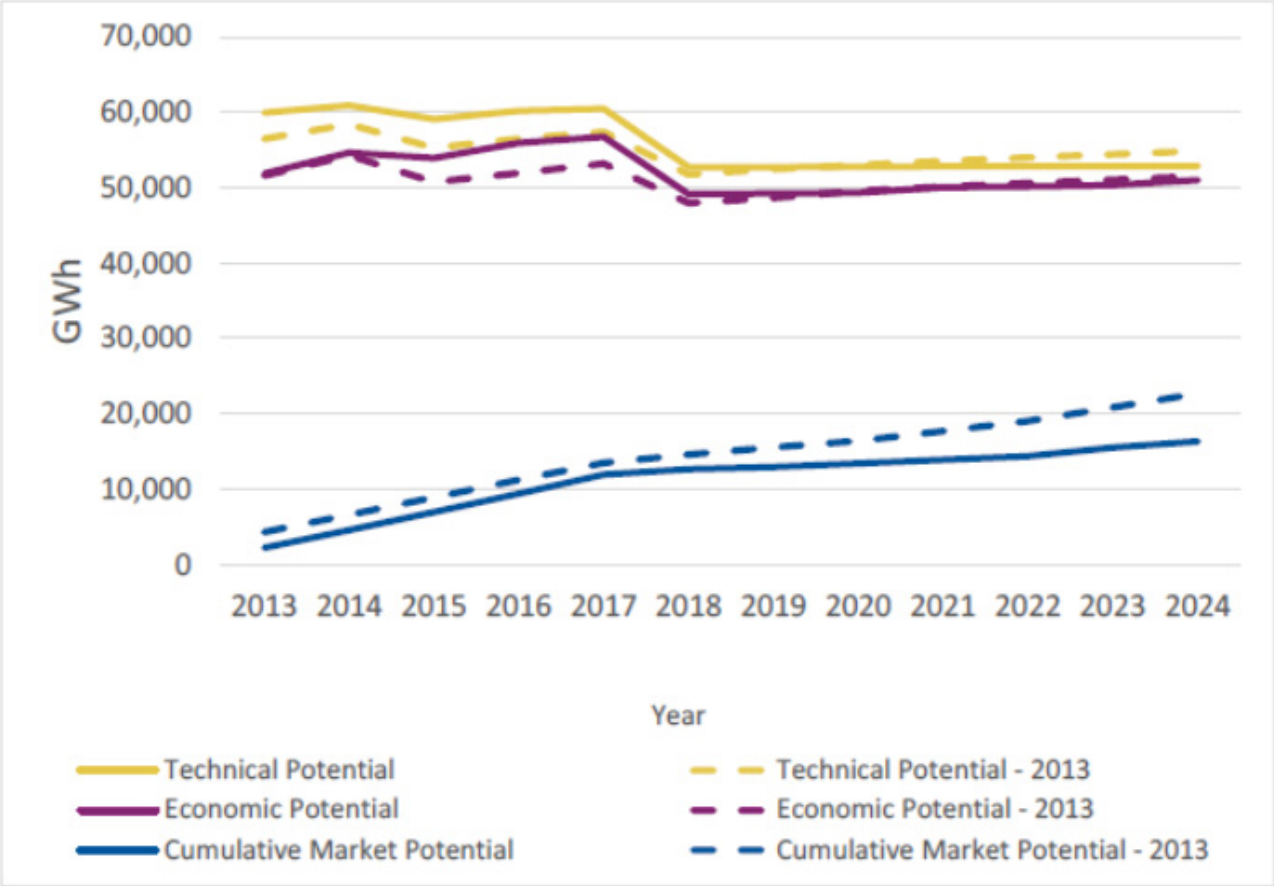
Panel Topic A: Should We Standardize Current Statewide Programs?

Monday March 23, 2015

Cynthia Mitchell, TURN consultant

R.13-11-005 TOD/ek4

All IOUs: Technical, Economic, and Cumulative Market Potential – 2013 vs. 2015 Study (GWh)



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NAVIGANT ENERGY

R.13-11-005 TOD/ek4

Market vs Economic

- Market or Business as Usual: Encourage and promote customer EE investments.
  - Consumers willing and able to make EE capital investments based on 10 - 20+ year paybacks.
  - McKinsey 2009: Consumers very short payback requirements. Residential 2-3 yr; Commercial 3.6 yr; Industrial 18 mo – 3 yr.
  - Largely “mass market”, statistical function integrated across thousands of discrete and dispersed efficiency measures. Estimation of savings.

- Economic: Supply side avoided cost analysis 20+ years. Large capital markets with returns on investments matched to energy value provided via G,T,D infrastructure investments over time.
  - Efficiency bundled with DR, ES, solar, DG as DER. Location and site specific, significant load and energy reductions / management. Metered load reductions.

R.13-11-005 TOD/ek4

Market-based EE Portfolios

- 2,000+ GWh EE savings annually. Cumulative?
- EE savings less than incremental load growth
- One-third CFLs, T-8s
- One-third C&S savings assuming high compliance rates
- Free ridership (NTG) approximately 50%
- Cost-effectiveness (TRC) around 1.0
- 200+ Programs

R.13-11-005 TOD/ek4

Today's Topics

- Standardize Statewide Programs?
- Replace Statewide with Regional Approaches?
- Modify the Mechanics of Statewide Program Administration?

The answer to each is "YES". We can improve the economics and effectiveness of current BAU EE Portfolios.

Statewide Programs are an Amalgamation of Customer Sector, Intervention Strategies, End Use Programs, and Implementers

- Residential
- Commercial
- Industrial
- Agricultural
- Lighting
- C & S
- Financing
- Third Party
- LGPs

- Emerging Technologies
- Workforce, Education & Training
- Marketing, Education, & Outreach
- Integrated Demand Side Management

Bartenstein 2005 TOD/Ch4

R.13-11-005 TOD/ek4

Customer Sectors	End Uses	Intervention Strategies	Statewide Programs in Customer Sector	Implementers
Res	Lighting	C&S Financing ET	Energy Advisor Plug Load & Appliances Energy Upgrade CA Multifamily Rebates HVAC Res New Construction CA Advanced Homes Manufactured Homes	LGPs Dozen+ per IOU-PA
Com		WE&T ME&O iDSM	Calculated Incentives Savings by Design Deemed Incentives Direct Install Continuous Improvement Energy Advisor HVAC Third Party Programs	3Ps Dozens+ Per IOU-PA
Ind			Calculated Incentives Deemed Incentives Continuous Improvement Energy Advisor Third Party Programs	
AG			Calculated Incentives Deemed Incentives Continuous Improvement Energy Advisor Third Party Programs	

R.13-11-005 TOD/ek4

Customer Sectors	End Uses	Intervention Strategies	Statewide Programs	Implementers
Res	Lighting Space Cooling Space Heating Water Heating Refrigeration Process	C&S Financing ET C&S Financing ET WE&T ME&O iDSM Behavior (“Conservation”) Equipment & Appliance Buydown M, D, R Deemed Rebates Custom Incentives Recycling Retrofits R & C New Construction	Energy Advisor Plug Load & Appliances Energy Upgrade CA Multifamily Rebates HVAC Res New Construction CA Advanced Homes Manufactured Homes	LGP Programs Dozen+ per IOU-PA
Com			Calculated Incentives Savings by Design Deemed Incentives Direct Install Continuous Improvement Energy Advisor HVAC Third Party Programs	3P Programs Dozens+ Per IOU-PA
Ind			Calculated Incentives Deemed Incentives Continuous Improvement Energy Advisor Third Party Programs	IOU-PA Contractors
AG			Calculated Incentives Deemed Incentives Continuous Improvement Energy Advisor Third Party Programs	

R.13-11-005 TOD/ek4

Standardize Statewide Intervention Strategies

Current Statewide Programs

- C&S
- Financing
- ET
- WE&T
- ME&O
- iDSM

Additional Intervention Strategies

- Behavior ("Conservation")
- Equipment & Appliance Buydown M, D, R
- Deemed Rebates
- Custom Incentives
- Recycling Equipment & Appliances
- Retrofits R & C
- New Construction

Current Stwd Programs and Additional Intervention Strategies often have Regional and Local Elements, Approaches

- C&S: local enforcement & compliance.
- Custom Incentives: Standardized stwd method with site specific design and implementation.
- Deemed Rebates: sometimes Direct Install
- Retrofits R & C: Boots on the ground site specific
- ME&O? WE&T? ET?

R.13-11-005 TOD/ek4

Standardize Stwd Intervention Strategies

- Behavior ("Conservation") – **Energy Advisor R&C**. OPOWER now, expand to larger iDSM platform, AMI and other meter-based data analytics?
- Manf, Dist, Retail, buydown of higher efficiency, higher quality EE measures. Res & Commercial. **Plug Load and Appliances.**
- **Deemed Incentives: R, C, I:** Web- and local based. **MF Rebates**: largely deemed common-area lighting, often direct install.
- **Calculated Savings**: C&I Custom Programs
- **Energy Upgrade CA, C&I Calculated Savings**: AB 758 initiative. Res SF, MF, MH, Commercial Bldgs.
- **iDSM: HVAC R&C** key end use, gateway end use iDSM, EE element of conservation, efficiency, continuous commissioning; demand response, storage
- **iDSM: Lighting**: key end use, gateway iDSM element of conservation, efficiency; demand response
- **New Construction**: Residential, Commercial

R.13-11-005 TOD/ek4

Bay Area Multifamily Building Enhancements (BAMBE)

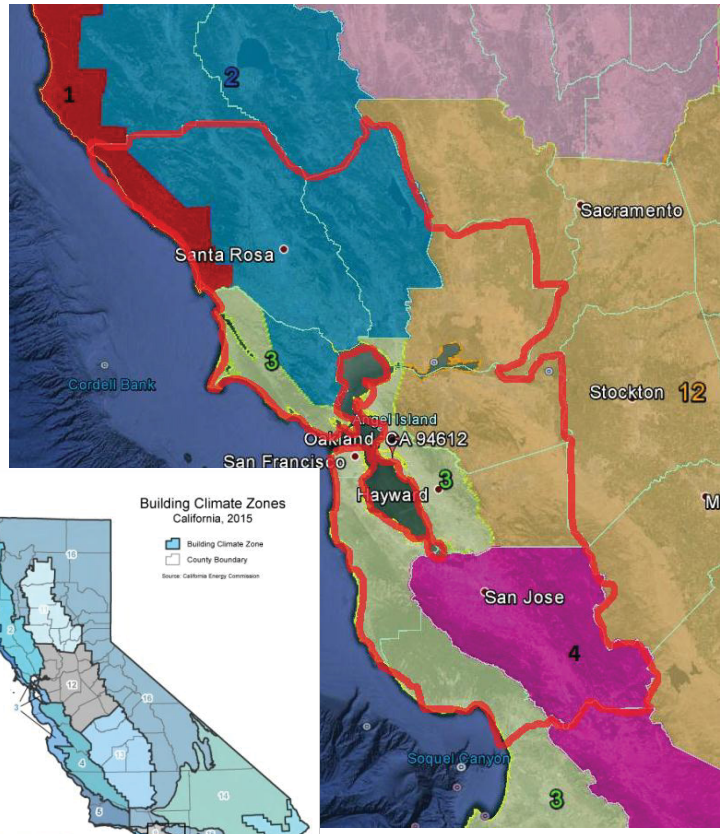
Regional Bay REN Multifamily Sub-Program
Lead by StopWaste: Energy Council

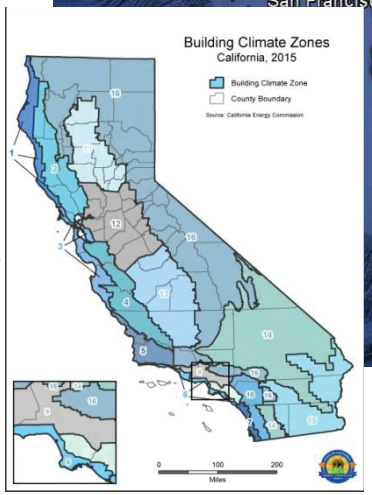
energy upgrade™ CALIFORNIA

MULTIFAMILY PROGRAM

Regional Multifamily Program

- Bay Area spans 5 CEC Climate Zones (Zones 1, 2, 3, 4 & 12)
- Diverse MF Housing Stock within the region
  - Condos/HOAs
  - Affordable Housing
  - Corporate Market Rate Owners
  - Individual Owners

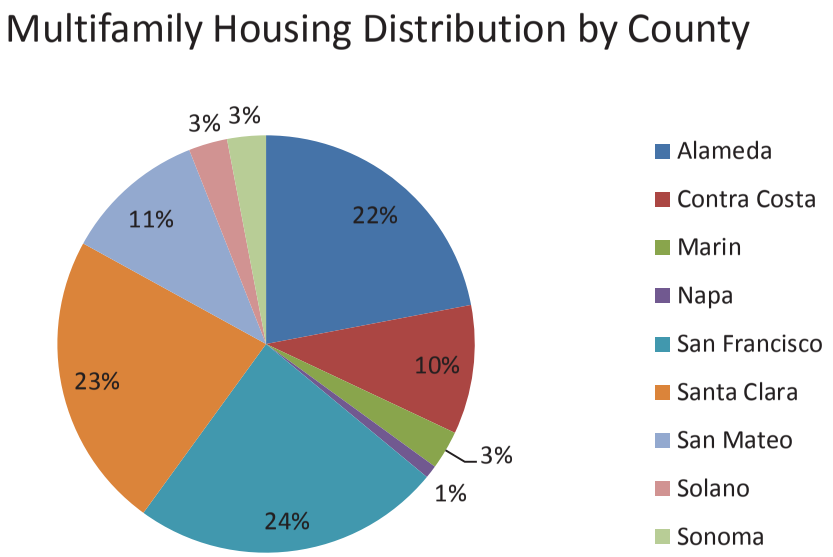




energy upgrade CALIFORNIA
MULTIFAMILY

Regional Multifamily Housing Stock

- According to Census:
  - ~ 2.8 Million Residential Housing Units (SF + MF)in 9 Counties
  - ~25% of total are MF 5 or more dwelling units
  - ~700,000 multifamily units in the Bay Area
  - ~ 1.7% market penetration of installed BAMBE units to date



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Installed Impacts as of December 2014

- Total Rebates received by property owners = **$6.2 million**
- **8,340** Units in **124** projects completed
- **16%** Average Estimated Savings per project
- Average Estimated Savings Per Unit: **406 kWh & 31 Therms**
- **3,400,000 kWh (3.4 GWh)** & **260,000 Therms** saved per year
- **3,670 metric tons of CO2e** reductions over 10 years
  (equivalent to GHG emissions from 773 passenger cars or 3.9 million pounds of coal burned)

energy upgrade CALIFORNIA
MULTIFAMILY

Case Study

1333 Jefferson St.- Napa County

PROPERTY PROFILE	
Location	1333 Jefferson St., Napa, CA
Owner	Larry Dondero
# of Units	6
# of buildings	1
Sq ft	2,350
Year built	1930's

UPGRADE AT A GLANCE	
Energy Savings	• 13.2 % overall energy savings • 218 Therms saved • 2,203 kWh saved • 2.7 metric tons CO_2 emissions reduced
Rebate Amount	$ 3,750
Measures Included	• High Efficiency Condensing Tankless Water Heater • Domestic Hot Water Pipe Insulation • CEE Tier 3 Laundry Washing Machine • Interior & Exterior LED Lighting • Low Flow Faucet Aerators & Showerheads
Other Benefits	• Water savings • Increased safety from improved lighting

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MULTIFAMILY

Case Study

Cinnabar Commons- Santa Clara County

PROPERTY PROFILE	
Location	875 Cinnabar St., San Jose, CA
Owner	Seven Hills Properties
# of Units	245
# of buildings	5
Sq ft	166,334
Year built	2006

UPGRADE AT A GLANCE	
Energy Savings	• 10.7 % overall energy savings • 4,386 Therms saved • 107,295 kWh saved • 97.3 metric tons CO_2 emissions reduced
Rebate Amount	$ 183,750
Measures Included	• Two High Efficiency Condensing Central Water Heaters/Boilers • Upgrade of in-unit, hallway, and garage lighting to LED fixtures
Other Benefits	• Increased safety from improved lighting

energy upgrade CALIFORNIA

MULTIFAMILY

DNV·GL

Standardize Statewide Programs

Valerie Richardson

 DNV GL © 2013

Statewide Programs

- Benefits of Statewide programs
  - Opportunity to create scale markets in CA and nationally
  - Scale leads to leverage with key market actors/trade allies
  - Scale can lead to market transformation
  - Consistency in programs facilitates quantifying energy savings and impact on GHG emissions

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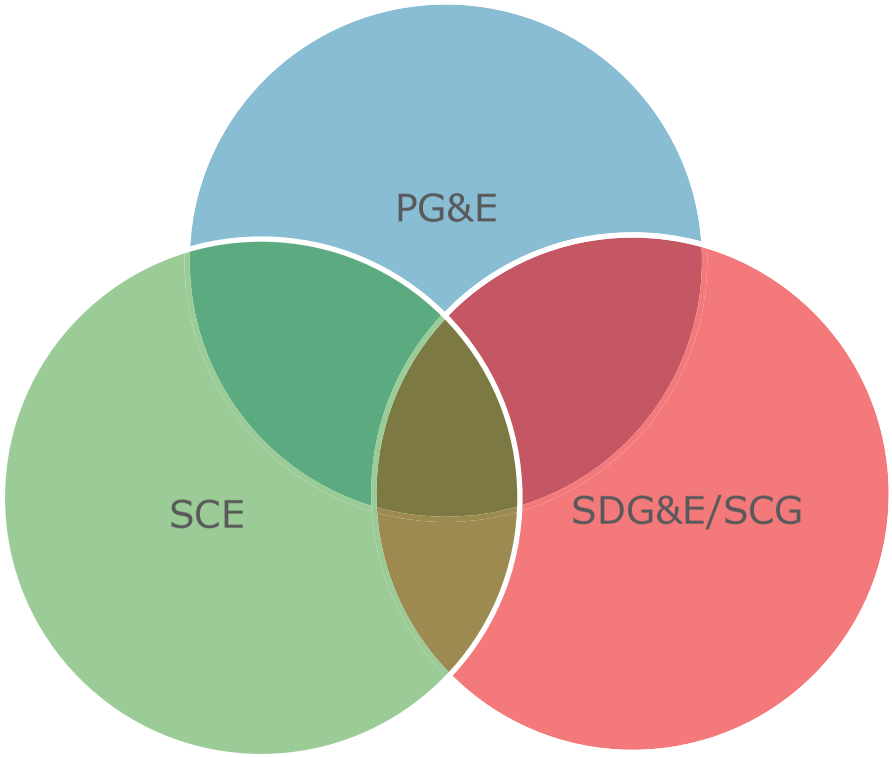
Standardization in Practice

- The more homogenous the target across the state, the higher need for standardization
- And conversely,
  - The less homogenous, the higher need for flexibility



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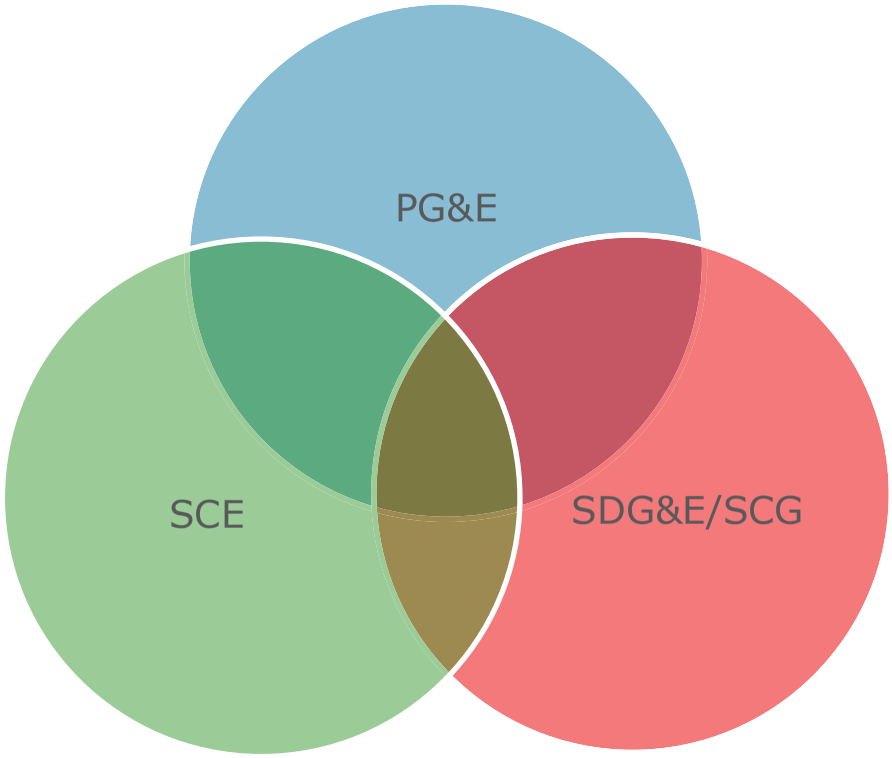
Areas where Standardization Works

- Consistency
  - Incentives
  - Data collection/applications
  - Planning assumptions
  - Marketing messages
  - Contractor training/workforce
  - Negotiating w/ trade allies



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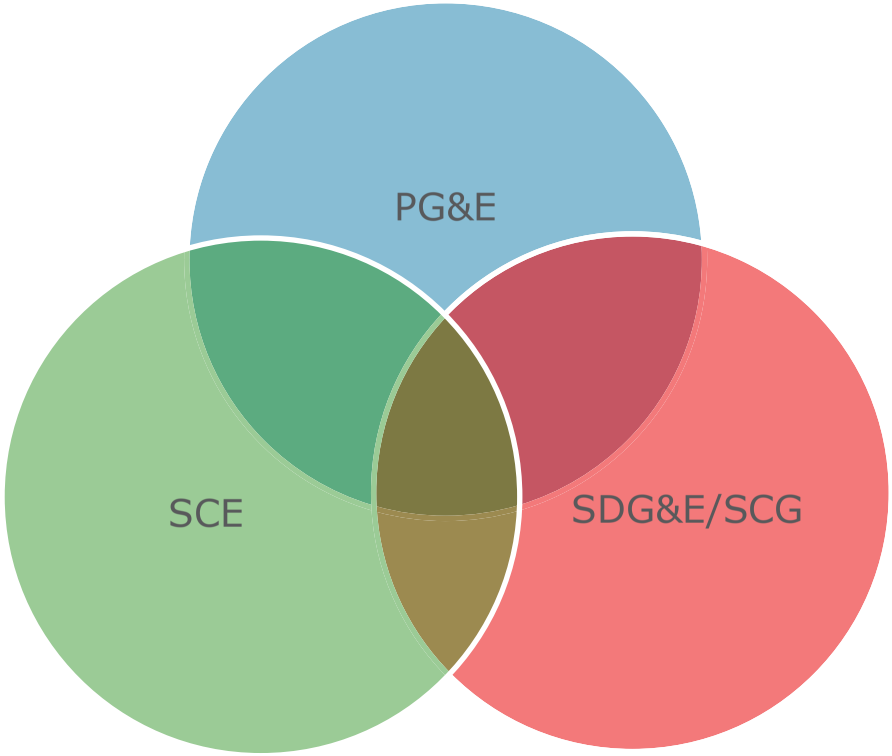
Potential Constraints

- Too generic to meet local needs
  - Need to customize for geographic differences
- Ownership constraints
  - Need to negotiate changes
  - Longer planning cycles
- TRC constraints
  - Uneven savings/costs due to variances in target markets



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Areas for Improvement

- For homogenous programs
  - Standardized tracking
  - One set of workpapers (extend to local programs using same measures/targets)
  - One-stop shop/source for data requests
  - One integrated PIP for Statewide (not repeated/fragmented in each filing)
  - One website
  - Umbrella marketing strategy/implementation

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Thank You!

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SAFER, SMARTER, GREENER

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PY2013-2014 California Statewide Third Party Commercial Programs

Value and Effectiveness Study

March 2015

Opinion Dynamics

3P Commercial Resource PY2013-2014 Programs (38 total programs, active and inactive)

- Characterize:
  - Design and implementation strategies;
  - Unique value;
  - Program performance
  - Compare to other IOU and REN offerings;
- Explore how effectively the 3P Commercial programs are implemented & managed
- Determine what issues the 3P programs are facing and how to best overcome them
- Study Status & Timing:
  - Just launched the study
  - Completed interviews with IOU staff
  - Reviewed all secondary data available on the programs
  - Half-way through interviewing all of the implementers
  - Next steps….summarize all information to date for the CPUC
  - Select 10 for deeper case studies
- Complete by Fall 2015

Early Knowledge Sharing

- Programs are quite diverse in terms of design, implementation strategy, history and length
  - Some just started in 2013 while some have been running since 2004.
  - Some of the newer programs started with the new IDEA 360 solicitation so they could try new and innovative approaches
  - Some started with a need to focus on specific customer segments that were not equipped to save energy through other program models
- Two main categories so far:
  - Programs that are trying to kick-start a new business, service, market opportunity or measure. These are the more innovate programs.
  - Programs that are trying different market intervention strategies to address barriers in really hard to reach markets.

What we are hearing from implementers so far

- Implementers identified issues with 3rd party program during surveys/meetings with ODC. We summarize these implementer issues below.
- Consider more holistic, whole-building, comprehensive approaches to commercial customers
  - The implementer's incentive structure design does not always align with a long-term, comprehensive strategy
  - The engineering review process for custom projects is too long
  - Some programs are competing with each other and should be consolidated for a more holistic approach
  - Encourage demand response and energy efficiency
- Need a more customer-centric, customer service oriented approach
  - Interval data should be leveraged more
  - Need a formal schedule for energy saving changes (i.e. Title 24, dispositions)
  - Program cycle times need to allow for relationship building

Q&A

- Questions about our study?
- Suggested topics for us to explore in this study?
- Things we should be aware of?

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R.13-11-005 TOD/ek4

A Non-Utility Administered Portfolio – Aloha from Hawaii

March 24, 2015

Hawaii Energy

Hawaii Energy

Changes to Third Party Approaches Panel

Jim Flanagan
James Flanagan Associates
San Francisco, CA
Honolulu, HI

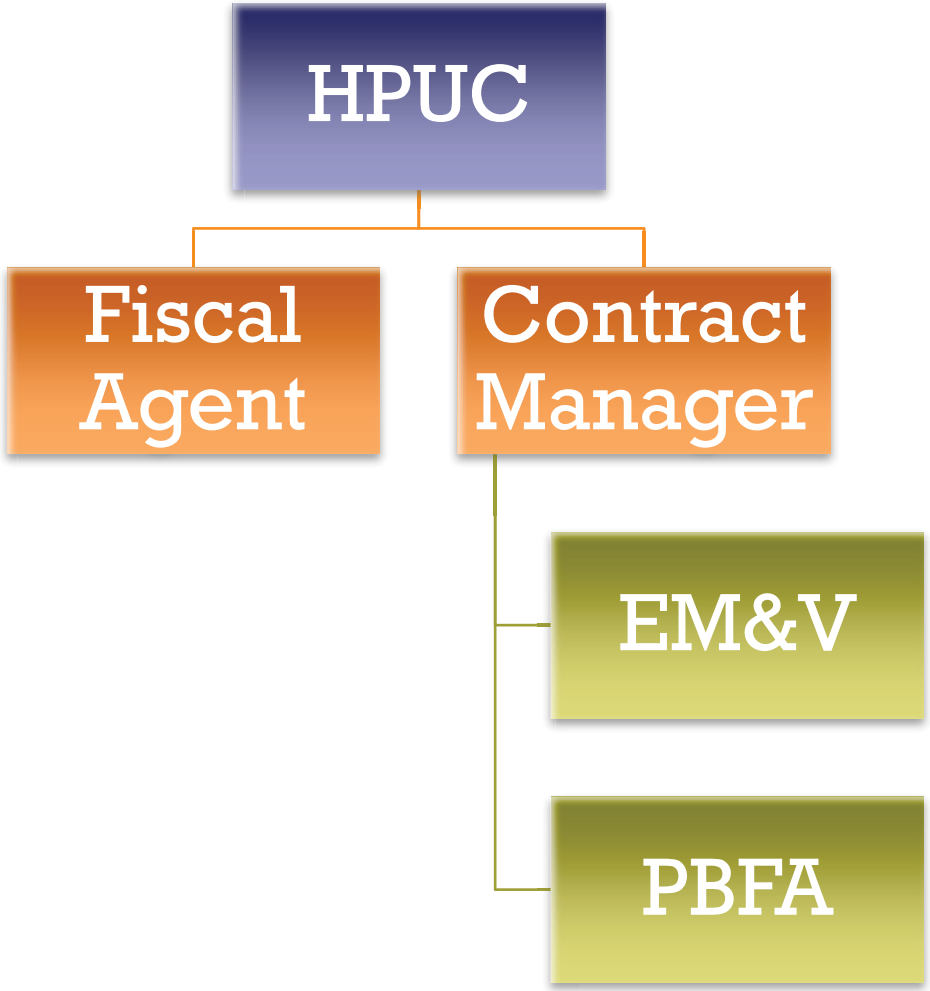
Background

- Population of 1.41 million people
- 10,469 gWh annual HECO sales
- 2,785 mW of firm capacity
- HECO Electricity rates – Highest in nation
  - $0.32-0.44/kWh – Residential
  - $0.26-0.52/kWh – Business
- Hawaii ranks 50th and 51st in electricity and nat gas consumption nationwide
- 2009 transition from utility EE portfolio to an PBFA

State Goals

- HCEI 70% reduction goal of 40% renewable and 30% EE by 2030
- EEPS Order 4,300 gWh target equates to roughly 1.5%/year to meet goals
- 2014 Legislation Report: "…..Hawaii is on track to achieve more than 1,550 GWh in savings by 2015, exceeding the interim 2015 EEPS target of 1,375 GWh by more than 12%"

PUC Establishes Structure



Public Benefits Fund Administrator

- Competitive bid selects portfolio administrator
- Portfolio admin expense limited to 10%
- 70% of PBF funds must be customer incentives
- Yearly kwh/mw goals are targeted to initial bid price with adjustments
- TRC >1 and Utility Cost reasonable (avg 3 cents)
- Maximize TRB, Island (customer) Equity
- Market Transformation/iDSM/Electric Vehicles

EM&V

- Verifications are done yearly based on desk and data base reviews, field inspections and phone surveys and ex ante deemed savings
- Evaluations are ex-post and prospective only
- Evaluations results used to modify next years program or deemed savings
- NTG remains generally constant at 0.7-0.8
- TAG determines third party evaluators agenda

What's Different?

- Technical Advisory Group – Stakeholders review Annual Plan, Annual Report and EM&V
- Program Changes are not docketed – flexible and quick under the portfolio guidelines
- Commission/Stakeholders present yearly guideline tweaks
- Pilot programs small and simple to test the waters
- Free riders and fraud are a cost of doing business
- Trust

IOU Local Programs:
Third Party Energy Efficiency Programs

2016 Energy Efficiency Changes: Statewide and Third Party Programs Workshop

Joint IOU Presentation
3/24/2015

Objectives for Third Party (3P) Programs

- Use comprehensive approaches to achieve savings in targeted markets
- Leverage 3Ps' deep knowledge of the particular market segment and technology expertise
- Support cost effective portfolio
- Fill portfolio gaps and introduce innovative approaches to program delivery, measures or segments served
- More effectively engage stakeholder community
- Meet or exceed 20% requirement
- Draw on successful best practices from other regions

Types of IOU 3P Programs

Mainstream 3P Programs	IDEEA 365 3P Programs
• Used for tried-and-true programs • Targeted to local/regional needs • Hard to reach focus • Measures align with SW offerings • Portfolio Gaps	• Use for new and innovative • Implementing new technologies • Unique delivery approaches • Portfolio Gaps

Note: Statewide programs use competitive solicitations for implementers as well.

Overview of 3P Energy Efficiency Programs

- 3P Selection Process
  - Competitive solicitation that includes a formal RFP process
  - RFP posted on SW Proposal Evaluation Program Management Application (PEPMA)
  - Bids formally reviewed and evaluated using established scoring criteria
    - Scoring criteria vetted through the Peer Review Group (PRG)
  - Selection process fair and transparent
    - IOU engages PRG to review bidders' scores
  - Vendor selected and into a contract with IOU (primarily "pay for performance")

- 3P Program Delivery
  - Delivered directly by the 3P
  - Activities may include marketing, customer outreach, energy audits, calculation assistance, project development assistance, and/or direct installation

- IOU Responsibilities
  - Contract management – budget, scope, invoicing
  - Monitoring, tracking and reviewing project pipeline, savings achievement, and deliverables
  - Regulatory and policy compliance
  - Internal coordination to facilitate comprehensive and access to IOU resources

Mainstream 3P Solicitation Process (PG&E)

- Competitive solicitation to drive down Direct Implementation Non-Incentive (DINI) costs

- Opportunity for new programs and vendor participation
  - Based on portfolio and market analyses
  - Garnered feedback from stakeholders

- Improved contract management
  - Increase vendor accountability e.g., engineering quality

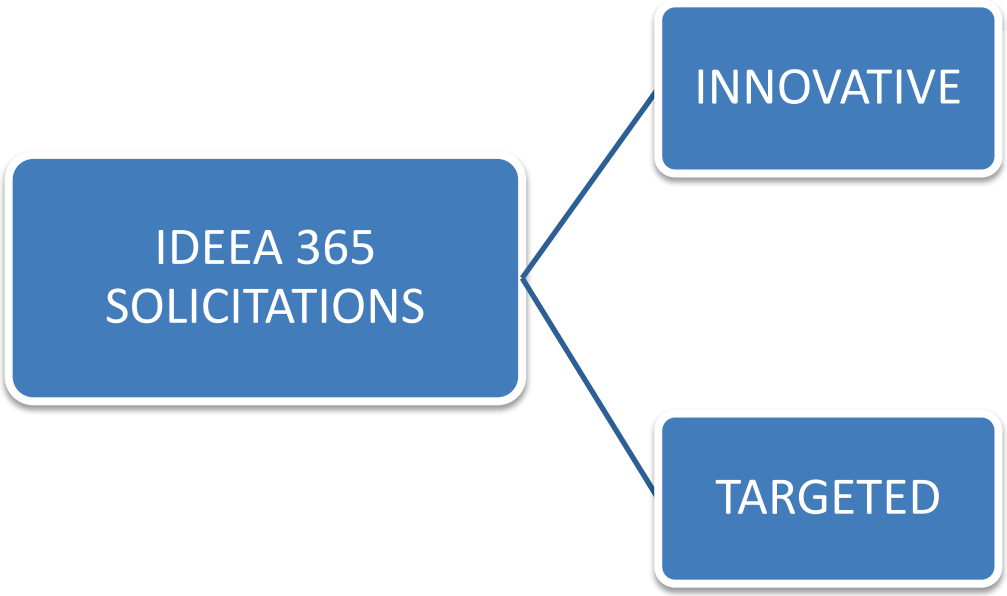
- Aligning contracts with rolling portfolio processes
  - Move away from the stop/start

- Solicitation timing
  - Started analysis in March 2014
  - Process included comprehensive research, analysis, and stakeholder feedback
  - Require sufficient time for solicitation review and selection process
  - Desire to have Programs in place by January 1, 2016

IDEEA 365 Solicitation Process

- Innovative Designs for Energy Efficiency Activities (IDEEA365)
  - An approach to continuous 3P solicitations

- Each IOU has a version of IDEEA365 with slight differences in implementation to meet individual IOU needs.



- Bidders asked to submit innovative ideas to complement the EE portfolio.

- Portfolio needs identified in consultation with IOU segment managers and program strategy.

- IOU invites submissions from potential bidders.

IDEEA 365 Details

Carried forward evaluation criteria consistent with SW version developed for previous solicitations

"Innovative" defined generally consistent with SW PRG and IOU definition for previous solicitations

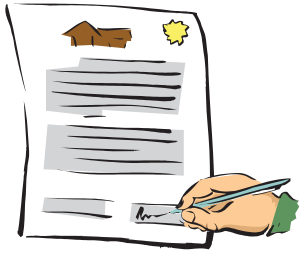
Use SW web portal to maximum number of bidders

Developed close working relationship with Peer Review Group (PRG)

Engaged internal cross-functional team to facilitate selection of successful 3P Programs

Internal /external stakeholder reviews to identify process improvements and expedite contract execution time

Project Lifecycle – Pay for Performance (Calculated)



1 Customer Enrolls in Third-Party Program
Program Agreement Signed by Customer

2 Audit Performed by Consultant
Project Scoping Document Submitted for Approval

3 ***Project Feasibility Study (PFS) Completed & Submitted***

Milestone 1

4 PFS Reviewed by Technical Engineer

5 Project Approved
Customer Agreement Signed

Installation Commencement

6 Order Equipment
Proof of Equipment Order Accepted

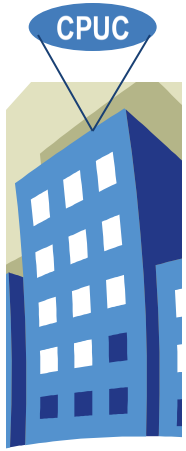
Milestone 2

7 Install Project
Installation Report Submitted (IR)

8 IR Package Reviewed by Technical Engineer

9 Final Project Savings Approval
Customer Receives Incentive

Milestone 3



Audits

EM&V

10

Note: Process shown generally followed, but may vary by PA and 3P program.

Project Lifecycle – Direct Install

1 Consultant and Account Rep Explains Program Offering to Customer

2 Customer Enrolls in Program
Customer Authorization Form
**Customer Signature*

3 Audit Performed by Consultant
Authorization Summary Form
**Customer Signature*

4 Project Assigned for Pre-Inspection

Installation Commencement

5 Project Approved

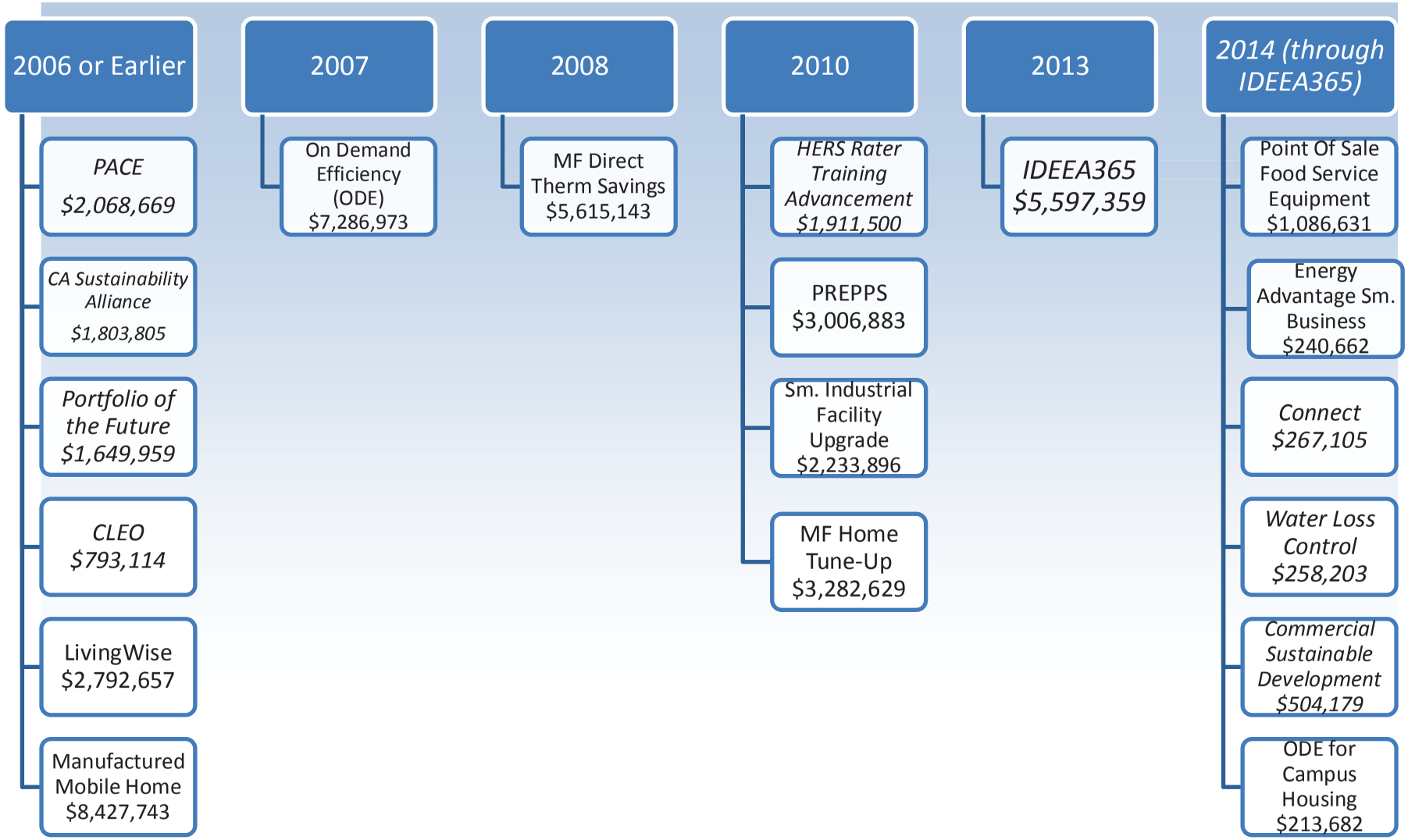
6 Install Project
Project Completion Detailed Summary Submitted
**Customer Signature*

7 Project Completion Report Package Reviewed by IOU and Projects Assigned for Post-Inspection

8 Project Completed

Note: Process shown generally followed, but may vary by PA and 3P program.

SCG 2013 – 2015 3Ps & Budgets by Year Added*



* Italics represent non-resource programs.

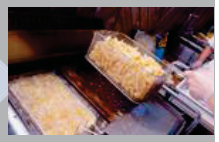
Roundup of 2013 – 2015 3PP Measures

Water-Related

- Leak Detection, Demand Controls & Strategies
- Pool & Space Heating Boilers, Pool Covers
- Instantaneous Water Heaters
- Showerheads & Faucet Aerators

Food Service Equipment

- Convection, Conveyor, Rack & Combo Ovens
- Fryers
- Griddles
- Steamers



Other

- C&I measures for Small Industrial Customers
- Custom Measures for Schools
- Duct sealing
- Tank & Pipe Insulation

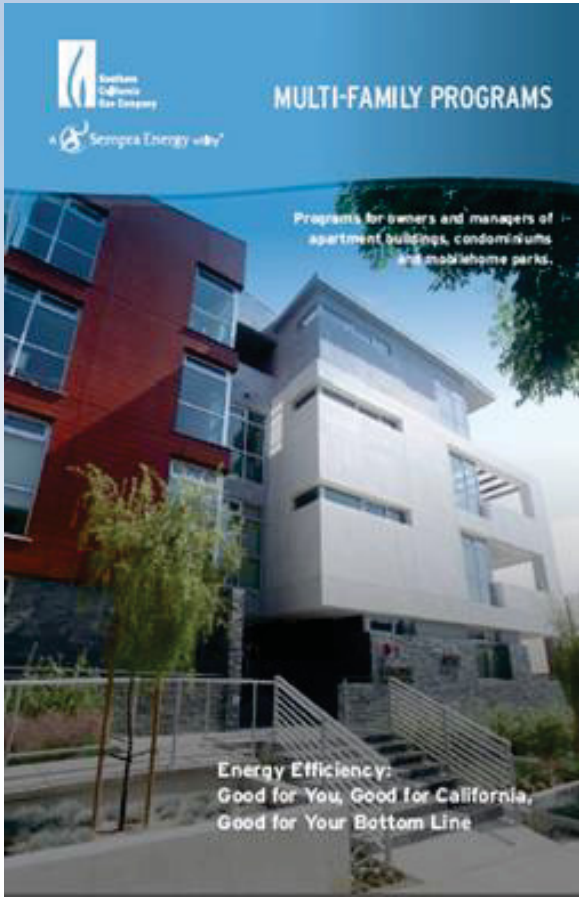
Non-Resource

- Training and Outreach (various topics)
- Audits
- Emerging Technology commercialization
- EE project & program coordination services

3P / IDSM Participation Example

Housing Authority of the City of Los Angeles (HACLA)

- Facilitated by MF Single Point of Contact
- Retrofit: 109 Affordable Housing Properties with over 9,000 Units
- Total Rebates: Over $95,000 (SoCalGas + LADWP)
- Total Properties/Units Treated: 43 properties, 6,035 units treated
- Total Energy/Water Savings: 92,000 Therms; 42 million gallons/yr



Program Participation

- MF Direct Therm Savings (Joint 3P Program)
- On-Demand Efficiency (SoCalGas 3P Program)
- Multifamily Energy Efficiency Rebate (SoCalGas Program)
- Technical Assistance Program (LADWP Program)
- ESA Program (SoCalGas Low Income Program) (Pending)

Selected Measures Installed

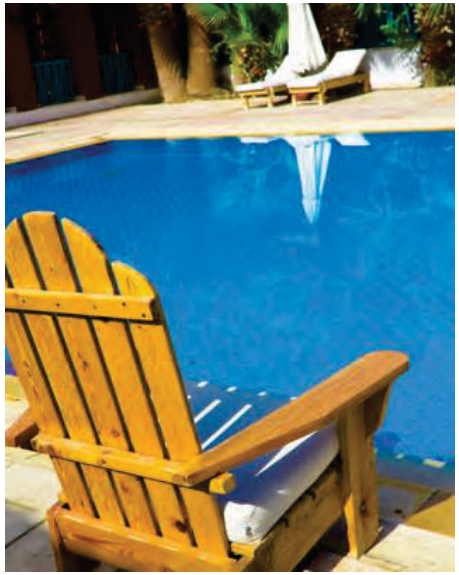
- Low Flow Showerheads / Aerators
- Re-circulation Pumps
- Tankless Water Heaters

Summary: SDG&E's 3P Program Implementation

2006-2008	2009-2011	2012	2013-2014
First Full Cycle with 3PPs • IOU Core Programs filed through formal application • 3PP approved through advice letter process • Commission approval for criteria to evaluate 3PP	• Moved to a single application where 3PPs are included in IOU Portfolio • IOUs apply selection criteria previously approved by Commission • IOUs have discretion in determining program focus	• Commission supports expanding number/quality of 3PPs • Commission believes the process of soliciting 3PPs has not consistently led to the stated purpose • D.12-11-015 approves and establishes IDEEA365	• Allows for continuous solicitations for 3PPs • Allows for identification for improvements to the process • Clarifies 20% of the portfolio to be competitively bid, including EM&V
26 3PP Programs • Mobile Energy Clinic (Small Commercial) • Appliance Recycling (Residential) • CHEERS (New Construction) • Retro-commissioning (Non-Residential) • Upstream HVAC/Motors (Non-Residential) **$61,743,666** **(24% of portfolio)**	15 3PP Programs • CIEEP (Industrial) • HVAC Tune-up/QI (Non-Residential) • SaveGas Hot Water Control (Hotel/Motel) • Direct Install (Small business) • EE Water Pumping (Commercial/Industrial/ Agricultural) **$65,953,179** **(23% of portfolio)**	10 3PP Programs • Extended existing programs that were successful • Prepared for the implementation of IDEEA 365 rolling solicitation **$24,482,738** **(27% of portfolio)**	18 3PP Programs • 3 solicitations using IDEEA365 • MIDI(Residential) • Zero Energy Loss Drain Adoption (Non-Residential) • SPLASH Pool Pumps (Residential) • Small Business Loan (Non-residential) • Sustainable Labs (Non-Residential) **$62,256,510** **(30% of portfolio)**

SCE Third Party Programs: Commercial

Commercial Customers	•Data Centers EE Program (Wildan) •***Mid-Market Dynamic Energy Efficiency Program- TRIP (InTech Energy, Inc.)*** •The Cool Planet Project (The Climate Registry)
Hospitality	•Lodging EE Program (Wildan)
Offices	•Commercial Utility Building Efficiency (Trane) •Enhanced RCx (Nexant), also supports hospitals •***Mid-Market Peak Plus-TRIP (Ecology Action)*** •***Wireless Energy Management Systems- TRIP (QuEST)***
Small Business	•Direct Install (California Retrofit, Inc., FCI Management, and FESS Energy, Inc.)
Municipal, Universities, Schools & Hospitals (MUSH)	• Schools EE Program (Wildan) • Cool Schools (Public K-12) (Trane) • Healthcare EE Program (Wildan) • Healthcare Innovative Technology EE Program (Wildan)



** SCE's Direct Install Programs also works with SCE's Local Government Partnerships*

SCE Third Party Programs:
Agricultural & Industrial

Food Processing	• Food & Kindred Products (Lockheed Martin)
Water	• ***Water Infrastructure Systems Efficiency-IDEEA 365 (Lincus)***
Oil	• Petroleum Refining (EnerNoc/GEP) • Oil Production (EnerNoc/GEP)
Industrial	• Chemical Products (EnerNOC/GEP) • Primary & Fabricated Metals (Lockheed Martin) • Non-Metallic Minerals & Products (Onsite) • ***Mid-size Industrial Customers Program-IDEEA 365 (Onsite)*** • The Cool Planet Project (The Climate Registry)

SCE Third Party Programs:
Residential

Mobile Homes

- Comprehensive Manufactured Home Program (Synergy)

PG&E Third Party Programs:
Residential

New Construction	• California Multifamily New Homes Program (TRC)
Mobile Homes	• Direct Install for Manufactured and Mobile Homes (Synergy)
Single & Multifamily	• Cooling Optimizer Program (Proctor Engineering)

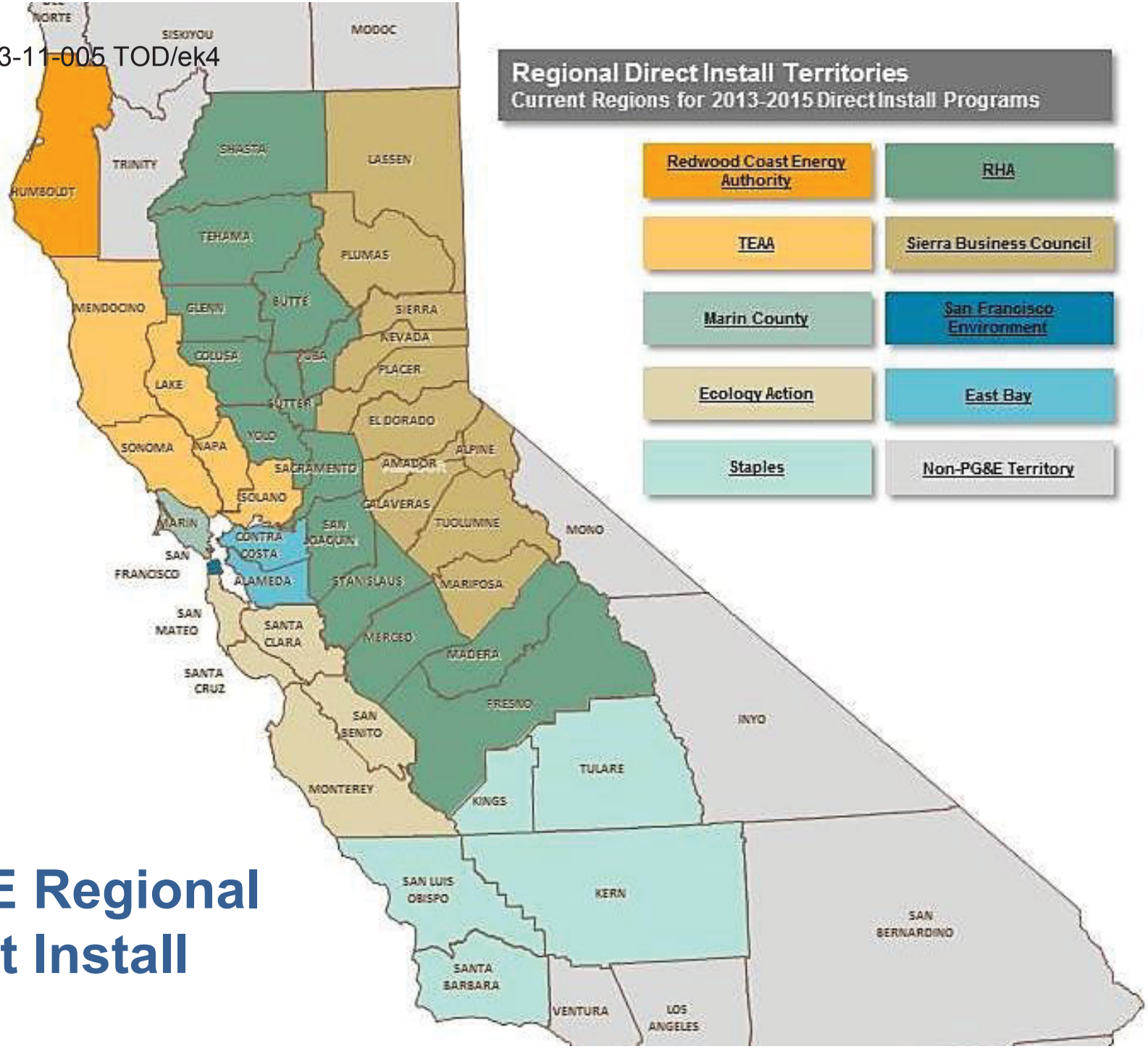
PG&E Third Party Programs:
Commercial

Commercial Customers	•Air Care Plus (CLEAResult) •Boiler Program (Enovity)
Retail	•Energy Smart Grocery (CLEAResult) •Furniture Stores (Matrix) •LED Accelerator (Energy Solutions)
Hospitality	•Lodging Savers (Ecology Action) •Casino Green (Ecology Action)
Offices	***•Commercial Mid Market (Lincus)*** ***•Commercial Real Estate Outreach (Waypoint)***
Small & Medium Businesses	•Energy Fitness Direct Install* (RHA) •RightLights Direct Install* (Ecology Action) •Energy Savers Direct Install* (TEAA) ***•Data Centers Air Flow Management (CLEAResult)***
Municipal, Universities, Schools & Hospitals (MUSH)	• K-12 School Energy Efficiency (CLEAResult) • Private Schools (Matrix) ***•Analytics-Enabled RCx (CLEAResult, Nexant, Enovity)*** •Healthcare Energy Efficiency Program (Wildan) ***•Laboratory Fume Hoods (McKinstry)*** ***•Bridges to Energy (ICF)*** ***•Dynamic Gas Scavenging (Mazzetti)***

** PG&E's Direct Install Programs work with and/or through our Local Government Partnerships*

PG&E Third Party Programs:
Agricultural & Industrial

Dairies	•Dairy Industry Resource Advantage Program(CLEAResult) •California Dairy Energy Efficiency Program (Ensave)
Wineries	•Wine Industry Efficiency Solutions Program (CLEAResult)
Crop Production	•***Low Pressure Irrigation (Staples)***
Food Processing	•Comprehensive Food Processing Audit and Resource Efficiency Program (EnerNoc)
Water Agencies	•***Water Infrastructure and System Efficiency Program (Lincus)*** •California Wastewater Optimization (QuEST)
Oil	•Energy Efficiency Services for Oil and Gas Production (EnerNoc) •Refinery Energy Efficiency Program (Nexant)
Industrial	• Compressed Air Program (Ecova) •Heavy Industry Energy Efficiency Program (Lockheed) •Industrial Recommissioning Program (Nexant) •***Intelligent Energy Efficiency Program (Ameresco)***



PG&E Regional Direct Install

EAST BAY ENERGY WATCH

PG&E LOCAL GOVERNMENT PARTNERSHIP

Brendan Havenar-Daughton

Partnership Manager

PARTNERSHIP STRUCTURE

- Serve Alameda & Contra Costa Counties
- Partnership Manager represents local governments and provides strategic guidance
- Strategic Advisory Committee determines programmatic direction & innovation
- Serve commercial, municipal and residential customers
- Two Service Providers (implementers) deliver DI programs

FOCUS ON SMB DI

- Over 1500 business customers audited each year
- Lighting measures represent 80% of our savings (20% refrigeration)
- Partnership SMB savings goals ~ 20M kWh annually

Auditor-driven

Customer-focused handholding at every step

Contractor-driven

Target high-saving projects

HIGH INCENTIVES (ARRA)

- Oakland Shines targeted all businesses in downtown Oakland promoting emerging tech
- Program leveraged existing DI incentives
- Intensive marketing campaign
- Incentives capped at 90% of project cost

ECMs Included:

Wireless Lighting Controls

LED Down lights

LED Bi-Level Parking Lot Fixtures

LED Refrigerator Case Lighting

Bi-Level Stairwell lighting

Wireless Pneumatic Thermostats

Average Project Incentive: 90%

Project Conversion Rate: 33%

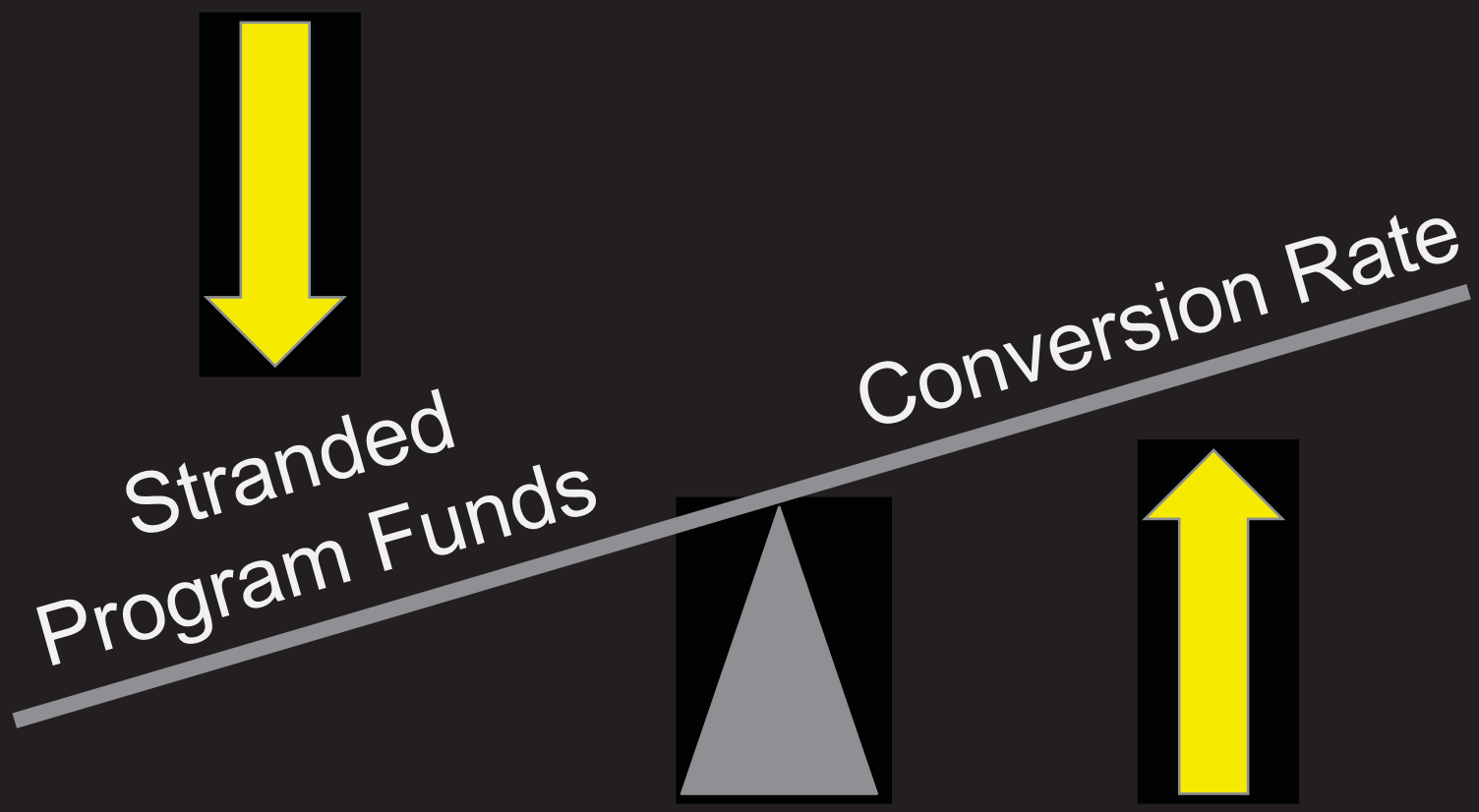
Oakland Shines was implemented by QuEST in partnership with the City of Oakland

INCENTIVES

What are they good for?

CONVERSION RATE AS KPI

2014 Project Conversion Rate: 30%



QUESTION FROM YESTERDAY

What is it going to take to get customers to participate?

CREATIVE THINKING

Reduce stranded program funds (that don't lead to savings)

- Customer screening (e.g. via utility bill analysis)
- Nominal cost for energy audit
- . . .

Increase Conversion Rate

- Social norming strategies & other psychological strategies
- "Engagement Incentive"
- Building long-term customer relationships
- Tracking all opportunities over time
- Improve tools that help communicate project benefits (marketing to convert vs. marketing to audit)

SMB COMPREHENSIVENESS

Interior / Exterior Lighting Example

Most customers, when presented with both interior and exterior lighting opportunities, will implement most interior measures but few will implement any exterior measures

Example MR16

Prior to 2013 there was no cost-effective solution for the MR16

Now new marketing dollars are needed to find & engage these customers once again

All opportunities must be tracked over time

ENGAGEMENT INCENTIVE

Goal: Increase project conversion rate

Methodology: Present three project options

Theory: People compare, they don't chose

Most Popular Option

1	2	3
Cost: $6,700	Cost: $6,700	Cost: $6,700
Incentive: $2,250	Incentive: $0	Incentive: $3,000
Savings: $2,300/yr.	Savings: $2,300/yr.	Savings: $2,300/yr.
Cost to you: $4,450	**Cost to you: $6,700**	**Cost to you: $3,700**

Over 10,000 local East Bay businesses have completed projects with us.

BUSINESS LEADERSHIP INCENTIVE

Customers must:

- Implement 100% of recommendations
- Enroll in My Energy
- Take a feedback survey
- Receive a free water audit
- Offer a referral to another business
- Agree to implement within 30 days

EAST BAY energy watch

Business Leadership Incentive Checklist

Thank you for your interest and willingness to engage with the East Bay Energy Watch. Your **commitment and feedback** will directly influence our ability to effectively serve local businesses throughout the East Bay. To show our appreciation for completing all of the engagement activities listed below, we have offered you a Business Leadership bonus incentive to help cover your project costs.

Congratulations and thank you for your leadership!

All of the following items must be checked off by the customer and signed off by program staff in order to receive the Business Leadership bonus incentive.

- Implement 100% of Energy-Saving Recommendations
- Enroll in My Energy (online)
- Make the East Bay Sustainability Pledge
- Complete the Business Energy Survey (online)
- Accept a FREE Comprehensive Water Use Assessment
- Refer One East Bay Business Owner to this Program
- Sign Photo Release Form
- Sign Data Release Form
- Free Recycling Service of Linear Fluorescent Light Bulbs
- FREE Energy Star Benchmarking
- FREE HVAC Assessment
- LEED Gap Analysis & Preliminary LEED scorecard

Customer Signature

Date

Name of Business

Phone

Thank you for Leading By Example!

Benefits both customer and program

Pay for Performance: Efficiency 2.0

CPUC Energy Efficiency proceeding R.13-11-005

March 24th, 2015

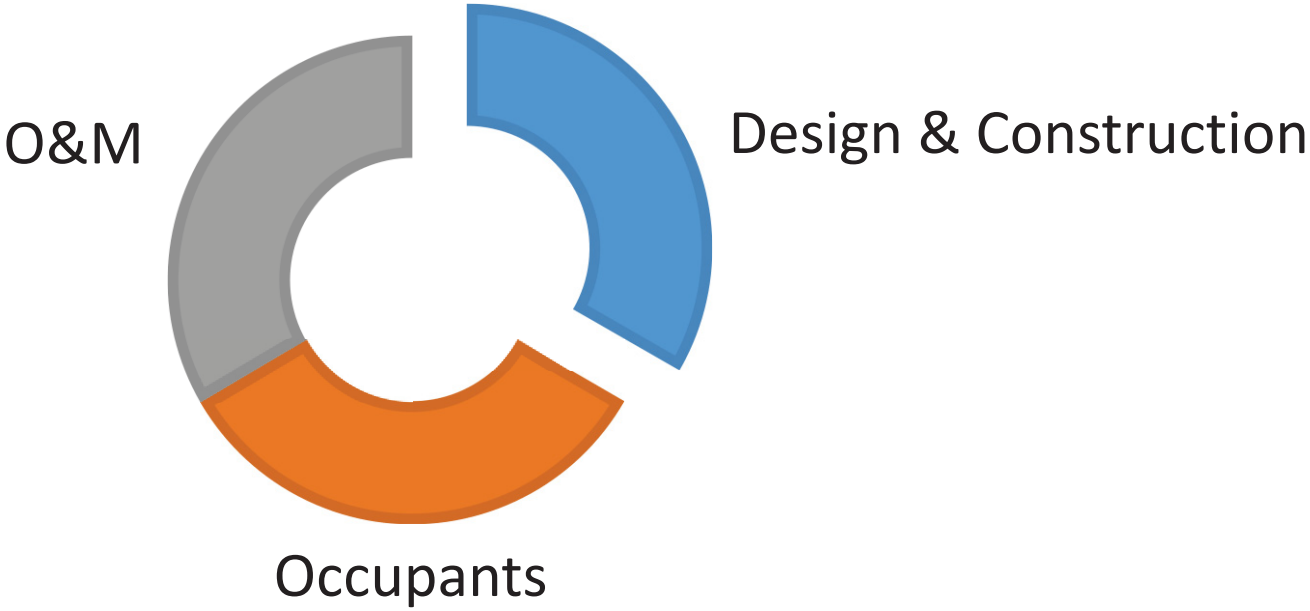
GREENTECH LEADERSHIP GROUP

Governor Brown wants 50% ↑

AMI provides granular data

Low realization rates

R.13-11-005 TOD/ek4

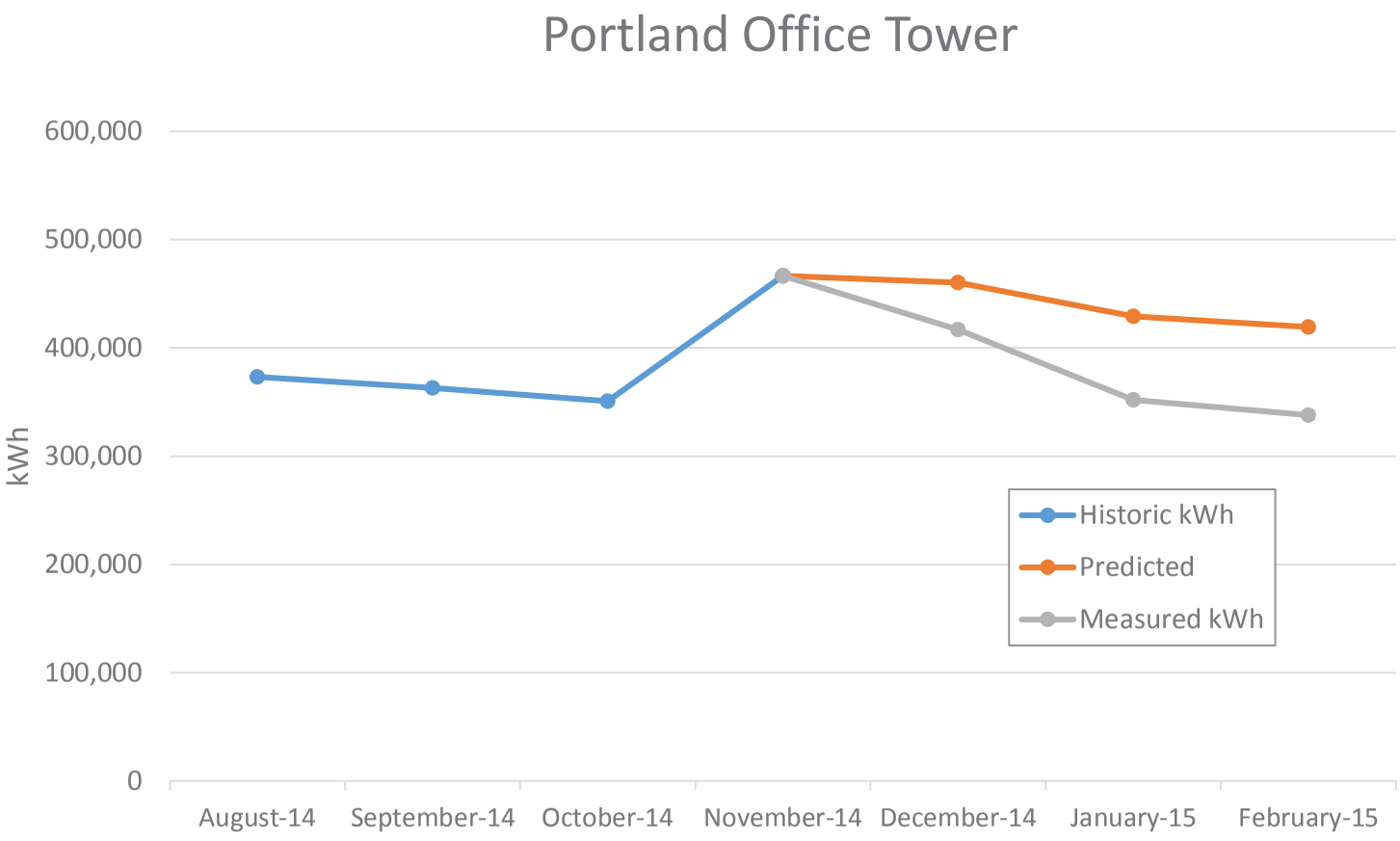


Pay for Performance

Attribute	Widget	Pay for Performance
Payment timing	Up front	On delivery
Risk holder	Utility/PA	Owner/contractor
Measure life & persistence	Complex	Irrelevant
Behavior, O&M savings potential	No value	Very valuable
Interactive effects	No value	Very valuable
Innovation	Constrained	Encouraged

R.13-11-005 TOD/ek4

It can be done…



- Focuses on the outcome, not the widget
- Aligns EE services with policy goals
- De-risks public dollars

Michael Murray
Chief Technology Strategist
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GREENTECH LEADERSHIP GROUP

Energy Efficiency Program Administration: Options and Issues

Charles A. Goldman
Lawrence Berkeley National Laboratory

CA Public Utilities Commission
Public Workshop: 2016 Energy Efficiency Statewide and 3rd Party Programs
March 24, 2015
San Francisco, CA

This presentation and related technical assistance is funded by the Department of Energy Office of Energy Delivery and Electric Reliability under Contract No. DE-AC02-05CH11231.

Overview of Presentation

1. Overview of program administration options
2. Examples from selected states
3. Selection criteria
4. Suggestions and Lessons Learned

EE Program Administration: Functions & Roles

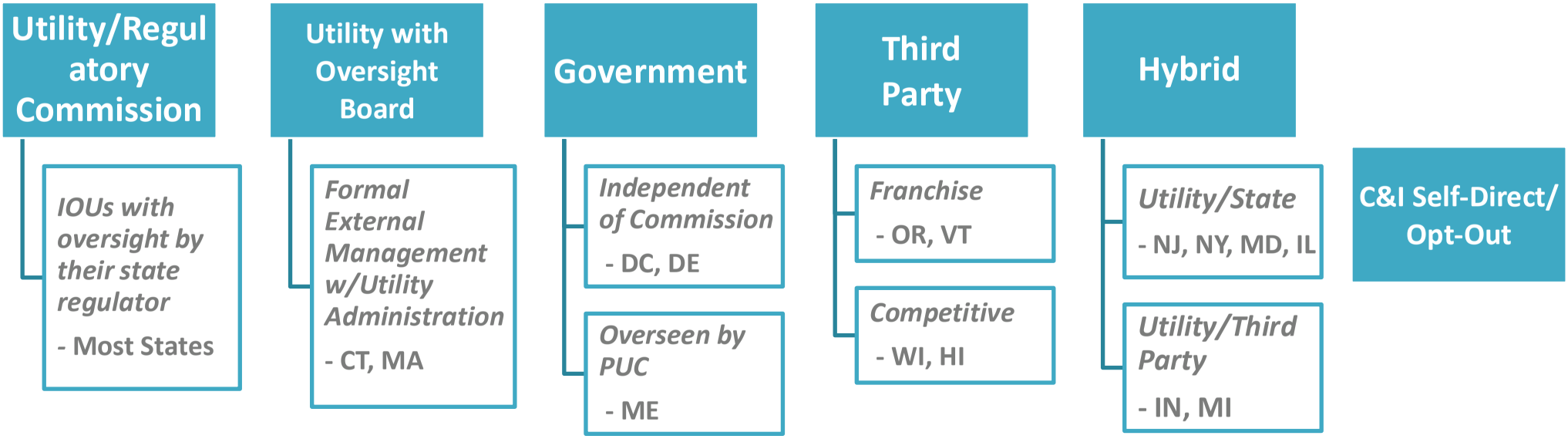
Context: What Does it Take to Administer and Deliver EE Programs?

- General Administration and Coordination
  - Contracts with primary contractors; outreach and reporting to public, state agencies, legislature, etc.
  - Infrastructure for data management, accounting, funds transfers and payments, IT systems, confidentiality compliance, etc.
- Goal Setting, Portfolio and Program Development and Planning, and Budgeting
  - Facilitate public goal setting and planning and input process; establish overall portfolio of programs with definition and balancing of budgets, cost-effectiveness, goals, etc.; and define general goals and metrics, descriptions, and budgets for individual programs
  - *Define a framework, maintain long-term stability*
- Portfolio and Program Administration and Management
  - Manage budget and sub-contracts for individual programs; provide basics of program designs; provide oversight/guidance and select/support implementers; provide marketing for overall portfolio
- Impact, Process and Market Evaluations
  - Establish evaluation framework
  - Provide for market assessments, potential studies, impact and process evaluations, and cost-effectiveness assessments (which are often done by third-party evaluators)

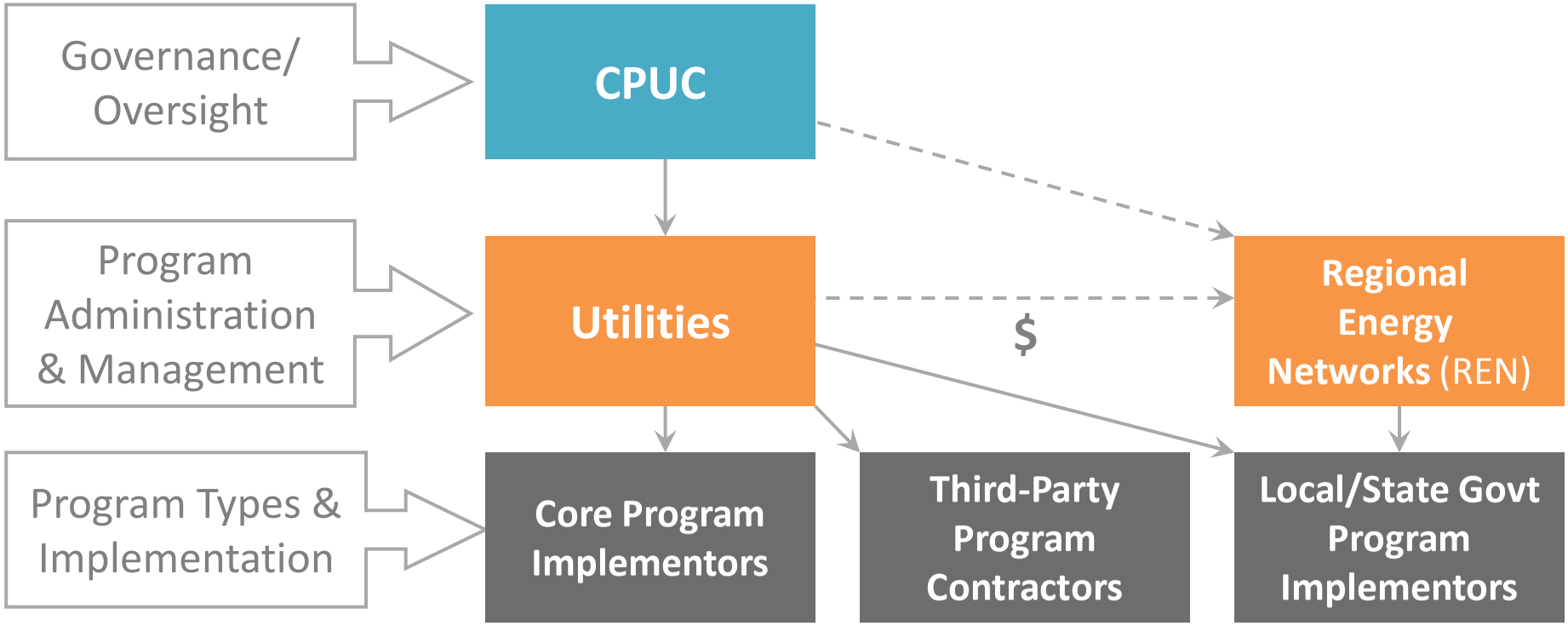
Program Administration Options

Option	Primary responsibility for administering efficiency (DSM) programs
Utility/Regulatory Commission	Investor Owned Utility(ies) with oversight by their state regulator
Utility/Oversight Board	Utility(ies) with oversight by an external advisory board
Government	State agency
Third Party	Independent, non-governmental organization under contract to or franchise from a state agency (or utilities)
Hybrid	Combination of the above - usually based on utilities offering some of the programs with oversight by state PUC and another entity, such as state agency, administering other programs (e.g., low-income)

Program Administrative Options Typology

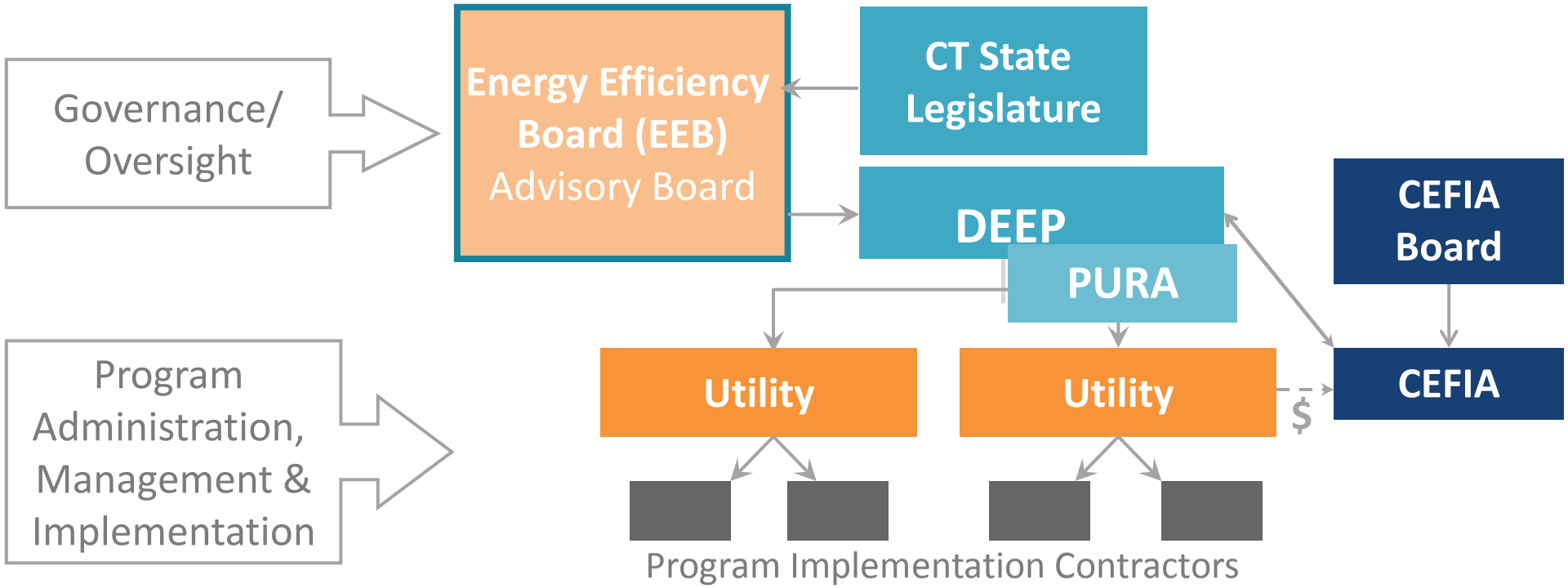


Energy Efficiency Administration: California *utility/regulatory commission*



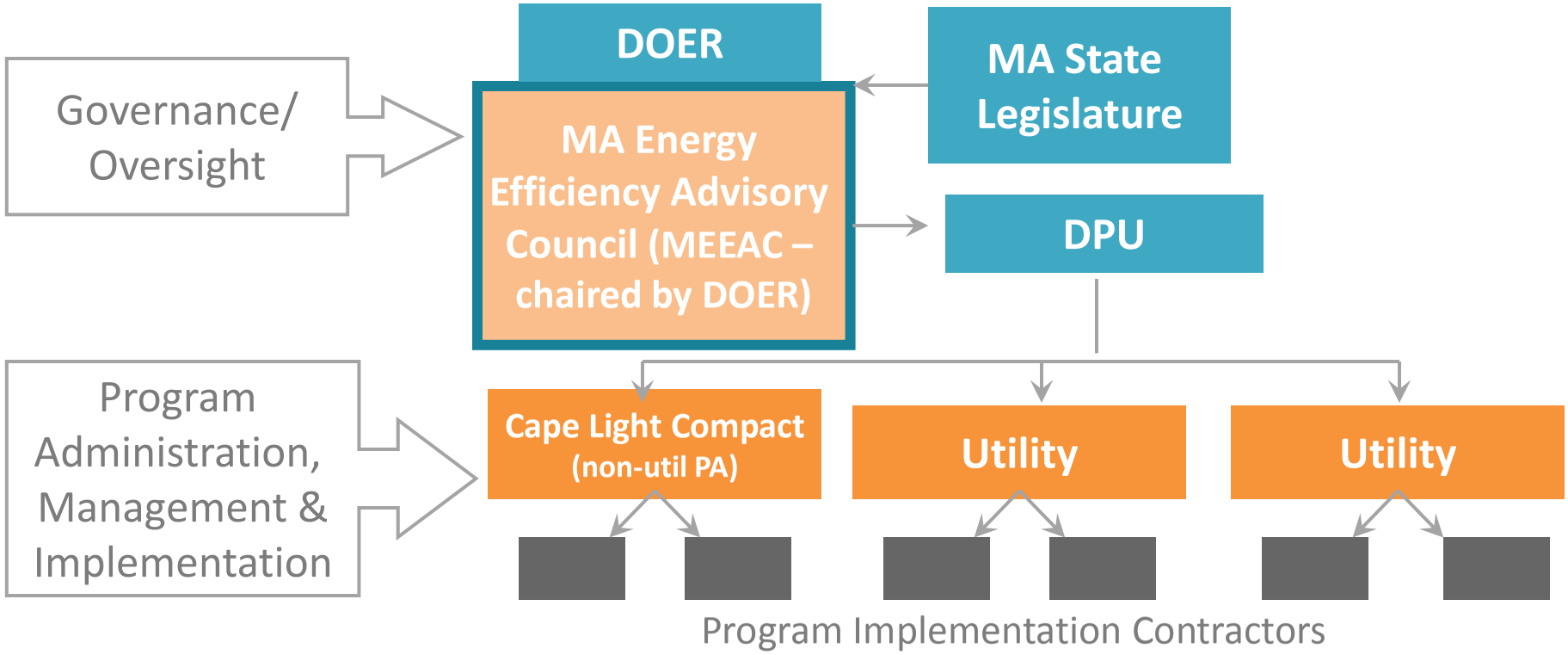
- Utility Administration with IOU-specific advisory groups
- Three Program Categories: Core, Third-Party & Local/State Government
  - 20% of EE budget reserved for programs designed & administered by third parties
  - Both IOUs and RENs run RP-funded local government programs

Energy Efficiency Administration: Connecticut *utility with oversight board*



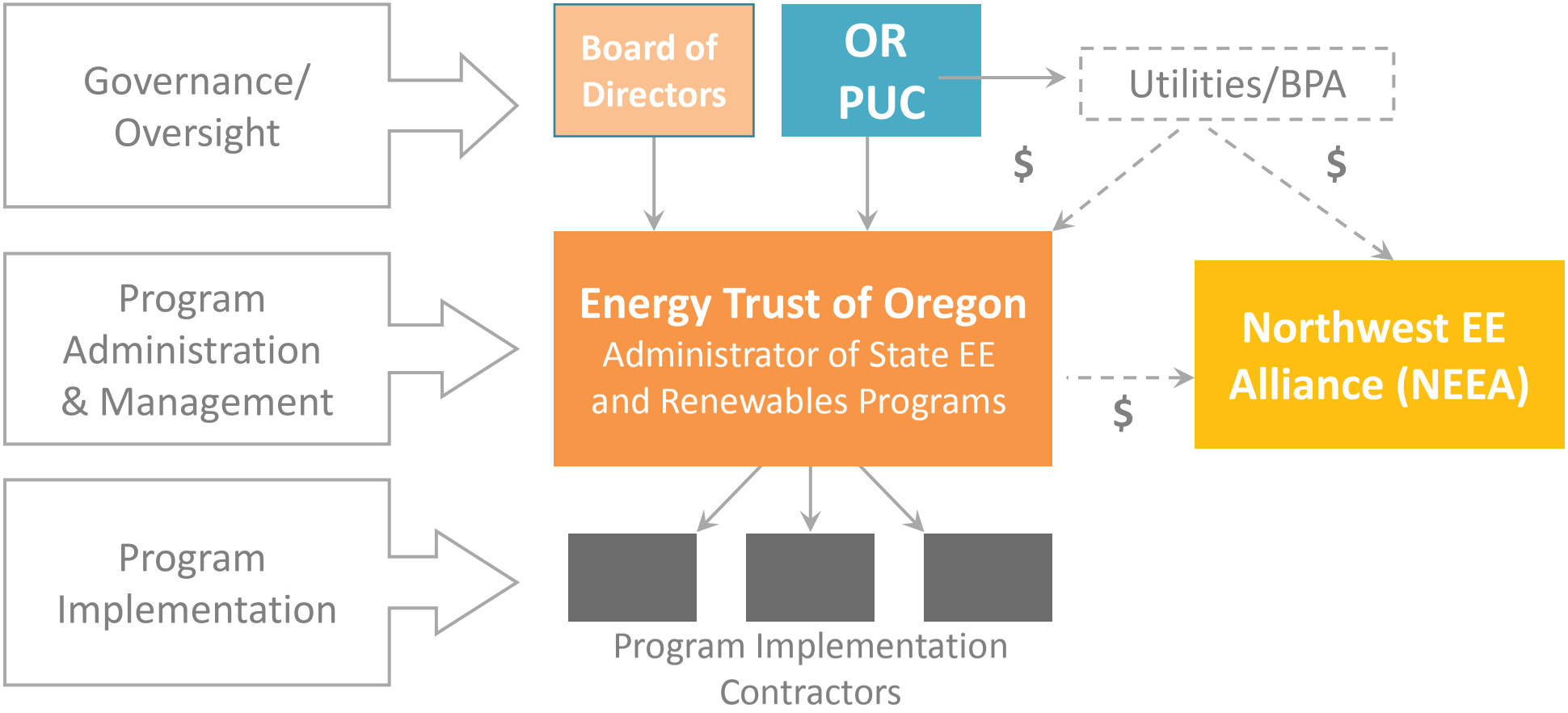
- Utility administration with a stakeholder advisory board (EE Board, authorized in CT statutes)
- EE Board functions:
  - coordinated and fuel-integrated statewide programs
  - facilitates regulatory planning and review/approval of C&LM programs, budgets, goals, performance incentives, EM&V

Energy Efficiency Administration: Massachusetts *utility with oversight board*



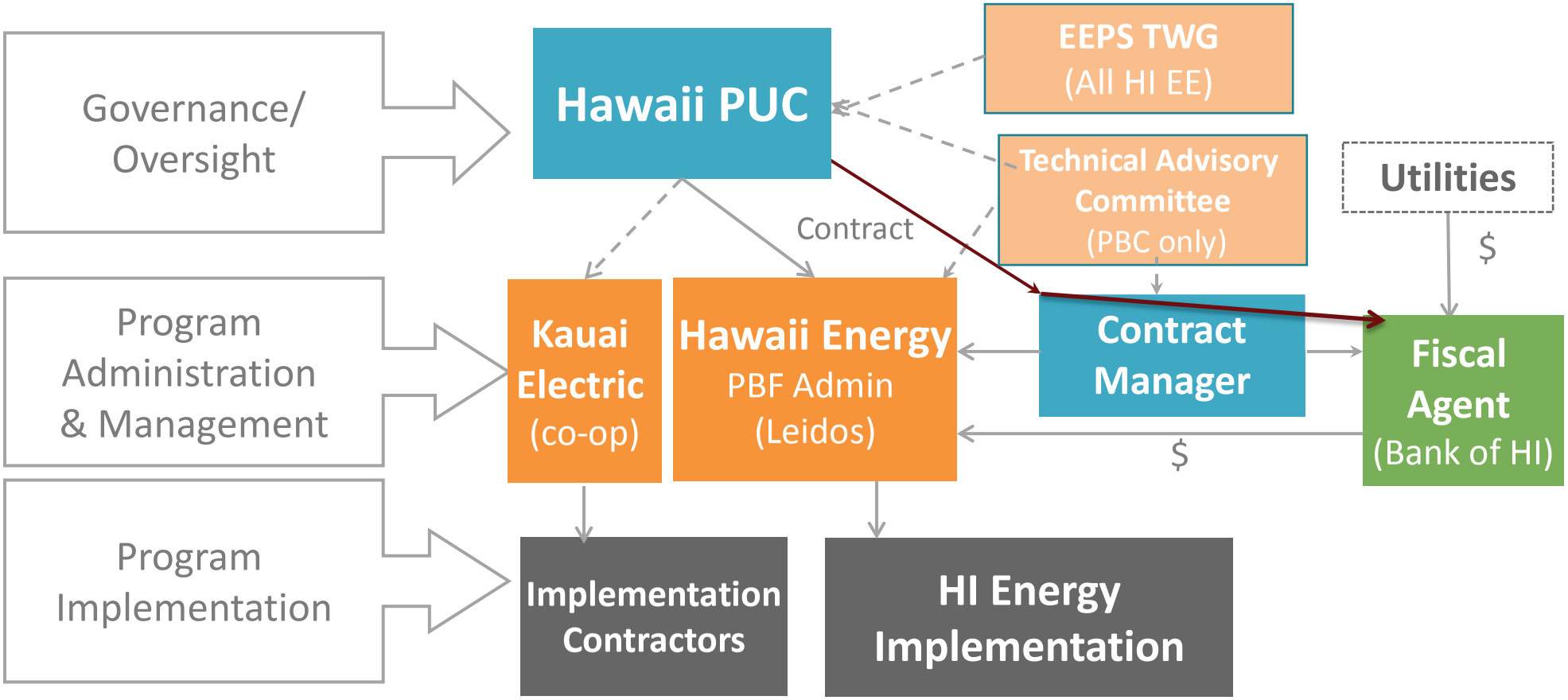
- Utility administration with a public/stakeholder advisory board (MEEAC, authorized in MA statutes)
- MEEAC functions:
  - coordinated and fuel-integrated statewide programs
  - facilitates DPU regulatory approval of C&LM programs, budgets, goals, incentives, M&V

Energy Efficiency Administration: Oregon *third party*



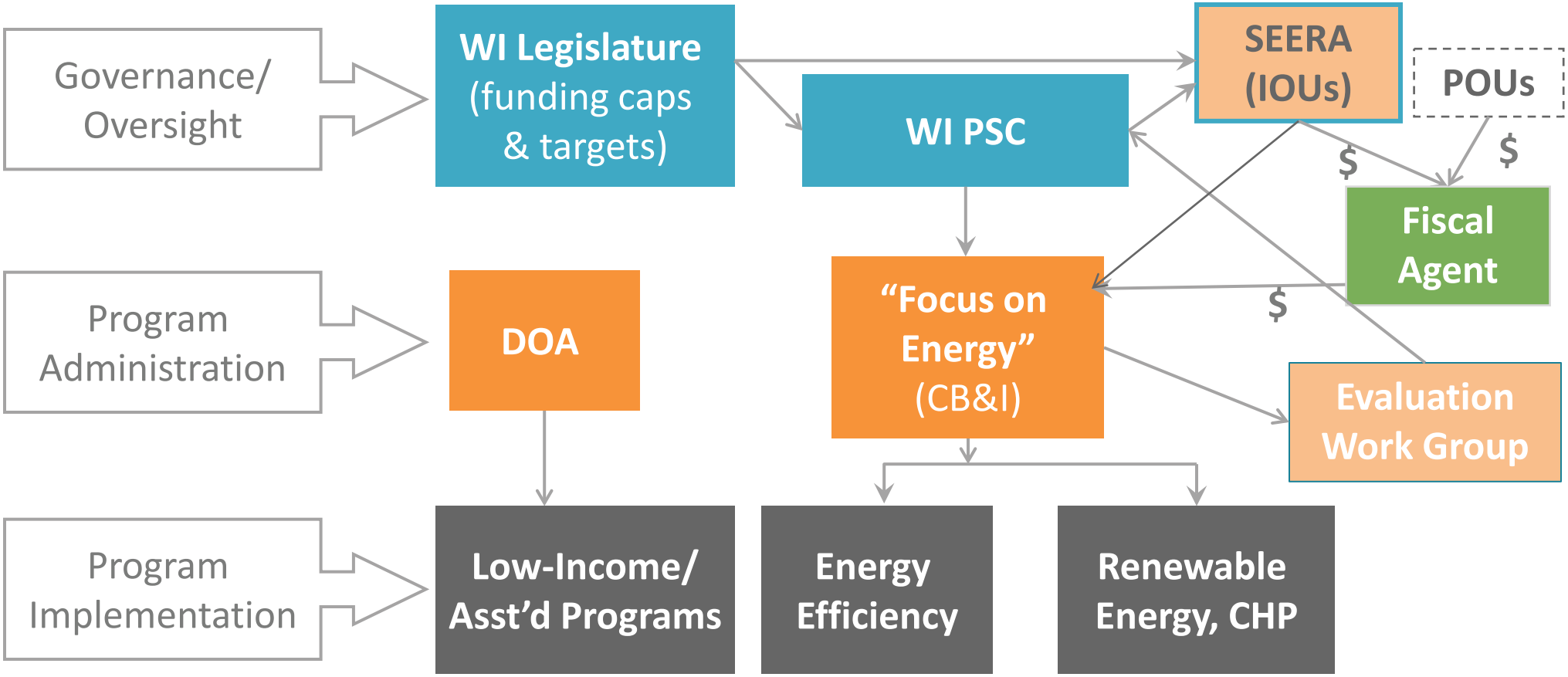
- Energy Trust is non-profit corporation; grant agreement with OR PUC
- NEEA focuses on regional market transformation initiatives
- Energy Trust: ~80 staff: $154M budget for 2013

Energy Efficiency Administration: Hawaii *third party*



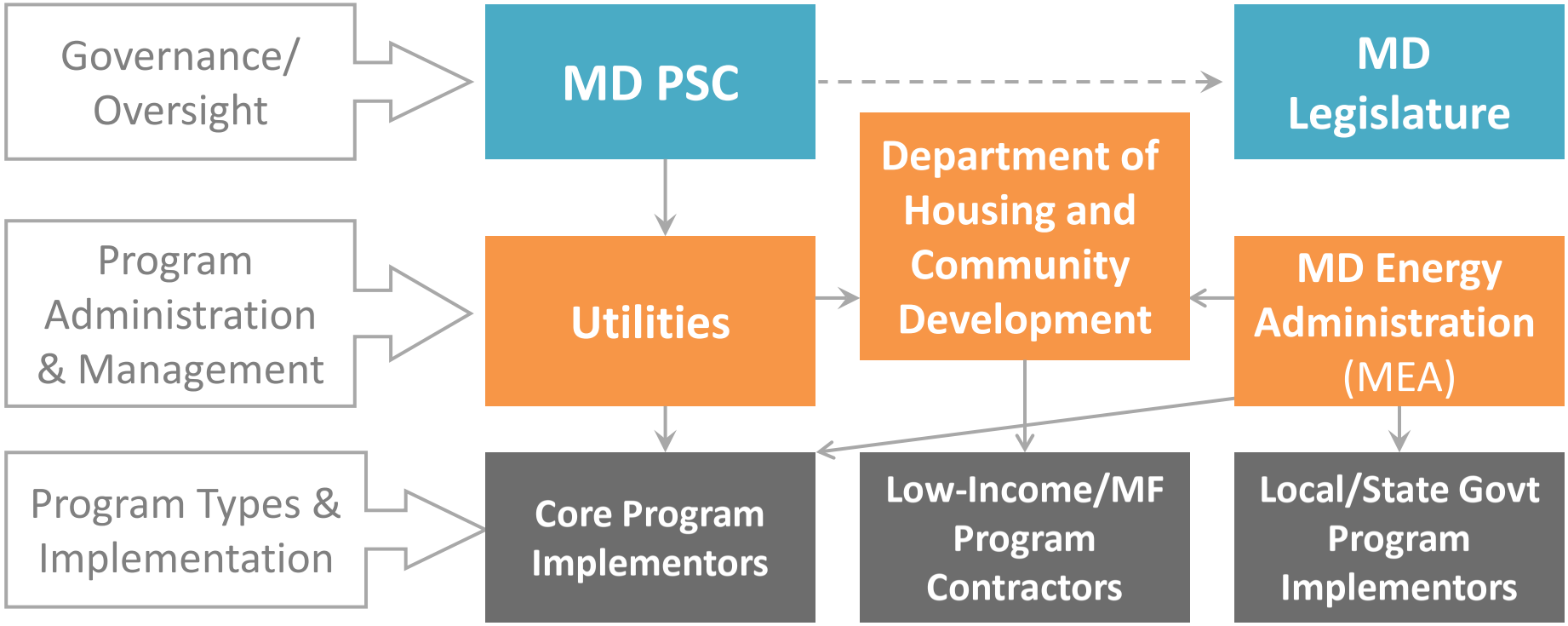
- Third-Party Administration; SAIC Energy, Environment & Infrastructure LLC started in 2009, now Leidos Engineering
- Contract manager for PUC ensures compliance, orders fiscal agent to disburse funds and handles day-to-day guidance to TPA
- EE efforts part of overall Hawaii Clean Energy Initiative

Energy Efficiency Administration: Wisconsin *hybrid*



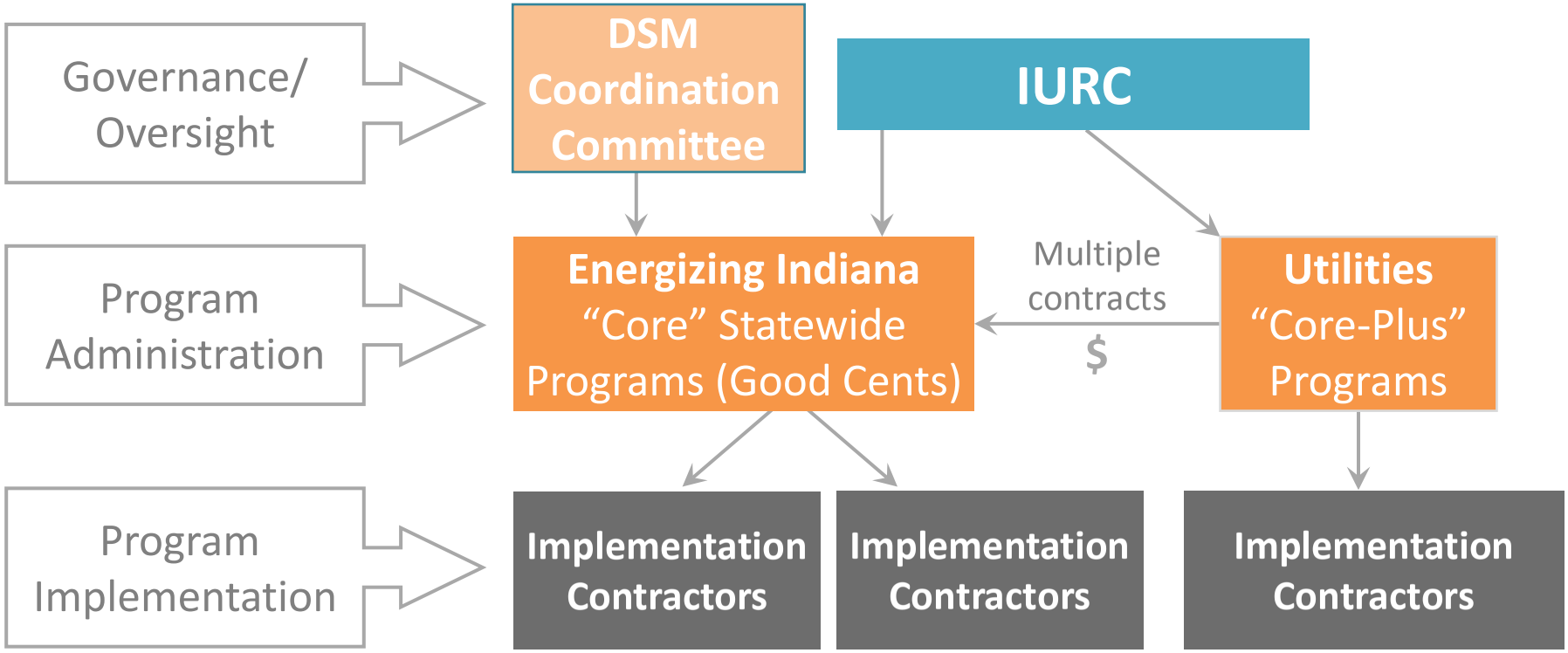
- State Agency model (2002 to July 2007)
- 2007-mid 2011: Non-profit model
- 2011 to present: PA competitively bid; open to all non-utility entities (for-profit, non-profit) Awarded to Shaw Environmental, now Chicago Bridge & Iron (CB&I)

Energy Efficiency Administration: Maryland *hybrid*



- Utility Administration with IOU-specific advisory groups
- Utility EE programs augmented by state-run low-income and multi-family programs
- MEA (SEO) funds MF programs, MT and rebates on top of IOU programs

Energy Efficiency Administration: Indiana *hybrid*



- Multiple Administrators: TPA and Investor-Owned Utilities
- No fiscal agent – Utilities pay RP funds for statewide "Core" programs directing to Energizing Indiana

Administration Options & Selection Criteria

There is Not One Answer:

- Any administrative model can successfully deliver cost-effective energy efficiency programs, provided the appropriate policies, oversight mechanisms, personnel and administrative structures are in place
- Ideally the entity that will be most effective, over the long-term, in meeting objectives is selected, but:
  - States differ in priorities, circumstances, objectives and institutional resources
  - Utilities, the historic administrators, vary across the country in terms of efficiency program performance, commitment and incentives
- In practice, many states employ a hybrid approach or some nuanced variation of the four defined models:
  - For example, multiple entities (utilities, third parties, and government agencies) have responsibilities in some states
  - Administrative models are not necessarily static with responsibilities shifting from one type of entity to another in response to changing policy priorities

Overall Recommendation

Systematically assess desirability of utilities, state agencies, third party (nonprofit or for profit entity) to manage EE portfolios

Using primary factors and specific criteria	In the context of…
Primary Factors: • Clarity of purposes, funding and structure • Stability of portfolio over time • Support among key stakeholders **Specific Criteria:** • Compatibility with Broader Public Policy Goals • Accountability and Oversight • Administrator Effectiveness • Transition Issues • Support with Stakeholders, Regulators and Policy Makers	• Institutions' past performance, current ability, level of interest • State's energy policy goals and their relative importance (e.g., all cost-effective EE, transforming EE services markets, promoting clean energy, economic development) • Geographic coverage of investor-owned utilities and geographic scope needed to implement policies and meet goals • Duration of funding commitments • Utility conflicts of interest and ability to manage these conflicts • State agency and third-party entity conflicts and ability to manage these conflicts • Flexibility of state procurement and hiring procedures • Level of collaboration among stakeholders • Degree of political support for creation of new institutions

Lessons Learned from other States

Transition Strategy and Regulatory vs Contracting Approaches

- Plan for Transition:
  - Consider hiring an expert to gather stakeholder input and prepare a set of recommendations (Indiana example)
  - Need to follow the money (e.g., how to transfer $$ from utility)
  - It takes longer than expected (~2-3 years minimum)
  - Minimize disruption in program offerings to service/product providers (trade allies), implementers and consumers—and potential loss of EE services infrastructure/ capability
- Regulatory vs Contracting Approaches:
  - Expect relatively high switching costs if move toward new contracting models
  - Either option requires a long-term commitment to avoid stops and starts
  - Consider creative options such as grant (OR) or inter-agency (NY) agreement
  - Consider creating a regulated EE Utility (VT)
  - Hire/select good program administrator and avoid micro-management

Lessons Learned from other States

Advisory Boards

- Good appointments are key with diverse membership, with people who are engaged in energy policy
- Collaboration and trust among stakeholders can take time to develop
- Should be self-governed with consensus or supermajority decision-making
- Act like an Executive Board not a “staff” Board
- Hire technical consultants/facilitator and insist on sufficient, experienced people resources
  - Plan to spend ~1% of budget on consultants with some additional front-loading of costs
- Bylaws, officers, members, voting rules, committees, public notice
  - Be clear on internal processes
  - Rely on sub-committees and informal approaches to decision-making if possible

Lessons Learned from other States

State Agency Issues

- State agencies should strongly consider impact of System Benefit Charge funds on their overall budget & staffing:
  - Avoid collected utility-customer funds to be viewed as “general funds”
  - Ensure accountability (e.g., management audits, advisory groups); minimize exposure to legislative accessing of funds
  - Determine if energy efficiency program administration is truly consistent with agency structure and attributes?

Thank you

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Talking points for Phase 2 workshops R. 13-11-005

First principles:
- draw line between administration and implementation
- is not clear that energy efficiency is best provided as monopoly service.
- set process for bidding out portfolio, over time (such as a portion per year – by sectors)
- no other way to demonstrate getting best value for stakeholders than through competitive solicitation

ORA concerns with PG&E's recent 3pp rebid approach were related to above principles:

- glad to have the "stay the course" ruling so that workshops like these can help the commission evaluate the best path forward.
- gap analysis – why would "3rd party" programs be fitting in gaps? How different from core programs at that point?
- Initial vision for 3rd party was to bring innovation
- From morning session, wasn't clear to me how or why bidding out a particular sector couldn't provide both concierge services or detailed assistance via one-stop shop – without the complications and administrative efforts to avoid interference. (appreciate utilities were working to minimize that interference)
- Utility customer reps do have good relationships with large customers, and my expectation is that 3rd parties would want to get benefit of those relationships.
    - Seems that it would be simple matter to have customer reps bill out time and get paid by 3rd party for making those useful introductions. Would help control administrative costs for these programs. 3P implementer and utility can work cost of customer rep into their overall bid.
- Given that my understanding that the vast majority of EE services provided are effectively bid out, this shouldn't result in much change from the consumer perspective, with the exception of making there be fewer layers, and a bit more clarity. Also, my understanding is that 3PP contracts are pay for performance (delivered savings, widgets installed, etc), whereas core programs often pay contractors on a time-material basis. Less ratepayer protection under core structure.

The electric procurement model has some guides to help us with the procurement process

- Paid facilitator/independent evaluator needed to reduce burden on stakeholders
- Current "process" has too many groups, with too little input, too late, to really be productive.
- Get input on the sectors early to be bid out
- In procurement world, being involved in process, and having independent evaluator helps ensure process is indeed selecting low-cost provider. Intervenors protest when prices are "out of the money" or are not providing the types of services needed.
- As demonstrated in PG&E's recent 3p bid process – utilities well-situated to provide necessary details for bids – they can provide the savings potential, types of technologies, the TRCs expected, and other factors. But would allow those parties to compete against one another and provide innovative strategies. Best thing, if a strategy doesn't work, don't have to pay for it.

Proposal:

- Conduct bids for statewide programs. Direct utilities to put those packages together. In first round of statewide programs:
    - Upstream programs
    - Workforce training
    - Emerging Technologies (with payments tied key metrics to ensure that ET brings technologies forward)
    - Efforts targeting schools, state/fed buildings

- To start planning process for bidding out programs, need to reduce the number of programs to manageable level, perhaps by sector and sub-sector.
    - Commission should set a roadmap for bidding out programs by sector/sub-sector

- Sectors would be
    - Residential
    - Commercial
    - Public
    - Agricultural
    - Industrial
    - Crosscutting

- That's six sectors. Could bid out two every year. PG&E was going to bid out 20% through it's last "gap analysis" approach – so this seems like a reasonable target.

- Lastly, the metrics, milestones, and pay for performance criteria for the sector and subsector third party contracts would be rolled into the business plans filed by the program administrators. It would provide clarity regarding how to determine if a program is working as expected, and would identify strategies for making modifications if it was falling short.

SoCalGas 3P Approaches

2016 Areas of Focus

3P refresh

- ID portfolio gaps
- Explore comprehensive programs

Increase alignment between 3PP & SCG EE messaging

Strengthen tie-ins with Emerging Technology offerings to increase innovation

Continued Approaches

Leverage experience to continue and improve IDEEA365 solicitations for new and innovative 3PPs

Use of Key Performance Indicators to evaluate program performance on a consistent basis

Future

Transition 3Ps to Rolling Portfolio framework

History of CPUC Action on Third-Party Programs

(3/24/2015 J. Clinton. Draft subject to check)

Decision Number or Date	Third-Party Related Action
2000	Commission responds to the energy crisis by adopting the Summer Initiative programs to run in parallel with the utility PGC programs – allocating $72 million in unspent funds from prior years. ***Commission allowed non-utilities to propose programs***; Energy Division staff selected programs.
2001	In addressing the energy crisis Legislature appropriates $97 million from General Fund to the Commission for energy efficiency programs in SB X1 -5. Energy Division staff managed contracts with large and small utilities, cities ***and companies.***
2001 D.01-11-066	***Established the rules for IOUs and third parties in seeking local funding***. We made ***third parties eligible for $100 million*** in funding available in 2002 and 2003 for local programs. We made IOUs Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (Edison or SCE), and Southern California Gas Company (SoCalGas or SCG) eligible for $25 million in local program funding. Evaluated proposals ***by IOUs and non-utilities*** with criteria and point system: (1) Long-term annual energy savings 25 points (2) Cost effectiveness 20 points (3) Addressing market failures or barriers 17 points (4) Equity considerations 15 points (5) Electric peak demand savings 10 points (6) Innovation 8 points (7) Synergies and coordination with programs run by other entities 5 points Where we funded one program in more than one IOU's territory, we appointed a single IOU to oversee the program in all areas. *Findings of Fact:* 3. The best proposals/proposers: offer comprehensive service; provide a local presence; have a demonstrated history of success; are innovative; reach the hard-to-serve or niche markets not already served; reach a market that the IOUs did not propose to serve this year; serve a geographic area needing programs; advance emerging technologies; provide persistent, long-term energy savings; deliver services to small business; present the program honestly and credibly; propose reasonable budgets; leave lasting change or infrastructure at the local level; provide maximum benefits to program participants rather than being heavy on overhead; help solve transmission constraints; and work closely with or represent existing city and county governments and institutions. 4. Historically, the single and multi-family residential sectors have been hard to reach and slow to utilize new energy efficiency programs. 5. Small- and medium-sized businesses are another hard-to-reach sector that has been particularly hard-hit by rising energy costs. We ***also made non-utilities eligible to compete*** with the investor-owned utilities (IOUs) for $10.1 million available to fund general ***statewide energy efficiency marketing and outreach.***
2002-2003	Commission made $104 million available to ***non-utility programs.*** Continued Energy Division proposal review and program management of non-utility programs begun by the Summer Initiative and SB X1 -5.
D.02-03-056	State Department of Consumer Affairs and Univision Television Group will implement statewide marketing and outreach programs, with $10.1 mil.

Decision Number or Date	Third-Party Related Action
D.02-05-046 Interim Opinion Selecting 2002-03 Local Energy Efficiency Programs	Awarded $102,030,037 to a ***combination of governmental entities, non-profits and community based organizations, small businesses, consulting firms, investor owned utilities (IOUs) and other entities*** dedicated to providing energy efficiency measures ***at the local level***. (per rules of D.01-11-066)
D.03-12-060 Funding for 2004-05 Energy Efficiency Programs and Studies	**Non-Utility Programs.** Approve funding for programs by 38 entities that include local governments, non-profit/community based organizations, and private firms. Funding for these programs will be $99.4 million, not including funding for partnerships between utilities and government agencies. The non-utility programs for which we authorize funding today create a diverse portfolio of residential and nonresidential programs that complement statewide programs offered by the utilities. They ***focus on hard-to-reach sectors*** such as very small commercial customers, mobile home residents in rural communities, agricultural and industrial customers. Some offer information, education, and training programs to a variety of customer segments. Among them are a number of local programs funded in 2002-03 that have been successful and promote the diversity of the portfolio. ***Each non-utility program implementer has been assigned to a single utility*** that will administer their contract(s). ***Non-utility program implementers will continue to be eligible for a performance award for up to 7% of a program's approved budget***. Awards are at the discretion of the Commission and its designees. The amount of the award will depend on program success as measured by Commission approved program goals. We note that the total budgets approved for each non-utility program, as shown in Attachments 1, 7 and 8, include the 7% performance award.
2005 D.05-01-055 EE Administrative Structure	IOUs will identify a **minimum of 20% of funding for the entire portfolio that will be put out to competitive bid to third parties** ***for the purpose of soliciting innovative ideas and proposals for improved portfolio performance***. With input from the advisory groups, the IOUs will specify the portion(s) of the portfolio to put out to bid (for example, they could be sector-specific, could focus on peak savings, etc.), as well as the proposed bid evaluation criteria. The portions to put out to bid could encompass programs currently designed and delivered by a combination of IOU and non-IOU program implementers. The **bid solicitation should be designed to improve performance of the portfolio in terms of producing the most cost-effective energy savings that meet or exceed our savings goals**. Any current program or group of programs (IOU or non-IOU designed and implemented) that can be improved upon in this way may be subject to open bids to replace, augment or otherwise enhance current efforts. We believe that a 20% minimum requirement for open bidding along the lines discussed above captures the potential benefits of competition and serves as an added safeguard against selection bias. At the same time, it provides sufficient flexibility to avoid imposing competitive bidding on program offerings that are more effectively delivered using other approaches. We will adopt the 20% minimum requirement for the next funding cycle, beginning in 2006, but may modify it for subsequent funding cycles, as appropriate. …in the past we have directed IOUs to "pursue the most cost-effective DSM resource programs first, if **doing so does not create lost opportunities**."[1] **This policy should apply**

[1] *Id.*

Decision Number or Date	Third-Party Related Action
	equally to third-party bidders and non-IOU program implementers, and should be reflected in the bid solicitation and evaluation criteria.[2] In terms of how to develop the RFPs, evaluate the bidders and make final selections, we will **use procedures similar to the ones we recently adopted for supply- side competitive solicitations** in D.04-01-050, utilizing the advisory group structure… The Peer Review Group reviews and provides feedback on the portion of the portfolio that the IOUs plan to put out to bid, as well as the evaluation criteria. As discussed in this decision, **Energy Division staff may hire independent contractors to assist in providing feedback to the IOUs** on these issues. ***The Peer Review Group assessment should also address whether the statewide portfolio meets the Commission's policy objectives.*** **Commr. Michael Peevey Concurrence:** … I know that utilities require any decision on a program to be vetted through multiple layers of bureaucracy and that therefore action is often extremely slow, as a consequence. But as of the time of this vote, I do not see immediate viable options for non-utility administrators. Perhaps options can be developed, but I have not yet seen a proposal that seems to me to have a reasonable chance of success in the near term. However, I do not wish my vote on this matter to be taken as a sign that I am not open to new and innovative approaches to this issue. ***I also want to put the utilities on notice that this decision today is not a guaranteed entitlement to utility administration of energy efficiency for the rest of eternity. We intend to monitor the efforts of the utilities to meet their aggressive energy efficiency goals very carefully,*** and the new evaluation structure included in this decision is designed in large part to make sure that review happens. ***In order to meet their goals, the utilities absolutely <u>must</u> become more nimble and innovative when it comes to delivering energy savings to their customers.*** If this happens, then we will be on the right path. ***If this does not happen, I will be the first on this Commission to propose that we find a different administrative option*** by the end of this next three-year program cycle. **Commr. Geoffrey Brown Concurrence:** I have long felt that utilities, while they have developed and implemented a number of fine energy efficiency programs, are not particularly innovative. Their overly-bureaucratic focus on the "tried and true" can discourage new ideas. This is especially true when the new ideas are "not invented here" – that is, at the utility. Historically, utilities have wanted programs to stay within their control as much as possible, even at the expense of innovation and additional energy savings. ***I would like to see a system where the best programs – the most cost-effective, the highest energy savings – are implemented regardless of source. Utilities should be in the game, but they have no monopoly on good ideas***. I have seen many examples of programs run by local government and private entities that are innovative and effective. ***I am concerned that the 80/20 allocation in the decision***, and the overall utility control of the programs, ***will limit the explorations of new frontiers.***

[2] *Ibid.,* p. 56-57.

Policy Manual (version 5, July 2013)

Glossary: Third Party. Non-regulated implementers of ratepayer funded energy efficiency activities.

Competitive Bidding for Third Party Programs. (page 6, item 10) Competitive solicitations can help to identify innovative approaches or technologies for meeting savings goals with improved performance that might not otherwise be identified during the program planning process, and can take advantage of the unique strengths that third parties bring to the table. For each program planning cycle, the IOUs shall propose a portfolio of programs that reflects the continuation of successful IOU and non-IOU implemented programs. As part of that process, the IOUs will identify a minimum of 20% of funding for the entire portfolio of programs that will be put out to competitive bid to third parties for the purpose of soliciting innovative ideas and proposals for improved portfolio performance.

a. IOUs will develop and issue RFPs using criteria approved by the Commission and select a set of bids. The Peer Review Groups (including Commission staff and their independent consultant(s)) will observe the IOUs' bid selection process to ensure that the criteria are applied properly. Before finalizing their selections, the IOUs will discuss the proposed results of their bid review process with the Peer Review Groups (PRGs, including Energy Division's independent consultants).

2013-2014 2-Year Authorized Portfolio -- Statistics on Third-Party Programs

(from EE Primer on CPUC EE Web Page, slides #15, 17, 18, using 2013-14 Portfolio Applications, with *conflicting data and before budget reduced by 10%*)

Metrics 2013-2014 2-Year Authorized Portfolio Budgets	**Values** $2.044 bil budget	**% of Portfolio**
Third Party (By Delivery)	$ 538 million 1,408 GWH/3802 GWH	26% 37%
Third Party (by Program)	$ 304 million ($355 mil on slides 17 & 18) 679 GWH/ 4670 GWH	15% 17% 14.5%

Examples of Third-Party Programs (from EE Primer on CPUC EE Web Page, slides # 87,89,90 using 2013-14 Portfolio Applications)

Sector	**Programs**
Residential	Online Buyers Guide (SCE)
Commercial	Programs targeting: - Hospitals - Lodging - Schools - Office buildings
HVAC	AirCare Plus (PG&E) Premium Efficiency Cooling (SDG&E) Residential Upstream Distributor Rebate Residential to Code Rebate