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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)

ENERGY EFFICIENCY SEMI-ANNUAL INDEPENDENT EVALUATOR'S REPORT PUBLIC VERSION (ATTACHMENT A CONTAINS CONFIDENTIAL MATERIAL)

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Dated: January 11, 2021

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(ATTACHMENT A CONTAINS CONFIDENTIAL MATERIAL)

Pursuant to Decision (D.)18-01-004, Ordering Paragraph ("OP") 5, and on behalf of its independent evaluator, Pacific Gas and Electric Company ("PG&E") submits a public version of the Energy Efficiency Semi-Annual Independent Evaluators' Report ("IE Report" -Attachment A).

The independent evaluators are required by D.18-01-004, OP 5 (c) to submit a semiannual report on the overall third-party solicitation process for PG&E, Southern California Edison, San Diego Gas & Electric, and Southern California Gas Company:

> *The IEs shall provide at least the following services:*
> *a. Consultation and support to the procurement review groups.*
> *b. A report on each solicitation to be presented to the appropriate procurement review group.*
> *c. A semi-annual report on the overall process and conduct of the third-party solicitations, to be filed in the relevant energy efficiency rulemaking proceeding.*
> *d. An individual report on the solicitation process resulting in any contract award valued at $5 million or greater and/or with a contract term of longer than three years, to be submitted along with the Tier 2 advice letter seeking Commission review of such contracts.*[1/]

The IE Report was prepared by Barakat Consulting, Inc., Don Arambula Consulting, EAJ Energy Advisors, Great Work Energy, and The Mendota Group, LLC. Although the IE report concerns PG&E's third-party solicitation process, PG&E provided minimal input in its preparation.

1/ D.18-01-004, OP 5.

Respectfully Submitted,

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Dated: January 11, 2021

ATTACHMENT A

(THE CONFIDENTIAL INFORMATION REDACTED FROM THIS ATTACHMENT WILL BE FILED UNDER SEAL WITH THE COMMISSION'S DOCKET OFFICE)

Semi-Annual Report

Pacific Gas and Electric Company

Third Party Energy Efficiency Program Solicitations

Reporting Period: April 2020 through September 2020

Prepared by Independent Evaluators:
Barakat Consulting, Inc.
Don Arambula Consulting
EAJ Energy Advisors
Great Work Energy
The Mendota Group, LLC

December 11, 2020

Disclaimer: This report includes highly sensitive and confidential information.

INDEPENDENT EVALUATORS' SEMI-ANNUAL REPORT

Pacific Gas and Electric Company

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I. Overview

A. Purpose

The Independent Evaluators' (IE) Semi-Annual Report (Semi-Annual Report or Report) provides an assessment of Pacific Gas and Electric Company's (PG&E or the Company), third-party energy efficiency (EE) program solicitation process and progress by PG&E's assigned IEs.

The investor-owned utility (IOU) is required to select and utilize a pool of IEs with EE expertise to serve as consultants to the Procurement Review Group (PRG).[1] For the entire solicitation process, the IE will serve as a consultant to the PRGs, participating in PRG meetings, and shall also provide assessments of the overall third party solicitation process and progress.[2] The IEs are privy to viewing all submissions and are invited to participate in the IOU's solicitation-related discussions and are bound by confidentiality obligations.

In Decision 18-01-004, the California Public Utilities Commission (CPUC) directs that a semi-annual report on the overall process and conduct of the third-party solicitations, to be filed in the relevant energy efficiency rulemaking proceeding.[3] This Report is provided in response to this requirement and represents an assessment of the program solicitation activities conducted during the period from April 2020 through September 2020. This Report is intended to provide feedback to the CPUC on the progress of PG&E's EE program solicitations. These Reports will be filed periodically throughout PG&E's entire third-party solicitation process. This Report identifies areas for improvement and highlights best practices as noted by the IEs based on PG&E's current program solicitations. The Report is not intended to replace the required Final IE Solicitation Reports, which will be provided to PG&E and its PRG by the assigned IE at the conclusion of each solicitation.

B. Background

In August 2016, the CPUC adopted Decision 16-08-019, which defined a "third-party program" as a program proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator (PA). In January 2018, the CPUC adopted Decision 18-01-004 directing the four California IOUs—PG&E, Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas)—to ensure that their EE portfolios contain a minimum percentage of third-party designed and implemented programs by predetermined dates over the next three years.[4] Further directions were included in Decision 18-05-041, which states:

> *The third-party requirements of Decision 16-08-019 and Decision 18-01-004 are required to be applied to the business plans of the investor-owned utilities approved in this decision. All utility program administrators shall have at least 25 percent of their 2020 program year forecast budgets*

1 Decision 18-01-004, OP 2.

2 Id, p. 38.

3 Id, OPN 5.c.

4 In Decision 18-05-041, the CPUC extended the original target date for the 25 percent threshold from December 31, 2019 to December 19, 2019.

under contract for programs designed and implemented by third parties by no later than December 19, 2019.[5]

Two Stage Solicitation Approach

The IOUs are required by the CPUC to conduct a two-stage solicitation approach for soliciting third party program design and implementation services as part of the EE portfolio. All IOUs are required to conduct a Request for Abstract (RFA) solicitation, followed by a full Request for Proposal (RFP) stage.[6]

The CPUC also requires each IOU to assemble an EE PRG. The IOU's PRG, a CPUC-endorsed entity, is composed of non-financially interested parties such as advocacy groups, utility-related labor unions, and other non-commercial, energy-related special interest groups. The PRG is charged with overseeing the IOU's EE solicitation process (both local and statewide), reviewing procedural fairness and transparency. This oversight includes examining overall procurement prudence and providing feedback during all solicitation stages. Each IOU briefs its PRG on a periodic basis throughout the process on topics including RFA and RFP language development, abstract and proposal evaluation, and contract negotiations.

Extension Request

On November 5, 2019, PG&E requested the CPUC for an extension to June 30, 2020 to meet the 25 percent requirement to allow for sufficient time for a detailed and thoughtful contract negotiation stage for its Local Multi-Sector Request for Proposal (RFP). In November 2019, the CPUC granted PG&E's request for extension of time to meet the 25 percent threshold by June 30, 2020.[7]

The CPUC further stated that, consistent with Decision 18-05-041, the IOUs must meet at least 40 percent of their EE portfolios under contract for programs designed and implemented by third parties by December 31, 2020. No further extensions of time will be granted to the IOUs for meeting the third-party percentage requirements specified in Ordering Paragraph 4 of Decision 18-05-041.

Guidance Letter from the Energy Division

On March 11, 2020, the Energy Division provided additional guidance to the IOUs, in response to specific challenges experienced in the market, as raised through the semiannual CPUC-hosted public workshops to identify process improvements directed at the following issues:

1) Delays in Schedules Guidance

    - Allocate up to 12 weeks from RFA release to notification of bidders of invitation to respond to RFP.
    - Allocate up to 15 weeks from RFP release to notification to bidders' invitation to contract negotiation.

5 OPN 4.

6 Decision 18-01-004, p. 31. The Decision further states that the "two-stage process should be used unless there is a specific schedule-related reason that a shortcut must be used."

7 CPUC Letter to IOUs regarding the "Request for Extension of Time to Comply with Ordering Paragraph 4 of Decision 18-05-041", November 25, 2019.

- Execute contract 12 weeks after invitation to contract negotiation unless IOU is conducting multiple negotiations within the same solicitation, the program is complex, or contract is addressing challenging contract elements.
- Update the solicitation schedules in their next quarterly update.

2) RFA Guidance

- Adhere to the intent of the RFA stage explained in CPUC Decision 18-01-004.
- Refrain from requesting excessive detail in the RFA stage.

3) Bidder Communication

- Notify bidders of the status of the solicitation throughout the entire process.
- Provide better feedback to bidders by delivering on their commitments made in response to stakeholder requests.
- Provide non-advancing bidders notification if their abstracts/proposals did not advance due to incomplete or non-conforming, a violation, or an unmitigated conflict of interest.
- After the June 30 and September 30, 2020 deadlines are met, ED encourages the IOUs to make feedback available to bidders notified prior to date of this letter that they did not advance to the next stage of solicitations.

C. Overview of Solicitations

This Report represents a collection of individual IE assessments for each of PG&E's active program solicitations. For ease of review, the Report also provides an overview of solicitation activities and a high-level summary of issues and potential recommendations gleaned from the individual IE assessments. The Report does not address program solicitations for which PG&E has yet to release an RFA.

Table C.1 lists each of PG&E's current third-party solicitations including a breakdown of each solicitation, assigned IE, and status.

C1: PG&E Solicitations Overview (April 2020 through September 2020)				
	Solicitations		Assigned IEs	Solicitation Status
	Initial	Revised		
1.	Local Agriculture	Local Multi-Sector	Barakat Consulting, Inc.	Contracted[8]
	Local Commercial		EAJ Energy Advisors	
	Local Industrial		Great Work Energy	
	Local Public		Don Arambula Consulting	

8 PG&E has completed contract negotiations for programs in all sectors; however, negotiations on additional Commercial and Residential sector contracts are ongoing.

C1: PG&E Solicitations Overview (April 2020 through September 2020)				
	Solicitations		Assigned IEs	Solicitation Status
	Initial	Revised		
	Local Residential		The Mendota Group, LLC	
2.	Statewide Residential New Construction	Statewide New Construction	The Mendota Group	Contracting
	Statewide Nonresidential New Construction		EAJ Energy Advisors	
			Barakat Consulting[9]	
3.	Originally Not Proposed	Local Government Partnerships (Non-resource)	Don Arambula Consulting	Contracted
4.	Statewide Codes & Standards		Barakat Consulting	Contracted[10]
5.	Statewide Workforce Education &Training (WE&T): Career Connections K-12		Great Work Energy	RFP
6.	Statewide WE&T: Career and Workforce Readiness (CWR)		Great Work Energy	RFP
7.	Originally proposed as Institutional-State of California and Department of Corrections DGS/DoC (p.91 of 18-05-041)	State of California	Don Arambula Consulting	RFP

As of the conclusion of this reporting period, the following contracts have been executed and applied to the IOU's minimum third-party program threshold requirement as directed by the CPUC in Ordering Paragraph 4 of Decision 18-05-041.

9 At the request of PG&E to reduce the number of assigned IEs on the solicitation, Barakat Consulting worked as an assigned IE in SWNC through scoring of the proposals and then discontinued their work on the solicitation.

10 Codes and Standards was contracted in Q1 2020. The final contracted information is included the prior Semi-Annual Report and not in this Report.

Table C.2: Solicitations to Meet Portfolio Goals					
Solicitation	**Company**	**Program Name**	**Contract Execution Date**	**Contract Amount**	**Diverse Business Enterprise (DBE)%[11]**
Multi-Sector-Res	TRC Solutions	Multifamily Energy Savings Program	June 20, 2020	$11,886,674*	6.4%
Multi-Sector-Commercial	KW Engineering, Inc.	Smart Labs Program	June 27, 2020	$4,282,444	0%
Multi-Sector-Commercial	KW Engineering, Inc.	Grocery Comprehensive Retrofit and Commissionin g Program (GCRCx)	June 27, 2020	$5,283,172*	0%
Multi-Sector-Public	Willdan Energy Solutions, Inc.	Government and K-12 Schools Program	June 19, 2020	$9,990,000*	9%
Multi-Sector-Public	Alternative Energy Systems Consulting, Inc. (AESC)	RAPIDS Wastewater Optimization Program	June 19, 2020	$4,205,579*	22%
Multi-Sector - Industrial	CLEAResult	Business Energy Performance (BEP)	June 24, 2020	$20,987,783	0%
Multi-Sector - Industrial	Cascade Energy	Industrial Systems Optimization Program (ISOP)	June 22, 2020	$14,979,685	0%
Multi-Sector – Agriculture	TRC Solutions	Agricultural Energy Savings Action Plan	June 27, 2020	$34,254,055*	1.9%
Local Government Partnerships	City and County Association of Governments	San Mateo County Energy Watch	June 9, 2020	$972,000	0%**
Local Government Partnerships	City and County of San Francisco	EnergyAccess SF	June 19, 2020	$2,450,000	0%**
Local Government	County of Marin -	Marin County	June 16, 2020	$566,000	0%**

11 The DBE spend is an estimate from the contracts to show percentage of the budget that is expected to be subcontracted with DBE firms. These programs may contain significant levels of customer incentives that are not eligible for DBE classification. Actual DBE spend will reported by the IOU per GO 156.

Table C.2: Solicitations to Meet Portfolio Goals					
Solicitation	**Company**	**Program Name**	**Contract Execution Date**	**Contract Amount**	**Diverse Business Enterprise (DBE)%**[11]
Partnerships	Community Development Agency	Energy Watch			
Local Government Partnerships	The Energy Coalition	Central Coast Leaders in Energy Action Program	June 9, 2020	$748,000	0%**
Local Government Partnerships	Redwood Coast Energy Authority	Redwood Coast Energy Watch	June 9, 2020	$766,000	0%**
Local Government Partnerships	Sierra Business Council	Sierra Nevada Energy Watch	June 10, 2020	$1,827,000	0%**
Local Government Partnerships	San Joaquin Valley Clean Energy Organization	Central California Energy Watch	June 8, 2020	$1,965,000	0%**
Local Government Partnerships	Sonoma County	Sonoma Public Energy	June 19, 2020	$855,000	0%**

**Includes Integrated Demand Side Management (IDSM) funding.*
*** Non-profit organizations are not eligible for DBE classification.*

D. IE Assessment of Solicitations

Most of the key observations made by the IEs during the various solicitations related to the themes listed below. All of these observations have been addressed by PG&E in the current solicitations and are captured as lessons learned for future solicitations. Details are provided in Table D.1:

- **Improve the process with better schedules and preparation**. There needs to be more time in the schedule for IEs to review certain items ahead of time. Allowing IEs to review PRG materials prior to meetings would enable better preparation for meetings with the PRG.
- [redacted]
- **Develop scorecard prior to solicitation release.** PG&E should develop the scorecard prior to solicitation release and make sure that scoring aligns with questions to bidders. PG&E has been improving this process.

- **Request additional CET supporting information from bidders.** Incorporate into RFPs a request for a more detailed narrative explaining the logic and assumptions for the proposed CET. PG&E is incorporating this practice in future solicitations.

- [redacted]

Table D.1: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
Timing of IE Review of PRG Materials	The IEs were not provided the opportunity to review PRG presentation materials prior to developing and sending our monthly reports.	IEs recommend that PG&E prepare and present a draft slide deck to the IEs with sufficient time prior to the PRG meeting so IEs are able to adequately prepare and provide feedback to PG&E. This would also provide the IEs access to the latest information needed to prepare up to date PRG reports and presentations.	Providing the IEs sufficient time to review materials is still an issue and no set schedule for prior review of PRG materials has been agreed to.
Scorecard	[redacted]	[redacted]	[redacted]
Cost Effectiveness Tool (CET) Information Requested of Bidders	During CET reviews, it became clear that it would be useful for PG&E reviewers (and bidders) to have a better understanding of the logic behind the assumptions embedded in bidders' CETs. Although the RFP includes a section where bidders can explain this, space is limited and bidder responses are fairly high-level.	Incorporate into RFPs a request for a more detailed narrative explaining the logic and assumptions for the proposed CET.	PG&E agreed with this recommendation and has incorporated into its most recent solicitations.
Information needs observed in RFA scoring should be addressed in RFP to	[redacted]	For RFP Ask all bidders to scale their programs and	PG&E has agreed and included recommendations in the final RFP packages and

Table D.1: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
enable final selection.	[redacted]	proposals to be in line with the budget available. [redacted]	scorecards.
Contracting – Preferred Compensation Method	[redacted]		
Reset Bidder Expectations About Competitive Negotiations	This is a competitive negotiation process, and it is possible that more than half of the proposals that move into negotiations will not be awarded contracts. In addition, awarded contracts will be lower than amounts originally proposed given new budgets	It is important to clearly communicate this to bidders. When bidders are invited to participate in negotiations, they should be informed about the objective and scope of the effort as well as any budget changes.	PG&E developed a plan to clearly communicate with the bidders in Wave 1 of its multi-sector contract negotiations. PG&E has continued to clearly communicate with bidders in Wave 2 of its multi-sector negotiations and in its New Construction contract negotiations.
IE/PRG Review Process—Materials	IEs were pressed for time to perform a thorough review. Reviewing time was two days too short, even though the timeline was pre-negotiated with the IEs weeks in advance and everyone agreed to it. PRG review time was also too short given the massive volume of contract materials.	Improved schedules with additional time for contract review. Follow new PRG Solicitation Guidelines published in August 2020. These provide additional guidance and guidelines for the Contracting phase of solicitations.	PG&E had to keep to their schedule so the time for final review was compressed for all parties. Fortunately, the contract materials were not new, and PG&E provided useful mapping of CPUC terms and conditions to their location in the contracts.

E. Effective Solicitation Practices

As the EE Solicitations developed, the IEs observed effective practices that helped make the process more fair, efficient, and transparent. In some cases, these practices are applicable across all solicitations, and generally these were incorporated into the PRG guidelines to drive standard practice across all IOUs. In most cases, though, practices listed were effective in context given the specific circumstances and approach taken by the IOU, what was done worked especially well. It is important to reinforce that many of these items are not generally standardizable across other contexts, and that IEs have not performed the external research and deeper analysis necessary to deem these solicitation "best practices".

The IEs recommend that these effective practices be reinforced and maintained by the IOU. Their relevance to other IOUs/solicitations should be considered by all the IOUs for EE solicitations.

Table E.1: Effective Solicitation Practices	
Effective Practice	**IE Analysis**
Scorer Training	[redacted]
Utilize the Pool of IEs Throughout the Process (applicable to solicitations with multiple assigned IEs)	PG&E took a unique approach early on with the multi-sector solicitation by involving the pool of IEs. As the RFA/RFP process unfolded, PG&E then transitioned to a focus on each sector served by the proposals and assigned specific IEs by sector. This proved an effective way to conduct and manage a multi-sector solicitation. Included in PRG Guidelines.
Use Detailed Scoring Sheets for RFA and RFP Respondents	[redacted]
Map CPUC Standard Contract Terms to the Final Contracts	PG&E integrates the IOU's proposed additional terms and conditions into the CPUC terms and conditions into one contract template. Providing a mapping of the CPUC standard contract terms to the contract templates and final contracts makes it easier for IEs and the PRG to review and to confirm inclusion of the CPUC terms. This mapping process also provides clear information about the starting point for negotiation of these terms with Bidders.
Use a Microsoft Word (Word)-based Response Format for Qualitative Questions	PG&E started the process with a Word-based response format. This approach has been supported by the IEs and has been adopted by at least one of the other IOUs. Included in PRG Guidelines.
Format of Contract Summary Presentations to the PRG	PG&E has developed an effective model for presenting contract summaries to the PRG. Further, the PRG believes this model should be adopted by all IOUs. Included in PRG Guidelines

Table E.1: Effective Solicitation Practices	
Effective Practice	**IE Analysis**
Request Bidder Questions Before Bidder Conference	Requesting that bidders submit questions prior to the Bidders' Conference allows PG&E to integrate into their Bidders' Conference information that is responsive to bidder initial questions.

F. PRG Feedback on Solicitations

Virtually all the IE feedback and PRG recommendations have been adopted or have been adequately addressed in some alternative way by PG&E, to the satisfaction of IEs and PRG members.

G. Stakeholder Feedback from CPUC Workshops

July 2020 Stakeholder Meetings

In July 2020, the CPUC, pursuant to Decision 18-01-004, held a two-session public stakeholder workshop on July 24, 2020 (Session I) and July 31 (Session II). Session I focused on recapping activities of all the EE third-party solicitations from both the IOUs' and the IEs' perspectives and providing an opportunity for stakeholders to ask questions and receive updates on the EE Third-Party Solicitations. Session II featured reports on the process as a whole, with presentations from Energy Division on the IE role, observations and lessons learned (presented by the IEs), and interactive breakout sessions. The breakout sessions focused on key issues identified by stakeholders in Session I and allowed for brainstorming and additional input from the stakeholders. The breakout sessions were facilitated by PRG members and an IE. Participants included members from the PRG, IEs, CPUC Energy Division, IOUs, stakeholders, and bidders. Presentations and agendas from the workshop sessions are available on the California for Energy Efficiency Coordinating Committee's (CAEECC) website.[12]

<u>Session I July 24, 2020</u>

The IOUs reported on the status of their solicitations and the IEs presented observations since the last workshop with a moderated panel question and answer session after each presentation. There were also report outs from the working groups established at the previous workshop in February 2020 addressing the topics of the Cost-Effectiveness Tool (CET), and stakeholder engagement. Attendees had the opportunity to ask questions to the IOUs and IEs, which also helped in the development of breakout sessions for Session II.

The main topics that were raised and discussed by stakeholders in Session I included the following:

- **Feedback to Stakeholders from IOUs**: Stakeholders expressed concerns about when and how bidders would receive feedback on solicitations in which they did not move forward. IOUs addressed challenges on confidentiality and fairness and this topic was added as a

12 https://www.caeecc.org/third-party-solicitation-process.

breakout session for Session II. All IOUs committed to providing feedback to non-advancing bidders.

- **IEs Working with IOUs**: IEs noted that the relationship between IEs and IOUs has improved as IOUs have utilized their IE pools to help flesh out areas of improvement and develop ongoing lessons learned. IE recommendations included shortening schedules, using Word for narrative responses and formalizing a way to capture "lessons learned" at key points in the process.

- **COVID-19 and Related Economic Challenges**: Concerns were raised on how risks to the bidders would be addressed related to COVID-19.

- **Encouraging More Bidder Engagement in the Solicitations**: Concerns were raised on the best way to increase bidder engagement, especially from smaller companies.

In Session I, stakeholders heard from working groups that were established from previous workshops and provided updates on issues discussed at the February 7, 2020 CPUC workshop. These two IOU working groups will continue to address issues with the CET and to promote increased stakeholder engagement.

- **Team 3 CET**: Led by SoCalGas, the CET Team is working to address bidder feedback about using the CET to forecast and develop cost-effectiveness metrics. The team recommended developing a data dictionary/glossary for CET input fields, a CET Input Guide for guidance on when to use certain values and how it affects benefits and costs, and to update the E3 Technical Memo for the CET.

- **Team 4 Stakeholder Engagement**: Led by SCE, the Stakeholder Engagement Team collected concerns/questions from the CPUC's Session I to inform break-out groups for Session II. It is the intent of the team to hold quarterly stakeholder meetings and focus on continuous improvements in working with, understanding, and addressing stakeholder issues and concerns.

After Session I, a survey link was provided to gather specific input on the breakout session topics to address in Session II.

Session II July 31, 2020

For Session II, the CPUC addressed unanswered questions from Session I and presented on the evolved role of the IE. The IEs presented the lessons learned so far in the process.

California Energy and Demand Management Council (CEDMC) Presentation

This session included a presentation from CEDMC on stakeholder/bidder concerns with the third-party solicitation process, specifically:

Timing

- **Issue:** The solicitation process is still too slow and has lots of challenges.

Proposed solution: The IOUs should develop more granular timelines that will require the IOUs to reach certain interim milestones for finalizing program-specific contracting negotiations.

Transparency

- **Issue:** There is a lack of visibility for bidders in terms of providing meaningful feedback about the reasons why their bids were rejected.

  Proposed solution: The IOUs should develop and CPUC approve a consistent approach for offering bidder feedback and build this into the solicitation process moving forward.

The Proposal Process

- **Issue:** CEDMC questions the viability and necessity of the current two-stage proposal process (RFA/RFP). From the market's perspective, a significant amount of effort goes into the RFA process which contributed to schedule delays, contained highly speculative estimates, and did not result in achieving progress.

  Proposed Solution: The IOUs should move to a new two-stage process for future solicitations. First pre-qualify bidders through an RFQ process. Then issue RFPs to qualified bidders. This will result in achieving a faster outcome without losing any valuable information.

Risk Burden

- **Issue:** The contracting positions now being taken by the IOUs tilt the balance of risk almost entirely to the implementer community. This runs counter to CPUC policy and completely upends implementer business models that IOUs need to shoulder their share of the risk because they are afforded the benefit of cost recovery and shareholder incentives; none of those mechanisms apply to third party implementers.

  Proposed Solution: CEDMC recommends that the CPUC confidentially engage bidders to learn more about specific examples of risk burdens that they experienced during prior negotiations. Once more information has been gathered by the CPUC, then it would be appropriate for the CPUC to order the IOUs to modify their contracting approaches to better align with industry needs, capabilities, and expectations.

<u>COVID-19 Impacts</u>

The CPUC's Energy Division presented the impacts of the COVID-19 pandemic on the IOUs' Energy Savings Assistance (ESA) and EE Programs. The IOUs suspended ESA programs on March 23, 2020 and lifted the suspension on June 1, 2020. In May 2020, the CPUC directed all EE PAs to follow appropriate state and local health orders in place. There is no need for the IOUs to have more restrictive rules on suspending EE programs than required by state or local law. All EE PAs are currently required to file new business plans by September 2021.

The Natural Resources Defense Council (NRDC) led the discussion on the impacts of COVID-19 seeking input on regulatory or administrator barriers to moving programs to remote implementation, challenges to meeting goals, and protocols on safely returning to work.

Discussion points included the following:

- **PA Processes**: The existing process is operationalized and appears to be working in a remote work environment.
- **CPUC Role in Economic Recovery**: There were discussions about the current situation and limitations on EE in a COVID environment and about possibly relaxing cost effectiveness requirements with no final resolution. The group also discussed potential benefits for the role EE can play in an economic recovery environment.
- **Programs Going Remote**: The group discussed what can be learned along the way that we can approve/streamline/speed up to move projects from concept to implementation more quickly and what remote elements of validation are viable, not just in the short-term, but over the long-term.

<u>Breakout Sessions</u>

Breakout sessions focused on **bidder feedback, risk allocation, and engaging bidder participation** and followed with a debrief of items brought forth. Each breakout group provided a quick report out describing the problems and potential solutions to improve the third-party solicitation process and bidder participation that the working groups took away to determine the best way to take action on these concerns.

Bidder Feedback

- Bidders want more useful, meaningful feedback to understand why they are not selected so they can improve their proposals in the future.
- Bidders want more specific information on how they scored in different categories.
- Bidders want feedback at each of the stages: RFA, RFP, and during contract negotiations.
- Feedback should be timely. If there is any feedback, it is so far down the line after contracts are awarded.

Risk Allocation

- Bidders seek more clarification on terms and conditions regarding unalterable and changeable items.
- Stakeholders discussed risk balance and how implementors are taking on more risk in contracts. The negotiation process offers the opportunity to negotiate risks. It is important to clearly outline the risk expectations of both parties.

Encouraging Bidder Participation

- Stakeholders recommended the CPUC revisit the RFA/RFP submission structure due to questioning the efficiency of the RFA/RFP process given the detail needed. They recommended an evaluation and exploration on the CPUC's intent to see if this can be addressed differently.
- Stakeholders seek training on how to submit a proposal and use CET correctly before committing to participation (e.g., Public training on how to participate).
- Stakeholders recommended the creation some kind of bidding structure, identification,

or network to enable smaller, less experienced bidders to partner with bigger, more experienced bidders. Ideas included enabling partnering through possible networking events.

Many of these items will be addressed in the next Semi-Annual Report Workshop.

II. Attachments: Individual IE Semi-Annual Solicitation Reports

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Local Multi-Sector Solicitation: Agriculture

Reporting Period: April 2020 through September 2020

Prepared by:
Barakat Consulting, Inc

Barakat Consulting
INCORPORATED

Disclaimer: This report includes highly sensitive and confidential information.

Local Multi-Sector: Agriculture

1. Solicitation Overview

1.1 Overview

PG&E utilized a single two-stage solicitation process for soliciting local third-party EE programs targeting the sectors of Residential, Commercial, Public, Industrial, and Agriculture customers. The first stage was an RFA followed by a second stage RFP.

The RFA process yielded [redacted] abstracts. As the CPUC directed, the abstracts are short, high-level summaries of third-party program design concepts.[13] As presented in the previous Semi-Annual Report, of the [redacted] abstracts, PG&E shortlisted [redacted]. On August 2, 2019, bidders submitted [redacted] proposals in response to the RFP.

Of the [redacted] proposals received, [redacted] were shortlisted to proceed to Phase 1 Negotiations.[14] Of the [redacted] were from the Agriculture sector. In the RFP stage, [redacted] proposals were received in the Ag sector and after evaluation, [redacted] of these moved to Phase 1 of negotiations. [redacted] of the proposals were comprehensive proposals that served all subsectors in the Ag sector and [redacted] was a niche proposal to serve one subsector. Of these proposals, [redacted] comprehensive proposal scored much higher than the others.

Based on program design, overall scoring from the evaluation process, and CET, PG&E entered into contract negotiations with TRC Solutions (formerly Lockheed Martin Energy) in March 2020 to pursue a comprehensive agriculture program (Agricultural Energy Savings Action Plan AESAP)) across the entire PG&E service territory and all agricultural subsectors including Field Crop Production, Dairies, Wineries, Breweries, Cannabis Production and other Indoor Horticulture, and Green Houses. The negotiations process was conducted fairly and transparently, and the contracting process was finalized in May and June 2020, with a final contract signed on June 27, 2020.

Scope

PG&E sought a wide range of abstracts and proposals with a high level of innovation and creativity around cost-effective approaches to identifying and capturing deep, long-term energy savings in all customer sectors. Bidders were encouraged to team with other firms to provide the most complete and compelling program ideas. PG&E sought and considered a wide variety of third-party program proposals that in total could contribute to a cost-effective program portfolio and:

- Serves all PG&E customer sectors and sub-sectors, including all types and sizes of customers, across all geographies within PG&E's service territory.
- Addresses the specific needs of Hard-to-Reach (HTR) markets and Disadvantaged

13 The October 2018 through April 2019 Semi-Annual Report covers this period and addresses the PG&E Local Multi-Sector Solicitation RFA process in detail.

14 The May 2019 through October 2019 Semi-Annual Report submitted covers this period and addresses the PG&E Local Multi-Sector Solicitation RFP process in detail.

Communities (DACs).

- Promotes long-term market transformation of the EE market.
- Does not duplicate or interfere with the scope of EE programs identified for statewide administration.
- Includes local pilot ideas to test new programs in PG&E's territory with potential for future statewide administration.
- Includes any combination of resource and/or non-resource programs or program elements that support energy savings acquisition.
- Permits deemed, custom, and/or meter-based energy savings calculation methodologies or any combination of these methodologies.
- Permits any combination of upstream, midstream, or downstream delivery channels.
- Includes EE programs that have IDSM capabilities, including, but not limited to Demand Response (DR), Distributed Generation (DG), Grid Resource (GR), Energy Storage, and Electric Vehicles (EV).
- Provides innovative approaches to improving the customer experience and outcomes.
- Adds to the diversity, safety, and sustainability of PG&E's supplier base.
- For PG&E's Local Multi-Sector Final Solicitation, five IEs were assigned to each sector. These five IEs worked together on general oversight and feedback to PG&E in the RFA and RFP stages, but focused on their individual sectors where applicable in the process (reviewing abstracts, proposals, and tracking negotiations). The IE assigned to each sector provided a final Solicitation Report by sector.

Table 1.1: IE Sector Assignments

Sector	IE
Agriculture	Barakat Consulting, Inc. (BCI)
Commercial	EAJ Energy Advisors (EAJ)
Industrial	Great Work Energy (GWE)
Public	Don Arambula Consulting
Residential	The Mendota Group, LLC (TMG)

Objectives

PG&E issued the RFA/RFP to solicit third-party program proposals from prospective bidders to establish a new portfolio of third-party programs according to the timeline set forth by the CPUC in D.18-01-004. The RFP collected program proposals for all five of PG&E's customer sectors, and those targeting multiple sectors. The negotiations and contracting process is intended to ensure that the final selections for each sector are in alignment with PG&E portfolio goals and the solicitation results in contracts that maximize ratepayer value while appropriately balancing risk.

1.2 Timing

The timing of the solicitation process is shown in Table 1.2.

Table 1.2: Key Milestones	
Milestones	**Completion Date**
RFA Stage	
RFA Release	November 28, 2018
Abstracts Submitted	January 14, 2019
RFP Stage	
RFP Release	June 13, 2019
Proposals Submitted	August 2, 2019
Scoring	August–Sept 2019
Shortlisting	October 29, 2019
Contracting Stage	
Phase 1 Contract Negotiations and Selections (Focused on review of CET data)	November 2019–February 2020
Phase 2 Contract Negotiations and Selections (Includes detailed discussion of contract terms)	February-June 2020
Final Contracts Signed for Agriculture Sector	June 27, 2020

1.3 Key Observations

Key observations from the April 2020--September 2020 timeframe are shown in Table 1.3.

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/ Response)**
Overall			
Timing of IE Review of PRG Materials	The IEs were not provided the opportunity to review PRG presentation materials prior to developing and sending our monthly reports.	IEs recommend that PG&E prepare and present a draft slide deck to the IEs a week prior to the PRG meeting so IEs are able to adequately prepare and provide feedback to PG&E.	Timing provided for IEs to review materials continues to be an issue.
Contracting Stage			
Reset Bidder Expectations About Competitive Negotiations	This is a competitive negotiation process, and it is possible that more than half of the proposals that move into negotiations will not be awarded contracts. In addition, awarded contracts will be lower than amounts originally proposed given new budgets	It is important to clearly communicate this to bidders. When bidders are invited to participate in Phase 1 negotiations, they should be informed about the objective and scope of this effort as well as the significantly decreased budgets.	PG&E developed a plan to clearly communicate with the bidders going into Phase 1. This communication process has been monitored closely by the IEs and shared with the PRG.
[redacted]			

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/ Response)**
Contract materials and transparency during negotiations	There were substantial contract materials to review and for bidders to fill out during the contracting process	Be clear with bidders what is required from them throughout the negotiations process, particularly as forms and requirements change	PG&E was very flexible and transparent with new contract templates and revisions during negotiations in response to IE concerns, bidder feedback, and internally-driven changes
IE/PRG Review Process—Materials	IEs were quite pressed for time to perform a thorough review. Review time was two days too short, even though the timeline was pre-negotiated with IEs weeks in advance and everyone agreed to it. PRG review time was too short given massive volume of contract materials.	Improved schedules with additional time for contract review. Follow new PRG Solicitation Guidelines to be published in July 2020. These will provide additional guidance and guidelines for the Contracting phase of solicitations and also be updated to reflect lessons learned during contracting across all IOUs, likely in late fall 2020.	PG&E had to keep to their schedule so the time for final review was compressed for all parties. Fortunately, the contract materials were not new and PG&E provided useful mapping of CPUC terms and conditions to their location in the contracts.
Lessons Learned: 1) The multi-sector approach to the solicitation process yielded robust responses from the marketplace. Using a multi-sector approach involving the pool of IEs and then transitioning to a focus on each sector served by the proposals and assigning IEs by sector is an effective way to conduct and manage a multi-sector approach. 2) [redacted] 3) Providing a mapping of the CPUC standard contract terms to the final contracts with Implementers makes it easier to track for monitoring inclusion of the CPUC terms			

2. Solicitation Outreach and Bidder Response

PG&E's outreach through traditional methods (e.g., Website, CAEECC, etc.) resulted in a robust and competitive solicitation with multiple proposals within and across each of the sectors. Specific information regarding Solicitation Outreach and Bidder Responses to the Solicitation for RFA and RFP were addressed in previous Semi-Annual Reports.[15]

3. RFA and RFP Design and Materials Assessment

The RFA and RFP design and materials were addressed in detail in previous Semi-Annual Reports.

The solicitation design adequately met the program portfolio need as presented in the IOU-approved Business Plan, as well as EE energy savings goals, and applicable portfolio/sector metrics, even with having to consider multiple sectors and leaving it to the market to offer programs, budgets, and savings across multiple sectors while still fulfilling single sector goals and/or addressing the needs of niche markets.

The solicitation was conducted in accordance with CPUC requirements as a two-stage process, with robust IE engagement and regular coordination with the PRG on all aspects of the solicitation.

In addition, for the Agriculture sector, the design resulted in robust comprehensive proposals, several niche programs, and the opportunity to propose cross-cutting programs, such as Food Processing programs across both the Agriculture and Industrial sectors.

3.1 RFA Design Requirements and Materials

The RFA design and materials were addressed in detail in the October 2018 through April 2019 Semi-Annual Reports and met the PRG guidelines.

3.2 RFP Design Requirements and Materials

The RFP design and materials were addressed in detail in the May 2019 through October 2019 Semi-Annual Report and met the PRG guidelines.

3.3 Response to PRG and IE Advice

RFA

Although not applicable for this reporting period, virtually all the IE feedback and PRG design recommendations were included in the final RFA materials or had been adequately addressed in some alternative way by PG&E, to the satisfaction of IEs and PRG members. Specific reporting on the RFA response to PRG and IE advice was addressed in detail in the October 2018 through April 2019 Semi-Annual Report.

RFP

Virtually all the IE feedback and PRG design recommendations were included in the final RFP materials, or had been adequately addressed in some alternative way by PG&E, to the satisfaction of IEs and PRG members.

15 The October 2018 through April 2019 Semi-Annual Report covers this period and addresses the PG&E Local Multi-Sector Solicitation outreach and bidder response in detail.

4. Bid Evaluation Methodology Assessment

The IEs reported that the overall bid evaluation methodology was fair, thorough and transparent. Details on the evaluation of submitted bids is covered in the October 2018 through April 2019 Semi-Annual report.

4.1 Bid Screening Process

The bid screening process for the RFA and RFP stages were reported as fair, thorough, and transparent by the IEs. The RFA and RFP bid screening processes were addressed in the October 2018 through April 2019 Semi-Annual report.

4.2 Scoring Rubric Design

The scoring rubric design for both the RFA and RFP were addressed in previous Semi-Annual reports (October 2018 through April 2019 and May 2019 through October 2019, respectfully). [redacted]

[redacted]

[redacted]

4.3 Evaluation Team Profile

The evaluation team initially had six members. However, one evaluator was removed from the team when the employee informed PG&E that they were leaving PG&E [redacted] Each evaluator scored all areas of the proposals and IEs performed parallel reviews and scoring.

PG&E held three half-day scoring team training sessions (to ensure that each scorer could attend one session) that included a mock proposal scoring exercise. Although it is challenging to provide a complete mock proposal to be adequately reviewed and scored, the sessions resulted in good discussion and clarification of some of the scoring criteria. The training was sufficient for getting the team members to generally understand the approach to this complex scoring process. [redacted]

Code of conduct rules were made very clear to all scorers, particularly as it relates to implementers of existing programs who are also bidding on new programs.

The roster of PG&E employees who scored was extensive. [redacted]

[redacted]

4.4. Response to PRG and IE Advice

The bid evaluation methodology was discussed at PRG meetings in June, July, and August 2019. While some process details were not finalized until just before scoring began, by and large, IEs and PRG recognized and appreciated PG&E's complex, yet thoughtful approach.

[redacted]

5. Bid Evaluation and Selection

5.1 Management of Deficient Bids

There were no outright deficient bids. To ensure fairness, PG&E did not take any actions to rectify deficiencies associated with individual bids during the evaluation process. Bids were screened out or scored based on what was submitted by each bidder.

5.2 Shortlist and Final Selections

At the October 2019 PRG meeting, PG&E presented the proposed RFP shortlist with their plan for a first phase of contract negotiations (Phase 1 Negotiations) [redacted]. The IEs confirmed review and support for PG&E's [redacted], and with further input from the PRG, PG&E proceeded with the proposed shortlist.

[redacted]

[redacted]

In January 2020, PG&E selected a subset of bidders to advance to Phase 2 of competitive negotiations. [redacted] The IEs did not monitor the IOU's decision-making meeting that determine the advancing bids. PG&E presented information about these selections to PRG in January 2020.

As previously reported, there was robust bidder response to this massive Multi-Sector solicitation. The three rounds of selection that have occurred to date, as the final step of the RFA, RFP and Phase 1 Negotiations, are reflected in Table 5.1 below.

Table 5.1: Proposals Advancing to Phased Negotiations					
Sector	Abstracts Received	RFA Shortlist	Proposals Received	Invited to Phase 1 Negotiations	Invited to Active Phase 2 Negotiations
Agriculture	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Industrial	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Commercial	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Public	[redacted]	[redacted]	[redacted]	[16]	[redacted]
Residential	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Multi-Sector	[redacted] *				
Total	170	[redacted]	[redacted]	[redacted]	[redacted]

**After the RFA stage, Multi-Sector bids were classified with the dominant sector served, and those that proceeded are included in the dominant sector's numbers.*

PG&E's general approach was to keep negotiations competitive until the end of the process. While there are differences in the number of competing bids by sector, taking this approach means that final selection of winning bids is not made until the end of competitive negotiations.

Table 5.2: Phase 2 Negotiations Status*					
	Bidders Informed February 11 – 13, 2020			Status as of March 31, 2020	
Sector	Bids Invited to Active Negotiations	Still Under Consideration but Inactive	Not Advancing	Negotiations in Process Wave 1	Negotiations Pending Wave 2
Agriculture	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Industrial	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Commercial	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Public	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Residential	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

**Includes both a first wave of negotiations that began in Feb. 2020 to meet 25 percent outsourcing target by June 2020 and second wave planned to begin in May 2020 to reach 40 percent before year end.*

PRG and IE responses to selections made at the RFA and RFP stages were addressed in previous reports. The only round of selection that occurred in the reporting period was the down-select between Phase 1 negotiations and Phase 2 negotiations, which was reviewed with IEs and brought to the PRG in January.

16 Six bidders were shortlisted.

PRG members generally agreed with IE advice on appropriateness of PG&E recommendations for advancing bidders into Phase 2 negotiations and did not have objections or issues with what PG&E had proposed.

5.3 Affiliate Bids and Conflict of Interest

No affiliate bids were received, nor have any conflicts of interest been found.

6. Assessment of Selected Bids

The shortlisting processes are described in the section above. To date, PG&E's decisions appeared to be consistent and reasonable to the IEs.

6.1 Bid Selections Respond to Portfolio Needs

Selection of the AESAP program conforms to the PRG solicitation guidelines. In addition, it responds well to the IOU's portfolio needs as described in the PG&E 2018-2025 Business Plan.[17]

> *PG&E's vision for addressing energy efficiency in the agricultural sector centers on enabling agricultural customers to better understand, manage, and eliminate unnecessary energy use in their operations.*[18]

PG&E's Business Plan also identified five intervention strategies for addressing the Agriculture Sector:

1) Data Access and Awareness: Data has played a moderate role in informing PG&E's agricultural offerings throughout 2010-2012 and 2013-2014 program cycles - encompassing integration with DR and DG programs. In 2018 and beyond, PG&E plans to provide its agriculture customers with more accessible energy usage data to help them make informed energy management decisions.

2) Data Analytics: Advanced Metering Infrastructure (AMI) data presents a major opportunity for strategically targeting high opportunity projects and providing value propositions on energy efficiency opportunities in the agriculture sector. Exploring opportunities for implementers to target agriculture sector customers with AMI data will be a major component of PG&E's future strategy.

3) Technical Assistance and Tools: PG&E seeks to build on past successful approaches by connecting these tools to partners in the agricultural community and emphasizing connections between various forms of assistance.

4) Loans, Rebates, and Incentives: PG&E will continue to offer loans, rebates, and incentives with a focus on expanding financing options and new ways to measure energy efficiency savings, such as normalized meter-based savings.

5) Strategic Partnerships: PG&E seeks to make partnerships with other entities within the

17 PG&E Business Plan, Agricultural Chapter, p. 2.

18 PG&E Business Plan, Agricultural Chapter, p. 6.

agriculture sector a priority in building customer enrollment and maximizing savings. These other actors, beyond IOUs and other program administrators, are crucial to enabling effective energy efficiency uptake.

The AESAP program meets the needs of the PG&E Business Plan through its all-encompassing program for the agriculture sector that should result in net savings of over 63 million kWh, 6,283 kW and 205,768 therms at a three-year budget of $34.25 million and a total resource cost (TRC) of 1.26.

AESAP will support PG&E's vision for the Agriculture Sector to maximize yield while reducing energy consumption using data, technical assistance, analytics, energy efficiency measures and marketing to reduce demand, increase operational efficiency, and broaden customer participation. Objectives of the program are to deliver a comprehensive EE resource program that:

1) Offers cost-effective and persistent energy savings to the agriculture segment throughout PG&E's territory,

2) Provides a streamlined approach to calculating EE savings and processing incentives,

3) Implements strategic IDSM and DER solutions that drive a healthier grid,

4) Successfully engages hard-to-reach and underserved agricultural customers through data analysis of PG&E's existing market, and

5) Deploys marketing and outreach efforts educating customers and trade allies on the value of energy efficiency and how to take advantage of low-cost or no-cost solutions.[19]

The program proposes serving all sub sectors including Crop Production, Dairies and Livestock, Wineries and Breweries, Cannabis Production and other indoor Horticulture and Greenhouses. The program starts with data collection and customized messaging; offers technical assistance, custom calculation tools, a range of incentives including traditional, flexible and Pay for Performance and continues with training. monitoring and education.

6.2 Bid Selections Provide the Best Overall Value to Ratepayers

The AESAP program provides the best overall value to ratepayers compared to other programs that were proposed for the Agriculture sector. Prior to going into the negotiations process, the AESAP proposal was the highest scoring proposal of all the proposals submitted to serve the sector. Even though the budget was reduced by 30 percent due to requests from PG&E, the overall program remains intact with a comparable TRC and PAC compared to the original proposal. The program is cost-effective, innovative, includes IDSM features that are very appropriately tailored for the Ag sector, and has a critical focus on the HTR/DAC customers that make up part of the Ag sector given the geographic locations of many Ag facilities.

In addition, the program will contribute to meeting the Agriculture sector goals much more cost-effectively than past programs. Table 6.1 details some of the best overall program components

19 AESAP Contract Attachment 2: Narrative, p. 6.

from a quantitative standpoint.

Table 6.1: AESAP Program Elements	
Three Year Program Budget (including Start up and Ramp Down period)	$34,254,055
IDSM Budget	$160,560
Program Benefits	
Net Lifecyle acquisition costs	$12.45/MMBtu
Net kWh Savings	63,258,997
Net kW Savings	6,283
Net Therms Savings	205,768
Net to Gross kWh	0.68
Net to Gross kW	0.62
Net to Gross Therms	0.53
Total Resource Cost (TRC) Ratio	1.26
Program Administrator Cost (PAC) Ratio	1.46
Lifecycle Net kWh	719,278,360
Lifecycle Net kW	71,444
Lifecycle Net Therms	2,138,992
Expected Savings from HTR/DAC	5%
Cost Efficiency	
NPV of Net Life-cycle benefits	$8,026,741
PAC Levelized Costs Per Therm	$0.48
PAC Levelized Costs Per kWh	$0.04

The program aligns with California's energy efficiency policies including the following:

a) Achieve all cost-effective energy efficiency through implementation of the program design at a TRC of 1.26.

b) **IDSM Strategies** include the following:

- Encouraging of cross-cutting IDSM strategies through integrated marketing
- Identifying IDSM opportunities through integrated audits and tools
- Educating customers about DR programs and DR functional technologies (HVAC/Lighting)

- The program also promotes grid support opportunities though metering and data collection.
- The program includes an additional $160,560 IDSM budget.

c) **Innovative features** include the following:

- A new "flex incentive" offer to balance customer investment criteria and financial needs to increase customer participation.
- Efficiency-as-a-Service financing offering to help circumvent capital hurdles that often inhibit project implementation.
- Data-driven targeted marketing and outreach offering tailored messaging to targeted market segments with particular focus on hard-to-reach subsegments.

d) The program successfully engages **hard-to-reach and underserved agricultural customers** through leveraging existing PG&E data and targeted marketing. It calls out the particular opportunities within the Ag sector, particularly related to the high number of family- owned farms. HTR/DAC is expected to provide up to five percent of the energy savings each program year amounting to approximately 10-20 customers per year.

e) The **program promotes deep and persistent savings** by offering a comprehensive suite of energy efficiency measures focused on all end-uses (e.g., pumping, indoor horticulture ventilation and air conditioning, refrigeration for wineries, lighting) while focusing on long EUL measures for maximum lifecycle savings.

f) [redacted]

Table 6.2: Compensation Structure	
Time & Materials for Ramp Up	[redacted]
Fixed fee based on Deliverables	
Incentives to Customers	[redacted]
Performance Based Activities	
Total Budget	

The realized energy savings are shown below:

Table 6.3: Realized Energy Savings						
	Year 1	Year 2	Year 3	Year 4	Total	Lifecycle
kWh	-	9,891,492	21,121,066	32,246,439	63,258,997	719,278,360
kW	-	983	2,098	3,203	6,283	71,444
therms	-	43,047	65,892	96,830	205,768	2,138,992

The program supports portfolio and applicable sector metrics achievements by:

1) moving the needle substantially towards meeting the energy efficiency potential of the Agriculture market in PG&E's service territory;

2) achieving energy savings from viable measures geared towards this market with

   a) Reasonableness of program's energy savings goal in light of the target market's energy efficiency potential,

   b) Projected energy savings from viable measures with reasonable effective useful lives; and

3) Complying with CPUC M&V rules and requirements related to verifying and confirming savings for deemed, calculated and NMEC projects.

7. Reasonableness of Contracting Process

7.1 Collaboration on Final Program Design and Scope

Based on program design, overall scoring from the evaluation process, and CET, PG&E entered into contract negotiations with TRC Solutions in March 2020 to pursue a comprehensive agriculture program (AESAP) across the entire PG&E service territory and all Ag sectors including Field Crop Production, Dairies, Wineries, Breweries, Cannabis Production and other Indoor Horticulture, and Green Houses.

The Program's objectives are defined as:

1) Offers cost-effective and persistent energy savings to the agriculture segment throughout PG&E's territory,

2) Provides a streamlined approach to calculating EE savings and processing incentives,

3) Implements strategic IDSM and DER solutions that drive a healthier grid,

4) Successfully engages hard-to-reach and underserved agricultural customers through data analysis of PG&E's existing market, and

5) Deploys marketing and outreach efforts educating customers and trade allies on the value of energy efficiency and how to take advantage of low-cost or no-cost solutions.

The original proposal is fairly consistent with the revised proposal in terms of TRC but shows a 30 percent reduction in budget based on a request from PG&E going into Phase 1 of negotiations.

Table 7.1: Program Benefits and Budget									
	CET Output		Gross Energy Savings			Calculated Net-to-Gross			Program Budget
	TRC	PAC	3YT	3YT	3YT Therms	3YT kWh	3YT KW	3YT Therms	Total
Proposal	1.25	1.54	121,069,745	7,864	523,000	0.73	0.65	0.61	$45,160,007
Final Contract	1.26	1.46	92,890,786	10,096	389,049	0.68	0.62	0.53	$34,254,055

7.2 Fairness of Negotiations

During the negotiations and contract review process, Barakat Consulting, Inc. did not observe or otherwise uncover any issues that would prevent contract execution or indicate that any revisions are needed to any contract documents prior to contract execution. We believe that the results of the negotiations related to terms and conditions and program requirements to be reasonable and appropriate. Both sides demonstrated flexibility in arriving at an agreement.

In particular:

- There were no requests of the bidder to provide additional information/documentation in the development of final contract which required bidder to incur significant uncompensated costs.
- Because there was only one bidder advanced to Phase 2 negotiations, there was no evidence of positive or negative bias towards any bidder(s) in contract negotiations. In addition, the selection of this bidder to move to Phase 2 aligned with how the proposal scored overall as well as the TRC and innovative aspects of the program.
- The contract terms and conditions as well as the performance and compensation conditions fairly balance performance risk between selected bidder and IOU for energy savings program activities.

7.3 Changes to Contract Terms & Conditions

CPUC standard terms are unmodified in the final Program Implementation Agreement (PIA). They are identical to the latest contract templates reviewed by IEs/PRG, and other IOU terms do not supersede them. Changes to the modifiable terms and conditions were minimal. PG&E's changes to the modifiable terms and conditions served to clarify and enhance other contract provisions. PG&E has provided a table that maps the elements of the Modifiable Contract terms and conditions to the contract.

The main discussion points relating to terms and conditions focused on the elements of the

General Terms and Conditions that came from PG&E's corporate terms and conditions. [redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

[redacted]

7.4 Conformance with CPUC Policies and Objectives

Incentive Design

The program incorporates the CPUC best practices[20] in the incentive design as appropriate through:

- Net life-cycle savings: The deemed incentive approach evaluates measures to maximize net life cycle savings and cost effectiveness.
- Tiered incentive: The deemed incentives will be tiered for varying levels of efficiency of qualifying equipment.
- Variation in customer/sector approaches: The flex incentive[21] will allow for variation in incentives to meet the uniqueness of each customer.

NMEC Savings

About 23 percent of the savings are expected to come from projects leveraging NMEC. NMEC will only be used with commercial buildings associated with Agriculture facilities and not in the production facilities themselves. Timing of the program allows for extensive time following installation to allow for monitoring and verifying savings and any NMEC projects will follow

20 Decision 18-05-041, Conclusion of Law 3.

21 For custom measures, TRC Solutions' flex incentive structure varies the incentives to just meet customer payback thresholds. If an eligible custom measure already meets the customer's payback criteria without an incentive, TRC Solutions proposes a \$0.03/kWh and \$0.30/therm incentive to keep the customer engaged through the M&V process.

CPUC guidelines for monitoring and verifying savings.

Innovative Program Features

As defined by the PRG, an innovative program is one that will:

> *increase the uptake of cost-effective EE by advancing a technology, marketing strategy, or delivery approach in a manner different from previous effort s."*[22] *Ideally, such strategies could be scalable and replicable across sectors, segments, and technologies in the future, or seek to integrate other demand side technologies where feasible, such as DR and DG. While each innovative program may not individually be cost-effective, the intent is to lead to cost-effective savings over time.*

TRC Solutions' AESAP program meets this definition with features that include:

- A new "flex incentive" offer to balance customer investment criteria and financial needs to increase customer participation.
- Efficiency as a Service financing offering to help circumvent capital hurdles that often inhibit project implementation.
- Data-driven targeted marketing and outreach offering tailored messaging to targeted market segments with particular focus on hard-to-reach subsegments.

Contract Execution Deadline

The contract met the CPUC requirements as it was executed on June 27, 2020, which is prior to the June 30, 2020, CPUC deadline.

7.5 Uniformity of Contract Changes

Uniformity of contract changes does not apply to this solicitation since there was only one bidder/program that went into negotiations.

8. Conclusion

Although the process was extremely lengthy, abstracts and proposals submitted for all sectors were robust and many had innovative features. PG&E engaged the entire IE pool during the RFA, RFP and contract review process, which resulted in improvements to all of the solicitation materials. The one bidder selected to move to negotiations for the Agriculture sector had the highest combined score in the evaluation process and we believe that the program will bring new opportunities for energy savings and innovation to this important sector. Ultimately, the negotiations process was fair and transparent and the contract terms and program requirements are reasonable and appropriate.

Finally, PG&E conducted a lessons learned process after each phase of the solicitation and applied those lessons to the next phase. We hope that PG&E will maintain this process of continuous improvement in all future solicitations.

22 Bidders should note that the following definition of "innovative" is a refinement of the definition provided with the Request for Abstracts.

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Local Multi-Sector Solicitation: Commercial

Reporting Period: April 2020 through September 2020

Prepared by:
EAJ Energy Advisors

Disclaimer: This report includes highly sensitive and confidential information.

Local Multi-Sector: Commercial

1. Solicitation Overview

1.1 Overview

PG&E utilized a single two-stage solicitation process for soliciting local third-party EE programs targeting the sectors of Residential, Commercial, Public, Industrial, and Agricultural customers. The first stage was an RFA followed by a second stage RFP.

The RFA process yielded [redacted]. As the CPUC directed, the abstracts are short, high-level summaries of third-party program design concepts.[23] As presented in the previous Semi-Annual Report, [redacted]. On August 2, 2019, bidders submitted [redacted] response to the RFP.

[redacted][24] [redacted]

Based on program design, overall scoring from the evaluation process, and CET, PG&E entered into contract negotiations with kW Engineering, Inc. The negotiations centered around their two proposals, [redacted]

Scope

PG&E sought a wide range of abstracts and proposals with a high level of innovation and creativity around cost-effective approaches to identifying and capturing deep, long-term energy savings in all customer sectors. Bidders were encouraged to team with other firms to provide the most complete and compelling program ideas. PG&E sought and considered a wide variety of third-party program proposals that in total could contribute to a cost-effective program portfolio and:

- Serves all PG&E customer sectors and sub-sectors, including all types and sizes of customers, across all geographies within PG&E's service territory.
- Addresses the specific needs of HTR markets and DACs.
- Promotes long-term market transformation of the EE market.
- Does not duplicate or interfere with the scope of EE programs identified for statewide administration.
- Includes local pilot ideas to test new programs in PG&E territory with potential for future statewide administration.

23 The October 2018 through April 2019 Semi-Annual Report covers this period and addresses the PG&E Local Multi-Sector Solicitation RFA process in detail.

24 The May 2019 through October 2019 Semi-Annual Report covers this period and addresses the PG&E Local Multi-Sector Solicitation RFP process in detail.

- Includes any combination of resource and/or non-resource programs or program elements that support energy savings acquisition.
- Permits deemed, custom, and/or meter-based energy savings calculation methodologies or any combination of these methodologies.
- Permits any combination of upstream, midstream, or downstream delivery channels.
- Includes EE programs that have IDSM capabilities, including, but not limited to DR, DG, Grid Resource (GR), Energy Storage, and Electric Vehicles (EV).
- Provides innovative approaches to improving the customer experience and outcomes.
- Adds to the diversity, safety, and sustainability of PG&E's supplier base.
- For PG&E's Local Multi-Sector Final Solicitation, five IEs were assigned to each sector. These five IEs worked together on general oversight and feedback to PG&E in the RFA and RFP stages, but focused on their individual sectors where applicable in the process (reviewing abstracts, proposals, and tracking negotiations). The IE assigned to each sector provided a final Solicitation Report by sector.

Table 1.1: IE Sector Assignments	
Sector	**IE**
Agriculture	Barakat Consulting, Inc. (BCI)
Commercial	EAJ Energy Advisors (EAJ)
Industrial	Great Work Energy (GWE)
Public	Don Arambula Consulting
Residential	The Mendota Group, LLC (TMG)

Objectives

PG&E issued the RFA/RFP to solicit third-party program proposals from prospective bidders to establish a new portfolio of third-party programs according to the outsourcing compliance requirement timeline set forth by the CPUC in D.18-01-004. The RFP collected program proposals for all five of PG&E's customer sectors, and those targeting multiple sectors. The negotiations and contracting process is intended to ensure that the final selections for each sector are in alignment with PG&E portfolio goals and that the solicitation results in contracts that maximize ratepayer value while appropriately balancing risk.

1.2 Timing

The timing of the solicitation process is shown in Table 1.2.

Table 1.2: Key Milestones	
Milestones	**Completion Date**
RFA Stage	
RFA Released	November 28, 2018
Bidder Conference	December 10, 2018
Abstracts Due	January 14, 2019
Calibration Meeting	February 20-21, 2019
RFP Stage	
RFP Released	June 13, 2019
Bidder Conference	June 21, 2019
Proposals Due	August 2, 2019
Proposal Review Period Ends	September ??, 2019
Contracting Stage	
Notification of Selection	October 29, 2019
Contract Execution	June 27, 2020
Advice Letter Filing to CPUC	July 29, 2020
CPUC Approval of Advice Letter	October 23, 2020

1.3 Key Observations

Key observations from the April 2020--September 2020 timeframe are shown in Table 1.3.

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
Overall			

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
Timing of IE Review of PRG Materials	The IEs were not provided the opportunity to review PRG presentation materials prior to developing and sending our monthly reports.	IEs recommend that PG&E prepare and present a draft slide deck to the IEs a week prior to the PRG meeting so IEs are able to adequately prepare and provide feedback to PG&E.	Timing provided for IEs to review materials continues to be an issue.
Contracting Stage			
[redacted]			
Contract materials and transparency during negotiations	There were substantial contract materials to review and for bidders to fill out during the contracting process	Be clear with bidders what is required from them throughout the negotiations process, particularly as forms and requirements change	PG&E was very flexible and transparent with new contract templates and revisions during negotiations in response to IE concerns, bidder feedback, and internally-driven changes

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
IE/PRG Review Process—Materials	IEs were quite pressed for time to perform a thorough review. Review time was two days too short, even though the timeline was pre-negotiated with IEs weeks in advance and everyone agreed to it. PRG review time was too short given massive volume of contract materials.	Improved schedules with additional time for contract review. Follow new PRG Solicitation Guidelines to be published in July 2020. These will provide additional guidance and guidelines for the Contracting phase of solicitations and also be updated to reflect lessons learned during contracting across all IOUs, likely in late fall 2020.	PG&E had to keep to their schedule so the time for final review was compressed for all parties. Fortunately, the contract materials were not new and PG&E provided useful mapping of CPUC terms and conditions to their location in the contracts.

2. Solicitation Outreach and Bidder Response

PG&E's outreach through traditional methods (e.g., Website, CAEECC, etc.) resulted in a robust and competitive solicitation with multiple proposals within and across each of the sectors. Specific information regarding Solicitation Outreach and Bidder Responses to the Solicitation for RFA and RFP were addressed in the October 2018 through April 2019 Semi-Annual Report.

3. RFA and RFP Design and Materials Assessment

The RFA and RFP design and materials were addressed in detail in the May 2019 through October 2019 Semi-Annual Report.

The solicitation design adequately met the program portfolio need as presented in the IOU-approved Business Plan, as well as EE energy savings goals, and applicable portfolio/sector metrics, even with having to consider multiple sectors and leaving it to the market to offer programs, budgets, and savings across multiple sectors while still fulfilling single sector goals and/or addressing the needs of niche markets.

The solicitation was conducted in accordance with CPUC requirements as a two-stage process, with robust IE engagement and regular coordination with the PRG on all aspects of the solicitation.

For the Commercial sector, PG&E invited [redacted] The remainder of the Commercial bids are being addressed in the second wave of negotiations that began on August 28, 2020. Those negotiations are expected to be completed in the middle of October 2020 with contracts ready for execution by PG&E's senior management.

3.1 RFA Design Requirements and Materials

The RFA design and materials were addressed in detail in October 2018 through April 2019 Semi-Annual Report and met the PRG guidelines.

3.2 RFP Design Requirements and Materials

The RFP design and materials were addressed in detail in the May 2019 through October 2019 Semi-Annual Report and met the PRG guidelines.

3.3 Response to PRG and IE Advice

RFA

Although not applicable for this reporting period, virtually all of the IE feedback and PRG design recommendations were included in the final RFA materials or had been adequately addressed in some alternative way by PG&E, to the satisfaction of IEs and PRG members. Specific reporting on the RFA response to PRG and IE advice was addressed in detail in the October 2018 through April 2019 Semi-Annual Report.

RFP

Virtually all of the IE feedback and PRG design recommendations were included in the final RFP materials, or had been adequately addressed in some alternative way by PG&E, to the satisfaction of IEs and PRG members.

4. Bid Evaluation Methodology Assessment

The IEs reported that the overall bid evaluation methodology was fair, thorough and transparent. Details on the evaluation of submitted bids is covered in the May through October 2019 Semi-Annual report.

4.1 Bid Screening Process

The bid screening process for the RFA and RFP stages were reported as fair, thorough, and transparent by the IEs. The RFA and RFP bid screening processes were addressed in the May through October 2019 Semi-Annual report.

4.2 Scoring Rubric Design

[redacted]

[redacted]

4.3 Evaluation Team Profile

The evaluation team initially had six members. However, one was removed when they informed PG&E that they were leaving to work [redacted]

PG&E held three half-day scoring team training sessions (to ensure that each scorer could attend one session) that included a mock proposal scoring exercise. Although it is challenging to provide a complete mock proposal to be adequately reviewed and scored, the sessions resulted in good discussion and clarification of some of the scoring criteria. The training was sufficient for getting the team members to generally understand the approach to this complex scoring process. [redacted]

Code of conduct rules were made very clear to all scorers, particularly as it relates to implementers of existing programs who are also bidding on new programs.

The roster of PG&E employees who scored was extensive. [redacted]

The process was complex by design, but the IEs agreed that it was important and valuable to have specific SMEs assigned to different scoring criteria categories. IEs observed that PG&E scorers demonstrated diligence and care in their assigned scoring and calibration meetings, and that scorers appreciated the approach taken, as it reduced their review time. [redacted]

4.4. Response to PRG and IE Advice

The bid evaluation methodology was discussed at PRG meetings in June, July, and August 2019. While some process details were not finalized until just before scoring began, by and large, IEs and PRG recognized and appreciated PG&E's complex, yet thoughtful approach.

[redacted].

5. Bid Evaluation and Selection

5.1 Management of Deficient Bids

To ensure fairness, PG&E did not take any actions to rectify deficiencies associated with individual bids during the evaluation process. Bids were screened out or scored based on what was submitted.

5.2 Shortlist and Final Selections

At the October 2019 PRG meeting, PG&E presented the proposed RFP shortlist with their plan for a first phase of contract negotiations (Phase 1 Negotiations) [redacted]. The IEs confirmed review and support for PG&E's CET review process and shortlists (shown below), and with further input from the PRG, PG&E proceeded with the proposed shortlist.

PG&E developed a process and bidder communication plan for Phase 1 Negotiations. The plan incorporated IE feedback such as refined messaging around the continued competitive nature of the solicitation, [redacted]

The Phase 1 Negotiation process started in November 2019 with [redacted] representing all customer segments and sectors. A primary goal for this phase was to work with bidders to develop more realistic CETs. This allowed PG&E greater confidence in the bidders' CET showings which a key factor in narrowing the field of bidders that would be invited into Phase 2 Negotiations. [redacted]

In January 2020, PG&E selected a subset of bidders to advance to Phase 2 of competitive negotiations. PG&E considered the revised, more accurate CET outputs and portfolio fit at the sector level in its selection process. The IEs did not monitor the IOU's decision-making meeting that determine the advancing bids. PG&E presented information about these selections to PRG in January 2020.

As previously reported, there was robust bidder response to this massive Multi-Sector solicitation. The three rounds of selection that have occurred to date, as the final step of the RFA, RFP and Phase 1 Negotiations, are reflected in Table 5.1 below.

Table 5.1: Proposals Advancing to Phased Negotiations					
Sector	**Abstracts Received**	**RFA Shortlist**	**Proposals Received**	**Invited to Phase 1 Negotiations**	**Invited to Active Phase 2 Negotiations**
Agriculture	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Industrial	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Commercial	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Public	[redacted]	[redacted]	[redacted]	[25]	[redacted]
Residential	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Multi-Sector	[redacted] *				
Total	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

**After the RFA stage, Multi-Sector bids were classified with the dominant sector served, and those that proceeded are included in the dominant sector's numbers.*

PG&E's approach during each phase was to keep negotiations competitive until the end of the process. While there are differences in the number of competing bids by sector, taking this approach means that final selection of winning bids is not made until the end of competitive

25 Six bidders were shortlisted.

negotiations.

Table 5.2: Phase 2 Negotiations Status*					
Sector	Bidders Informed February 11 – 13, 2020			Status as of March 31, 2020	
	Bids Invited to Active Negotiations	Still Under Consideration but Inactive	Not Advancing	Negotiations in Process Wave 1	Negotiations Pending Wave 2
Agriculture	[redacted]				
Industrial					
Commercial					
Public					
Residential					
Total					

**Includes both a first wave of negotiations that began in Feb. 2020 to meet 25 percent outsourcing target by June 2020 and second wave planned to begin in May 2020 to reach 40 percent before year end.*

PRG and IE responses to selections made at the RFA and RFP stages were addressed in previous reports. The only round of selection that occurred in the reporting period was the down-select between Phase 1 negotiations and Phase 2 negotiations, which was reviewed with IEs and brought to the PRG in January.

PRG members generally agreed with IE advice on appropriateness of PG&E recommendations for advancing bidders into Phase 2 negotiations and did not have objections or issues with what PG&E had proposed.

5.3 Affiliate Bids and Conflict of Interest

No affiliate bids were received, nor have any conflicts of interest been found.

6. Assessment of Selected Bids

The shortlisting processes are described in the section above. To date, PG&E's decisions appeared to be consistent and reasonable to the IEs.

6.1 Bid Selections Respond to Portfolio Needs

Selection of the [redacted] conform to the PRG solicitation guidelines. In addition, they respond well to PG&E's vision for the Commercial sector as described in the PG&E 2018-2025 Business Plan[26]:

PG&E's vision for energy efficiency in the commercial sector centers on empowering large and

26 PG&E Business Plan, Commercial Chapter, p. 1.

small and medium business (SMB) customers to better understand, manage, and eliminate unnecessary energy use.

PG&E's Business Plan also identified six intervention strategies for addressing the Commercial Sector[27]:

1) Data analytics to enhance customer targeting

2) Data access to facilitate understanding of energy efficiency and inspire scalable, market-driven program designs

3) Technical assistance and tools to make energy efficiency easy, accessible and relevant

4) Rebates, loans, and incentives to mitigate cost barriers to energy efficiency

5) Assistance to the design and building communities to achieve the CEESP's ZNE goals

6) Upstream and midstream partnerships to promote energy efficient products, components and systems.

For this report period, PG&E began contract negotiations [redacted]

These [redacted] meet the needs of the PG&E Business Plan through the targeted markets they serve. Together the programs will result in net savings of over 23.1 million kWh, 2,400 kW, and 400,000 therms. The [redacted] and is projected deliver a TRC of 1.2. [redacted] and is projected deliver a TRC of 1.24.

[redacted] will support PG&E's vision for the target sectors they serve by delivering cost-effective energy savings beyond what has been achieved through previous programs targeting these markets.

The objectives of the [redacted] are to deliver a comprehensive EE resource program to the Grocery subsector that provides technical assistance and incentives for participants to match two types of retrofits:

1) Comprehensive retrofits with significant capital investment (CapEx Projects); and

2) Low-cost retro-commissioning and minor equipment retrofits (OpEx Projects)[28]

27 PG&E Business Plan, Commercial Chapter, pp. 5-7.

28 CoolSave Contract Attachment 2: Narrative, p. 3.

The [redacted] targets this sector because of:

1) Its high energy use intensity and,
2) [redacted] shows great untapped market potential in the sector.

Title 24 standards for commercial refrigeration have steadily improved, improving the efficiency and controls capabilities. However, energy management practices in the sector are poor, and many of the optimizing features of controls are poorly implemented. Our program design addresses this need directly with technology to automate commissioning, better manage use post-implementation, and maintain persistence.

6.2 Bid Selections Provide the Best Overall Value to Ratepayers

The [redacted] were the only Commercial programs selected for Wave 1 negotiations that were completed in May 2020. These proposals represent the first Commercial programs to complete the negotiation process with executed contracts by the June 30, 2020 deadline. PG&E is now negotiating the Wave 2 contracts. These proposals represent the remainder of the Bidders that were selected from the Phase 1 negotiations in December 2019.

Once the Wave 2 negotiations are complete, [redacted] that will contribute their proportionate share toward meeting the Commercial sector goals. Table 6.1 details some of the best overall program components from a quantitative standpoint.

[redacted]
Program Benefits
[redacted]

[redacted]

Cost Efficiency

[redacted]

The program aligns with California's energy efficiency policies including the following:

a) Achieve all cost-effective energy efficiency through implementation of the program design at a TRC of 1.20.

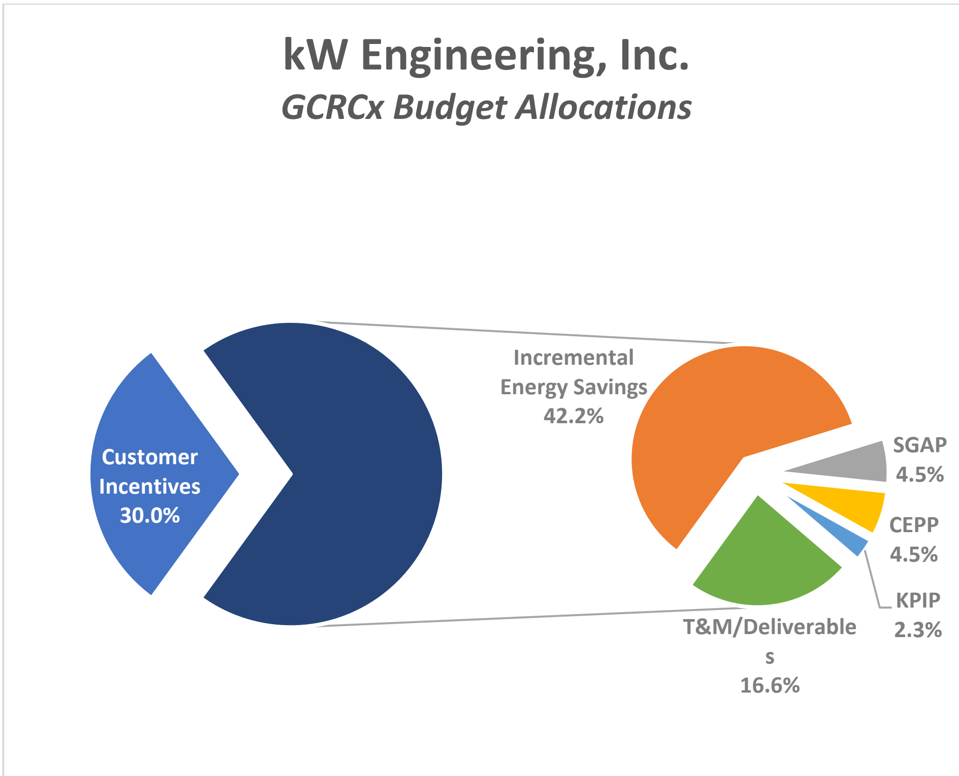
b) For the [redacted], **IDSM Strategies** include the following:

- Encouraging of cross-cutting IDSM strategies through integrated marketing
- Identifying IDSM opportunities through integrated audits and tools
- Educating customers about DR programs and DR functional technologies (HVAC/Lighting)
- The program also promotes grid support opportunities though metering and data collection.
- The program includes an additional [redacted] IDSM budget.

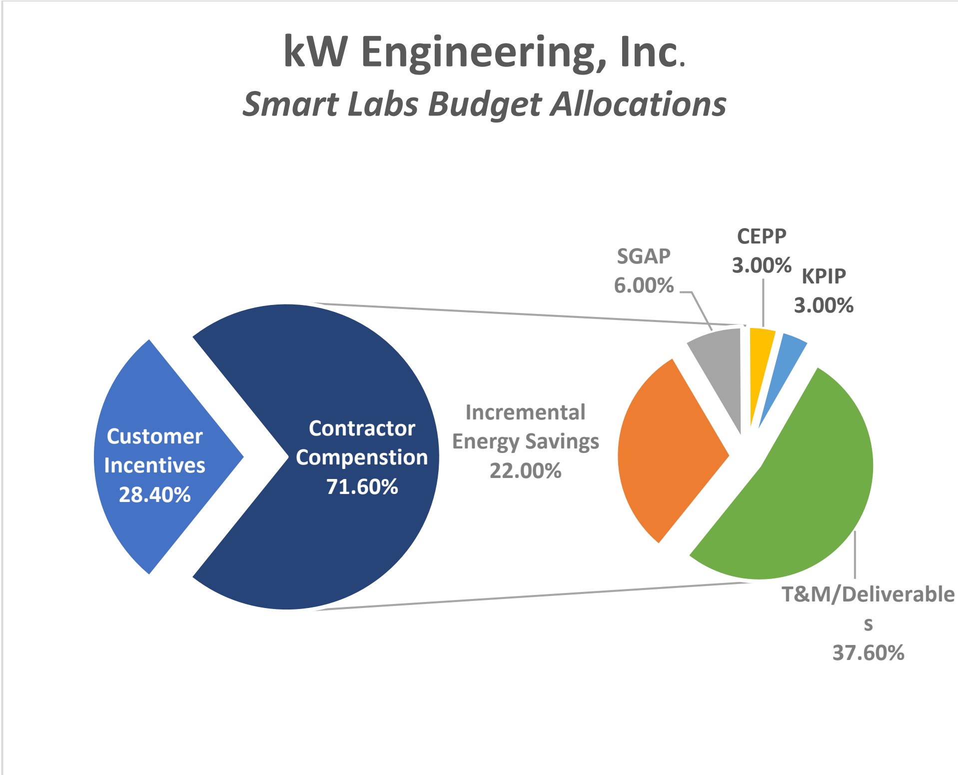
c) The structure of the contract **fairly balances risk across the Program Administrator, Implementer, and Customer/Ratepayer.** There is balance of time and materials to compensate for the unique attributes of these programs. These fixed fees are paid based on deliverables during the ramp up process and for technical assessments for customers enrolled in the programs. [redacted] The contract compensation structure includes four distinct performance payment components based on TRC, energy savings, KPIs and installed delivered energy savings.

[redacted]

[redacted]



kW Engineering, Inc.
GCRCx Budget Allocations
Customer Incentives 30.0%
Incremental Energy Savings 42.2%
SGAP 4.5%
CEPP 4.5%
KPIP 2.3%
T&M/Deliverable s 16.6%



The realized energy savings are shown below:

[redacted]							
	Year 1	Year 2	Year 3	Year 4	Year 5	Total	Lifecycle
kWh	-	[redacted]					
kW	-						
therms	-	-	-	-	-		-

Table 6.3: Realized Energy Savings (Net) – Smart Labs Program							
	Year 1	Year 2	Year 3	Year 4	Year 5	Total	Lifecycle
kWh	-	[redacted]					
kW	-						
therms	-	101,147	144,495	158,945	-	404,586	6,068,790

The Commercial Programs selected in this Wave of negotiations support portfolio and applicable sector metrics achievements by:

a) Targeting untapped energy efficiency potential of specific subsectors within PG&E's Commercial market;

b) Achieving energy savings from viable measures geared towards this market with

c) Reasonableness of program's energy savings goal in light of the target market's energy efficiency potential;

d) Projected energy savings from viable measures with reasonable effective useful lives; and

e) Complying with CPUC M&V rules and requirements related to verifying and confirming savings for NMEC projects.

[redacted]

A Cost-Effective Resource – The principal benefits of the program will be reliable, cost-effective, and deep savings in one of the state's highest-consuming market sectors. The program will ramp up to an estimated total participation of 150 stores over a three-year program period. Gross program impacts are estimated at:

1) Electricity Consumption Savings 15,550,000 kWh

2) Electric Demand Savings 1,570 kW

Demand Response Tie-In - The grocery sector has a vast untapped potential for demand-response savings. To date, lack of technical experience with the "nuts and bolts" of commercial refrigeration has prevented energy efficiency programs from pursuing DR in critical refrigeration systems, forcing DR in supermarkets to focus on lighting for curtailable load. This approach has been unpopular with supermarket facilities themselves, who cite complaints from store managers who oppose the strategy as a reason they will "never do that again."

[redacted] approach focuses instead on the real sizable loads in grocery – the refrigeration system – as a source of curtailable loads that can provide DR capability, without notice by customers or store employees, without harming product quality or influencing sales.

[redacted]

For those participating customers who are interested in DR, we will facilitate ADR incentives and provide technical assistance to test and verify system performance. Pilot sites to date have shown 20 to 40 kW of potential savings through precooling frozen food walk-ins and cases to "flywheel" through DR events with no customer impact. This strategy is already endorsed by major chains in California. Based on trial implementations, we conservatively estimate 25 kW per store, this approach results in a total program opportunity for 3.8 MW of demand capacity.

NMEC Platform – The program relies on the NMEC platform as authorized by AB802 to realize savings from existing baselines. Using the latest requirements from the NMEC rulebook, this approach will help PG&E meet the aggressive energy savings target of SB350 to double energy efficiency savings by 2030. NMEC projects currently have an NTG ratio of 0.95 which we expect to maintain through demonstrated savings at the meter.

The NMEC approach to energy efficiency provides multiple benefits to our participant customers, PG&E, and California ratepayers. NMEC allows us to:

- Fully incent upgrades of existing equipment. This will be especially important as we near 2022 when HFC phase-outs in the refrigeration industry (CA SB 1013) begin to drive the adoption of low Global Warming Potential (GWP) refrigerants, forcing refrigeration equipment upgrades.
- Provide value-added services to participant customers, including case temperature monitoring and automated fault detection.
- Provide whole-building anomaly detection to identify non-recurring events when they happen.
- Incorporate savings from "BRO" measures, especially RCx.
- Ensure measure persistence through post-installation monitoring.

[redacted]

A Cost-Effective Resource - The principal benefits of the program will be reliable, cost-effective, and deep savings in one of the state's highest-consuming market sectors. The program will ramp up to an estimated total participation of 150 stores over a 3-year program period. Gross program impacts are estimated at:

- Electricity Consumption Savings 15,550,000 kWh
- Electric Demand Savings 1,570 kW

Innovative features - [redacted] meets the Commission's guidelines for program innovation in the following ways:

- [redacted]
- [redacted]

- [redacted]
- [redacted]

[redacted] innovative features will directly result in the implementation of projects that otherwise would not be developed or executed. Additionally, the savings resulting from these projects will be persistent because customers will exit the program with a lab ventilation management plan in place.

NMEC Platform - The NMEC platform approach holds a unique ability to capture savings in this market sector for several reasons:

- [redacted]
- [redacted]
- A metered approach helps treat project sites more holistically. Prior approaches, for instance, made it difficult to implement RCx and capital improvement projects at a given site.
- A metered savings approach makes this possible because the focus is on savings, and the interactive effects of measures is automatically quantified.

7. Reasonableness of Contracting Process

7.1 Collaboration on Final Program Design and Scope

Based on program design, overall scoring from the evaluation process, and CET, PG&E entered into contract negotiations with [redacted] The negotiations centered around [redacted]

The objectives and features of each program are described in section 6.2 d. above.

The original proposal scope is consistent with the revised proposal in terms of the TRC ratio. The budget, however, was revised to reflect a 30 percent reduction based on a request from

PG&E going into Phase 1 of negotiations.

Table 7.1: [redacted]								PROGRAM BUDGET
CET OUTPUT		GROSS ENERGY SAVINGS			CALCULATED NET-TO-GROSS			BUDGET
TRC	PAC	3YT kWh	4YT KW	4YT Therms	4YT kWh	4YT KW	4YT Therms	TOTAL
Original Proposed Benefits and Budget								
1.21	1.59	[redacted]	3,471	0	.93	.94	0	[redacted]
Negotiated Final Benefits and Budget								
1.24	1.70	[redacted]	1,492	0	.95	.95	0	[redacted]

Table 7.2: PROGRAM BENEFITS – [redacted]								PROGRAM BUDGET
CET OUTPUT		GROSS ENERGY SAVINGS			CALCULATED NET-TO-GROSS			BUDGET
TRC	PAC	3YT kWh	3YT KW	3YT Therms	3YT kWh	3YT KW	3YT Therms	TOTAL
Original Proposed Benefits and Budget								
1.15	2.78	[redacted]	1438	608,400	0.95	0.95	0.95	[redacted]
Negotiated Final Benefits and Budget								
1.20	2.91	[redacted]	965	0	.95	.95	0	[redacted]

7.2 Fairness of Negotiations

During the negotiations and contract review process, IE monitors from EAJ Energy Advisors, LLC did not observe or otherwise uncover any issues that would prevent contract execution at this time or indicate that any revisions are needed to any contract documents prior to contract execution. It is our belief the results of the negotiations related to terms and conditions and program requirements to be reasonable and appropriate. Both sides demonstrated flexibility in arriving at an agreement.

In particular:

- There were no requests of the bidder to provide additional information/documentation in the development of final contract which required bidder to incur significant uncompensated costs.
- [redacted]
- The contract terms and conditions as well as the performance and compensation conditions fairly balance performance risk between selected bidder and IOU for energy savings program activities.

7.3 Changes to Contract Terms & Conditions

CPUC standard terms are unmodified in the final PIA. They are identical to the latest contract templates reviewed by IEs/PRG, and other IOU terms do not supersede them. Changes to the modifiable terms and conditions were minimal. PG&E's changes to the modifiable terms and conditions served to clarify and enhance other contract provisions. PG&E has provided a table that maps the elements of the Modifiable Contract terms and conditions to the contract.

[redacted] requested a few minor changes to aspects of the Terms and Conditions. The requested changes and their outcomes included:

- [redacted]
- [redacted]
- [redacted]

7.4 Conformance with CPUC Policies and Objectives

Incentive Design – [redacted]

The incentive [redacted] generally follows CPUC guidelines, but differs in some the following ways

- [redacted]
- [redacted]
- [redacted]

Incentive Design – [redacted]

Incentives will be offered for two primary reasons:

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

NMEC Savings

One hundred (100) percent of the savings are expected to come from projects leveraging NMEC. Timing of the program allows for extensive time following installation to allow for monitoring and verifying savings and any NMEC projects will follow CPUC guidelines for monitoring and verifying savings.

Innovative Program Features

As defined by the PRG, an innovative program is one that will:

> *…increase the uptake of cost-effective EE by advancing a technology, marketing strategy, or delivery approach in a manner different from previous effort s."[29] Ideally, such strategies could be scalable and replicable across sectors, segments, and technologies in the future, or seek to integrate other demand side technologies where feasible, such as DR and DG. While each innovative program may not individually be cost-effective, the intent is to lead to cost-effective savings over time.*

See discussion in Section 6.2, above.

Contract Execution Deadline

The contract met the CPUC requirements as it was executed on June 27, 2020, which is prior to the June 30, 2020 CPUC deadline.

7.5 Uniformity of Contract Changes

Uniformity of contract changes does not apply to the commercial sector at this point in the multi-sector solicitation process, [redacted] has completed negotiation. During Wave 2 negotiations, IEs assigned to the Commercial Sector will continue to monitor contract changes for uniformity with these programs.

29 Bidders should note that the following definition of "innovative" is a refinement of the definition provided with the Request for Abstracts.

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Local Multi-Sector Solicitation: Industrial

Reporting Period: April 2020 through September 2020

Prepared by:
Great Work Energy

Disclaimer: This report includes highly sensitive and confidential information.

Local Multi-Sector: Industrial

IE observations and assessments pertaining to the negotiations and contracting phase of the solicitation are detailed in this Semi-Annual Report, which addresses the period of April 2020 – September 2020. Previous stages of the solicitation were reported in detail in prior reports. Details regarding the entire solicitation process from RFA to contract are addressed in the Final Solicitation Reports, which were presented to PRG in July 2020 and submitted along with PG&E Advice Letters for CPUC approval of the two final Industrial EE program contracts. While CPUC approval of contracts was still pending at the end of September, the Industrial portion of the Multi-sector solicitation is complete. Information being reported in this Semi-Annual Report is taken from the recently submitted Final Solicitation Reports.

1. Solicitation Overview

1.1 Overview

PG&E took an ambitious approach to refreshing its EE portfolio, embracing the CPUC's policy direction of third-party program design and allowing third parties to design and implement new program proposals in all sectors of its portfolio not covered by CPUC-required statewide programs. In the Local Multi-sector Solicitation, PG&E utilized a single two-stage solicitation process for soliciting all local third-party EE programs targeting Residential, Commercial, Public, Industrial, and Agricultural customers.

Five IEs were engaged in the solicitation, assigned by sector. These five IEs worked together on general oversight and progress reporting to PG&E and the PRG during the RFA and RFP stages, but focused attention only on their assigned sectors where applicable in the process (reviewing abstracts/proposals, shortlisting and selection, monitoring negotiations and reviewing final contracts). Great Work Energy (GWE) is the IE assigned to monitor and report on the PG&E Multi-sector solicitation design, process and outcomes for programs serving the Industrial sector.

The Industrial portion of the solicitation concluded in June 2020 with final contracts executed [redacted] new third-party programs, [redacted] serving dedicated sub-sectors within the Industrial sector. With the exception of the current Industrial SEM programs, which will continue, the new programs will replace core Industrial EE programs at PG&E with third party designed and managed programs.

1) [redacted]

2) [redacted]

Milestones in the Solicitation Process to Date

The solicitation was conducted in accordance with CPUC requirements as a two-stage

(RFA/RFP) process, with robust IE engagement and regular coordination with the PRG on all aspects of the solicitation.

1) The **RFA process**[30] yielded [redacted], short high-level summaries of third-party program design concepts, from across all customer sectors. The abstracts were screened, evaluated and scored, a shortlist was created and [redacted] were invited to participate in the RFP stage. The RFA process began in November 2018 with materials development and concluded in March 2019 with an approved shortlist to proceed to RFP and notifications to bidders.

2) The **RFP process**[31] began in April 2019 with materials development and continued through early November with bidder notification. In August 2019, bidders submitted [redacted] proposals in response to the RFP. Proposals were screened, evaluated and scored. [redacted] proposals were shortlisted to proceed to negotiations and bidders were notified of outcomes in November 2019.

3) **Contract negotiations** began in November 2019. [redacted] PG&E established a two-phase process for its competitive contract negotiations. In **Phase 1 negotiations**[32], [redacted]

4) During **Phase 2 negotiations**, bidders were tasked with clarifying and refining their proposed payment structures using PG&E's newly developed compensation structure as a starting point. [redacted] PG&E further narrowed the field of bidders and continued negotiations on contract terms with finalists.

5) **Final contracts** executed by PG&E and the selected Implementers reflect the outcomes of these negotiations. PG&E's intention is to use the first group of negotiated contracts

30 The October 2018 through April 2019 Semi-Annual Report covers this period and addresses the PG&E Local Multi-Sector Solicitation RFA process in detail.

31 The May 2019 through October 2019 Semi-Annual Report covers this period and addresses the PG&E Local Multi-Sector Solicitation RFP process in detail.

32 The November 2019 through March 2020 Semi-Annual Report covers this period and addresses the PG&E Local Multi-Sector Solicitation Phase 1 negotiations process in detail.

to meet the June 30, 2020, deadline for its minimum 25 percent target.

Scope of Solicitation

PG&E sought a wide range of abstracts and proposals with a high level of innovation and creativity around cost-effective approaches to identifying and capturing deep, long-term energy savings in all customer sectors. PG&E sought and considered a wide variety of third-party program proposals that in total could contribute to a cost-effective program portfolio and:

1) Serves all PG&E customer sectors and sub-sectors, including all types and sizes of customers, across all geographies within PG&E's service territory.

2) Addresses the specific needs of HTR markets and DACs.

3) Promotes long-term market transformation of the EE market.

4) Does not duplicate or interfere with the scope of EE programs identified for statewide administration.

5) Includes local pilot ideas to test new programs in PG&E territory with potential for future statewide administration.

6) Includes any combination of resource and/or non-resource programs or program elements that support energy savings acquisition.

7) Permits deemed, custom, and/or meter-based energy savings calculation methodologies or any combination of these methodologies.

8) Permits any combination of upstream, midstream, or downstream delivery channels.

9) Includes EE programs that have IDSM capabilities, including, but not limited to DR, DG, GR, Energy Storage, and EV.

10) Provides innovative approaches to improving the customer experience and outcomes.

11) Adds to the diversity, safety, and sustainability of PG&E's supplier base.

Objectives of Solicitation

PG&E issued the RFA/RFP to solicit third-party program proposals from prospective bidders to establish a new portfolio of third-party programs according to the outsourcing compliance requirement timeline set forth by the CPUC in D.18-01-004. The RFP collected program proposals for all five of PG&E's customer sectors, and those targeting multiple sectors. The negotiations and contracting process is intended to ensure that the final selections for each sector are in alignment with PG&E portfolio goals and that the solicitation results in contracts that maximize ratepayer value while appropriately balancing risk.

1.2 Timing

The Local Multi-sector solicitation was PG&E's first under the new third-party EE outsourcing mandate, rules, and oversight structure. [redacted] This seemed unavoidable due to circumstances, but there were some issues that caused increased delays and effort in the solicitation, that could be addressed differently in future solicitations:

- There was multiple month lag between the RFA bidder notification and publishing the RFP, where RFP materials were being prepared and reviewed. While the characteristics of abstracts received inform what is needed in an RFP, PG&E should begin development of RFP Materials in parallel with administration of the RFA to reduce lag time between stages.
- [redacted]

Table 1.1: Key Milestones	
Milestones	**Completion Date**
RFA Stage	
RFA Release	November 28, 2018
Abstracts Submitted	January 14, 2019
Bidder Notification	March 29, 2019
RFP Stage	
RFP Release	June 13, 2019
Proposals Submitted	August 2, 2019
Scoring	August–Sept 2019
Shortlisting	October 29, 2019
Bidder Notification	November 7, 2019
Contracting Stage	
Phase 1 Contract Negotiations	November 2019 – January 2020
Phase 2 Contract Negotiations	February – June 2020
Final Contracts signed (Industrial)	June 22 – June 24, 2020
Advice Letter – NTP (estimated)	July – September 2020

1.3 Key Observations

Throughout the solicitation process, IEs monitored progress and reported emerging issues and recommendations for improvement to PG&E and the PRG at least monthly. PG&E was receptive to IE and PRG feedback and demonstrated willingness and ability to adjust approaches in order to improve work in progress and future efforts. Many issues were addressed during the solicitation process and have been previously reported in the Semi-annual Reports. Key Issues identified in the table below include just a subset of these, from the April 2020 – September 2020 reporting period, which Great Work Energy observed were particularly important to the process and outcomes of the Industrial solicitation. Lessons learned should inform future solicitations.

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
[redacted]			

Table 1.3: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
[redacted]			

Lesson Learned: It is possible to use a competitive negotiation process to finalize selection, transparently, if the final selection processes applied during negotiations are open to PRG/IE oversight, similarly to how RFA and RFP selection criteria and processes are treated. [redacted]

2. Solicitation Outreach and Bidder Response

2.1 Bidder Response to Solicitation

Solicitation Outreach and Bidder Responses to the Solicitation for RFA and RFP were addressed in detail in previous Semi-Annual Reports. PG&E outreach resulted in robust and competitive solicitation, with multiple proposals within and across each of the sectors, including Industrial.

Table 2.1: Solicitation Response		
All EE Programs		**No.**
All Sectors	Abstracts Received	[redacted]

Table 2.1: Solicitation Response		
	Abstracts Selected	[redacted]
	Proposals Received	[redacted]
[redacted]		
Includes Industrial EE	Abstracts Received	[redacted]
	Abstracts Selected	[redacted]
	Proposals Received	[redacted]
[redacted]		
Entirely or Primarily Industrial EE	Abstracts Received	[redacted]
	Abstracts Selected	[redacted]
	Proposals Received	[redacted]

2.2 Bidder's Conference & Q&A

Bidders conferences and Q&A received from bidders in both the RFA and RFP stages were addressed in detail in previous Semi-Annual Reports.

PG&E hosted bidders' conferences within 1-2 weeks of posting the RFA and RFP solicitations, which were well attended and effectively facilitated. PG&E attempted to answer bidder questions received before, during and after these events quickly and accurately, and was mostly successful at accomplishing this.

Table 2.2: Bidders' Conferences	
RFA Bidders conference date	December 10, 2018
Number of attendees	[redacted]
Number of questions received	138
RFP Bidders conference date	June 21, 2019
Number of Attendees	[redacted]
Number of questions received	280

2.3 Solicitation Design Assessment

In considering all end use sectors and leaving it to the market to offer expansive programs, budgets, and savings to cross multiple sectors, fulfill single sector goals and/or address the needs of a niche market, the solicitation design adequately met the program portfolio "need" as presented in the IOU-approved Business Plan, Solicitation Plan, EE energy saving goals and applicable portfolio/sector metrics.

3. RFA and RFP Design and Materials Assessment

The RFA and RFP design and materials were addressed in detail in previous Semi-Annual Reports.

3.1 RFA Design Requirements and Materials

The RFA design and materials were addressed in detail in previous Semi-Annual Reports.

3.2 RFP Design Requirements and Materials

The RFP design and materials were addressed in detail in previous Semi-Annual Reports.

3.3 Response to PRG and IE Advice

RFA

Although not applicable for this reporting period, virtually all of the IE feedback and PRG design recommendations were included in the final RFA documents or had been adequately addressed in some alternative way by PG&E, to the satisfaction of IEs and PRG members. PG&E's response to PRG and IE advice regarding the RFA documents was addressed in detail in previous Semi-Annual Reports.

RFP

Virtually all of the IE feedback and PRG design recommendations were included in the final RFP materials, or had been adequately addressed in some alternative way by PG&E, to the satisfaction of IEs and PRG members. PG&E's response to PRG and IE advice regarding the RFP documents was addressed in detail in previous Semi-Annual Reports.

4. Bid Evaluation Methodology

PG&E designed [redacted]

The IEs reported that the overall bid evaluation methodology was fair, thorough and transparent. Details on the evaluation of submitted bids is covered in the previous Semi-Annual reports.

4.1 Bid Screening Process

The bid screening process for the RFA and RFP stages were reported as fair, thorough, and transparent by the IEs. The RFA and RFP bid screening processes were addressed in previous Semi-Annual reports.

4.2 Scoring Rubric Design

The scoring rubric design for both the RFA and RFP were addressed in detail in previous Semi-

Annual reports. [redacted]

[redacted]

4.3 Evaluation Team Profile

The evaluation team profile for both the RFA and RFP were addressed in detail in previous Semi-Annual reports. To summarize:

1) IEs observed that PG&E scorers demonstrated diligence and care in their assigned scoring and calibration meetings.

2) IEs noted room for improvement in scorer training in the RFA stage, which PG&E made an effort to address at the RFP stage.

3) The training provided prior to individual scoring of the RFP was sufficient for getting the team members to generally understand the approach to this complex scoring process.

4) Code of conduct rules were made very clear to all scorers, particularly as it relates to their day-to-day communications with implementers of existing programs who are also bidding on new programs.

5) There were no conflict of interest violations or issues.

4.4 Response to PRG and IE Advice

PG&E's response to PRG and IE advice regarding planned bid evaluation methodology for both the RFA and RFP was addressed in detail in previous Semi-Annual reports.

As was the case on all aspects of the solicitation, PG&E was open and responsive to PRG and IE advice on scoring. Overall, the narrow focus on program design and bidder qualifications in the RFA appeared reasonably aligned with CPUC's intent for lower complexity and effort in the first stage of solicitations. In the RFP, IEs and PRG recognized and appreciated PG&E's complex yet thoughtful approach.

5. Bid Evaluation and Selection

5.1 Conformance with Established Evaluation Processes

PG&E's conformance with planned evaluation processes for the RFA and RFP was addressed in detail in prior Semi-Annual reports. In summary:

1) PG&E identified non-conforming bids according to their established and published bid screening criteria. PG&E's overall position on screening out bids was inclusive, in bidders' favor, and if there was any doubt about eligibility, they chose to score bids. Bids screened out were clearly, unequivocally non-conforming according to the published General Instructions for the RFA and RFP.

2) PG&E evaluated abstracts using the established scoring criteria and processes, with no deviations. The integrity of the process was upheld throughout the review and scoring phase.

3) PG&E conducted the RFP scoring and calibration in conformance with its established criteria and process, with one exception related to quality of submitted CETs and remedies that had to be applied to address this.

4) Despite the CET training provided and the inclusion of a voluntary early CET Review process, PG&E technical reviewers of CETs submitted with proposals found that the overall quality of the CET submissions was inadequate, and that no bidder had provided a well- executed CET. The most common input errors included incorrect measure codes, load shapes, climate zones, Estimated Useful Life (EUL/Remaining Useful Life (RUL), and baseline usage.

5) Ultimately the CET submissions resulted in PG&E reviewers having a low confidence in the CET outputs. [redacted]

[redacted]

5.2 Management of Deficient Bids

To ensure fairness, PG&E did not take any actions to rectify deficiencies associated with individual bids during the evaluation process. Bids were screened out or scored based on what was submitted.

5.3 Shortlist and Final Selections

A. Conformance with Established Evaluation Processes

Information provided below about RFP shortlist and Phase 1 negotiations was reported in detail in previous Semi-Annual reports. The information is included in this report as well because it provides important background and context for PG&E's final selection of Industrial programs in this solicitation, which occurred during Phase 2 of negotiations, in this reporting period.

Table 5.1: Number of Proposals Advanced at Each Stage of Selection

Sector	Abstracts Received	RFA shortlist	Proposals Received	RFP Shortlist Invited to Phase 1 Negotiations	Invited to Active Phase 2 Negotiation (Wave 1)	Final Selection (Wave 1)
Agriculture	[redacted]					
Commercial						
Industrial						
Public						
Residential						
Multi-sector	[redacted] *					
Total	[redacted]					

**After the RFA stage, bids including more than one sector (Multi-sector) were classified with the dominant sector served, and those that proceeded are included in the dominant sector's counts.*

RFP Shortlist

Following RFP scoring calibration in September 2019, shortlists were considered based [redacted]

[redacted]

[redacted]

Out of [redacted] scored in all sectors, [redacted] to participate in Phase 1 negotiations. [redacted] were invited to Phase 1 negotiations. The [redacted] bids that were not selected to proceed were significantly lower scoring.

Competitive Negotiations

The Phase 1 Negotiation process started in November 2019 with [redacted] proposals representing all customer segments and sectors. A primary goal for this phase was to work with bidders to develop more realistic CETs. This allowed PG&E greater confidence in the bidders' CET showings [redacted] Bidders then submitted revised CETs incorporating responses to the feedback and budget reductions.

In January 2020, PG&E selected a subset of bidders to advance to Phase 2 of competitive negotiations. PG&E based the selection on final RFP scores after rescoring Program Benefits. PG&E considered portfolio fit at the sector level and provided this information and their recommendations to the IEs and PRG.

For the Industrial sector, [redacted] out of 11 was clearly situated well below the pack and not selected to proceed, while [redacted] were identified as alternates and placed on hold pending results of negotiations with those invited into active negotiations.

A comprehensive, multi-sector Commercial & Industrial program had also performed well in the rescoring. When PG&E decided that Phase 2 negotiations would be managed in two waves, with a first wave focused on Industrial, Agriculture and Public programs, and a later wave focused on Commercial and Residential, there was a need to split the C&I program in order to negotiate on just the Industrial portion along with the other Industrial finalists. With this program added to the list, PG&E invited [redacted] into active Phase 2 negotiations in February

Final Selection

[redacted] were still in active, competitive negotiations at the beginning of April. The quality of these Industrial proposals had been fairly high, and while the programs had different strengths and weaknesses, outcomes of the Industrial RFP scoring and Phase 1 negotiation process had left these [redacted], with no natural break in scoring. A primary objective of Phase 2 Industrial negotiations was to better differentiate between them in order to select the finalists, and then negotiate to final contracts.

[redacted]

PG&E shared the data and analysis used to make these decisions with the IE, and these aligned with the data exchanges that the IE had been monitoring between the bidders and PG&E. IE monitoring of all negotiation meetings and messages exchanged confirmed that PG&E treated all bidders in competitive negotiation consistently and fairly.

B. Portfolio Fit

Assessment of portfolio fit was focused on the sector level. In preparation for Phase 2 negotiations, PG&E mapped proposed new programs along with existing programs based on [redacted]

In addition to this analytic approach to optimizing the portfolio, recommendations made were heavily affected by three over-riding requirements:

1) [redacted]
2) [redacted]

[redacted]

3) [redacted]

C. Response to PRG and IE Advice on Shortlists and Selection

RFA Selection

The IEs found the shortlisting process to be fair and transparent and generally agreed with the draft shortlist recommendations, with a few exceptions. As part of its final analysis, PG&E incorporated feedback from the PRG and IEs and [redacted] No exceptions were made to drawing the shortlist based on ranking of final score. For each sector, all bids above the line were invited to participate and those below were not advanced. The PRG and IEs considered the RFA shortlists to be fairly and appropriately drawn.

RFP Selection

At the October 2019 PRG meeting, PG&E presented the proposed RFP shortlist with their plan for a first phase of contract negotiations (Phase 1 Negotiations) that focused on improving and refining bidder CETs and rescaling program budgets to be more realistically in line with recently approved, reduced IOU EE goals and budget. The IEs confirmed review and support for PG&E's CET review process and shortlists, and with further input from the PRG, PG&E proceeded with the proposed shortlist

[redacted]

Phase 1 Negotiations Selection

PG&E engaged IEs in their planning of the CET review process and IEs monitored bidder meetings. [redacted] At the January 2020 PRG meeting, PG&E proposed to move into a first wave of Phase 2 Negotiations with bidders in the Industrial, Agriculture, and Public sectors. IEs for these sectors were supportive of PG&E's Phase 2 selections and recommended next steps, but due to PG&E's ongoing competitive approach to negotiations, noted the need for information about how PG&E would be making final selection. PRG members understood what PG&E was recommending and why and did not have objections or issues with what PG&E had proposed.

Phase 2 Negotiations Final Selection

IEs requested to review the selection criteria or factors that PG&E would be assessing to make final selection decisions. As previously discussed, this was particularly relevant for the Industrial sector, due to the high number of bidders in competitive negotiations. [redacted]

In early April, GWE was provided with more detailed information about the factors that PG&E was considering in final selection for the Industrial sector. [redacted] PG&E's methodology for final selection built on and did not conflict in any way with the objectives of the solicitation or criteria used in assessing the RFA and RFP.

GWE monitored more than 60 hours of negotiation meetings and bidder communications via PowerAdvocate in March and April 2020. PG&E ensured that the IE had access to all the same information that they did and enabled monitoring of all steps, decisions and actions taken during the process. There were multiple iterations of changes to bidder proposals and managing version control and data quality could have been a challenge. GWE confirmed that the IOU was using the correct data provided by bidders when using this data to inform decisions about final selection. Overall, GWE observed careful, consistent, and fair treatment of all bidders in Industrial negotiations.

5.4 Affiliate Bids and Conflict of Interest

No affiliate bids were received in the solicitation. Bidders were required to identify if they were a PG&E affiliate in the Data Response Form. PG&E checked the information submitted as one of the bid screening criteria in the RFP.

There was no conflict of interest identified with any PG&E employee involved in the solicitation. PG&E consistently communicated the definition and importance of this topic to score team members and other staff involved in the solicitation.

6. Assessment of Selected Bids

Four down-select processes are described in the sections above. At each step, PG&E's decisions about which bids to advance were based on a transparent methodology and incorporated feedback from the IE and PRG. For Industrial, the decisions appeared to be consistent and reasonable given the process followed and quality of bids in contention for contracts. For the RFA and RFP, scoring and selection was based on the final scoring rubric and bid evaluation methodology that had been reviewed with the IEs and PRG. During negotiations, PG&E focused on the same criteria, firming up the most important attributes of EE resource acquisition programs and considering how these attributes contribute to PG&E's portfolio targets in order to derive final selection decisions.

6.1 Bid Selections Respond to Portfolio Needs

PG&E negotiated to final contract [redacted]

[redacted], will be PG&E's Industrial EE portfolio.

By selecting third-party designed Industrial EE programs that are cost-effective, innovative and performance based, these final selections meet the IOU's published solicitations needs. Both programs are well-aligned with the IOU's goals and creatively employ market strategies that were emphasized in PG&E's Business Plan for Industrial EE.

PG&E has submitted a separate Advice Letter seeking CPUC approval of contracts for each of these programs:

- [redacted]
- [redacted]

6.2 Bid Selections Provide the Best Overall Value to Ratepayers

Based on final contract terms negotiated and program characteristics, [redacted] provide the best overall value to ratepayers within the competitive bid pool for Industrial programs.

As previously described, the Industrial contracts selected from among the competitive bid pool are those that scored well on the evaluation criteria during the RFA and RFP phase. [redacted] By applying the criteria consistently in their bid evaluation and selection processes, the outcome was consistent with this intention.

Following selection [redacted] The finalists were also given the full set of PG&E contract templates to respond to and invited to make further changes to their proposals to reflect the full scope and terms in those contracts, some of which other bidders had not seen or responded to before they were eliminated. [redacted]

[redacted]

[redacted]

Comparison of New Programs with the Existing PG&E Industrial Portfolio

PG&E is replacing current core Industrial programs with [redacted]. It is important to note that most of PG&E's current Industrial portfolio was already saving energy cost-effectively prior to the solicitation. Improving cost-effectiveness of the portfolio was a critical objective of the Multi-sector solicitation overall, but other sectors that had been less cost-effective were the primary opportunity for this improvement. For Industrial, the solicitation addressed the outsourcing requirement to transition from core IOU programs to programs designed and implemented by third parties, along with associated third-party program goals of decreasing ratepayer risk and increasing program innovation. Realizing these improvements while maintaining the cost-effectiveness of the current Industrial portfolio would be a success.

[redacted][33] [redacted][34] [redacted]

It is not possible to directly compare CET forecasts for a future year to reported program outcomes in a prior year, as the former is purely hypothetical.[35] [redacted]

Table 6.1: Cost Efficiency of Current Industrial Portfolio				[redacted]		
	Benefits	Sum of TRC Costs	Realized Net Benefits	TRC Ratio	Sum of Program Expenditures	Net Benefits/ Expenditures
Industrial Sector 2019 Claims	[redacted]	[redacted]	[redacted]	1.31	[redacted]	.405

33 PG&E removed six programs from 2019 Industrial claims for purposes of this comparison because they were not active programs and had negative/minimal TRC costs, typically due to remaining customer commitment payments.

34 2022 was selected for comparison because it is assumed that the new program would be fully ramped up by then, allowing for better comparison to the mature, existing portfolio.

35 PG&E administrator costs are included in the 2019 claims data, but are not modelled or included in the new program forecast data from the CET. If PA costs were allocated to the forecast, that would further reduce the realized net benefits and TRC for the new program by some modest amount.

Table 6.1: Cost Efficiency of Current Industrial Portfolio						[redacted]
	Benefits	Sum of TRC Costs	Realized Net Benefits	TRC Ratio	Sum of Program Expenditures	Net Benefits/ Expenditures
[redacted]				1.34	[redacted]	.468

[redacted] While Manufacturers have historically been served by the Industrial sector, Food Processors were formerly part of the Agriculture EE portfolio. So, PG&E is replacing current core Industrial and Agriculture programs with the [redacted].

It is important to note that most of PG&E's current Industrial portfolio was already saving energy cost-effectively prior to the solicitation. Improving cost-effectiveness of the portfolio was a critical objective of the Multi-sector solicitation overall, and other sectors that had been less cost-effective were the primary opportunity for this improvement, including Agriculture.

To help GWE consider the program's relative cost-efficiency compared to the current portfolio of similar programs serving these customers, PG&E provided the following snapshot of information about the current, most comparable Agriculture and Industrial program portfolios[36]. The data below includes claims data of reportable savings for the set of comparable existing Industrial and Agriculture programs in 2019 and forecasted data from [redacted]. [37]

It is not possible to directly compare CET forecasts for a future year to reported program outcomes in a prior year, as the forecast is hypothetical[38]. [redacted] because of that PG&E expects the program to improve cost-effectiveness overall compared to the current portfolio.

36 PG&E removed six programs from 2019 Industrial claims for purposes of this comparison because they were not active programs and had negative/minimal TRC costs, typically due to remaining customer commitment payments.

37 2022 was selected for comparison because it is assumed that the new program would be fully ramped up by then, allowing for better comparison to the mature, existing portfolio.

38 PG&E administrator costs are included in the 2019 claims data, but are not modelled or included in the new program forecast data from the CET. If PA costs were allocated to the forecast, that would further reduce the realized net benefits and TRC for the new program by some modest amount.

Table 6.2: Cost Efficiency of Current Industrial Portfolio						[redacted]
	Benefits	Sum of TRC Costs	Realized Net Benefits	TRC Ratio	Sum of Program Expenditures	Net Benefits/ Expenditures
Industrial Sector 2019 Claims	[redacted]	[redacted]	[redacted]	1.31	[redacted]	.405
Agriculture Sector 2019 Claims	[redacted]	[redacted]	[redacted]	.56	[redacted]	-.914
[redacted]	[redacted]	[redacted]	[redacted]	1.31	[redacted]	.265

Comparison with other 3P Contracts Executed in Multi-Sector Negotiations

PG&E performed simple analysis of lifecycle acquisition costs on a $/mmbtu basis for each of [redacted] executed contracts. Average lifecycle acquisition cost across the set of contracts submitted for CPUC approval in the first wave was $9.22/mmbtu, when all programs were assumed to achieve 100 percent of forecasted gas and electric savings as modelled in the CET and documented contractually. The range of acquisition costs calculated for the individual programs is wide, between $4 - $14, but it is important to emphasize that, unlike the existing portfolio, all of these contracts and associated CETs are forecasted to have net benefits and to be cost-effective.

1) At ~$5/mmbtu, [redacted] second lowest acquisition cost among the [redacted] contracts negotiated across all sectors.

2) At ~$8.52/MMBtu, [redacted] below the average lifecycle acquisition cost of the [redacted] contracts across all sectors, with the fourth lowest acquisition cost.

Alignment with California Policy Objectives

1) **TRC**: Program [redacted] helps PG&E meet overall portfolio target >1.25.

2) **Deep and persistent savings**: Program design and innovations drive deep and persistent savings in Industrial processes and building systems.

3) **Balance of risk in compensation structure**: By proposing performance-based compensation, Implementers have taken on the financial risk that would be associated with underperformance of the programs.

4) **Energy savings goals** are reasonably well aligned with the current industrial market

potential[39]. The scale of the program was capped when PG&E reduced the budget available for all EE programs in response to publication of the new potential study and lower goals.

5) **Savings come from viable custom measures** that are appropriate for the industrial markets targeted. Savings modeled in the CET are in alignment with CPUC M&V rules. For BEP, all savings are tied to custom measures. For ISOP, ~25 percent of program savings come from a small number of applicable prescriptive measures and NMEC for commercial building application at Industrial sites.

7. Reasonableness of Contracting Process

7.1 Collaboration on Final Program Design and Scope

[redacted]

When PG&E decided they would move forward with Industrial Phase 2 negotiations in a first wave but wait months before beginning Commercial negotiations, [redacted]

PG&E decided to try to negotiate to final contract with [redacted] finalists and wanted to split the Industrial sector between them to reduce risks of catastrophic failure by a single Implementer in this highly cost-effective portion of the EE portfolio. PG&E invited [redacted] their program target market and scale one more time, to serve just the Petroleum and Chemicals and Minerals sub-sectors, with a budget [redacted] for the three-year program. [redacted]

While [redacted] submitted is quite different than the [redacted], the definition of third-party design has been stringently adhered to. PG&E communicated basic portfolio limits and preferences, either in markets to be served or total budget available, and [redacted] to respond to these requests and what to change.

39 2019 Energy Efficiency Potential and Goals Study, Navigant, July 1, 2019.

Preferences expressed and counter-offers requested by PG&E all appeared to be well within their role as a portfolio administrator. In all cases, PG&E encouraged bidders to update whatever scope and or quantifiable aspects of their proposal were needed to accompany these changes, including goals, budget, payment terms and TRC.

[redacted], the final contract retains much of the innovative program design and other key qualities like performance payment structures that made the proposal high scoring initially. The program is still very cost-effective and low risk. There is no reason to think that these changes would affect program performance negatively.

[redacted]

[redacted]

During Phase 2 negotiations, PG&E decided to negotiate contracts [redacted] to serve the Industrial sector in order to reduce the risk of failure by a single Implementer affecting the overall portfolio. PG&E notified [redacted] and invited them to revise their proposal to serve both Manufacturing and Food Processing sub-sectors with a total budget available of [redacted].

PG&E asked [redacted] from the program, as Commercial programs including high tech were going to be negotiated separately, in a second wave. PG&E also suggested [redacted] components in the program design [redacted].

[redacted] While the scale of the program has changed, the final program design is essentially the same as the design and scope originally proposed [redacted].

Because the program includes NMEC, there was a need to clarify requirements during negotiations and some changes to CET inputs and assumptions resulted. Dialogues with PG&E technical reviewers narrowed the NMEC opportunity and emphasis to be fully in alignment with current CPUC rules prohibiting it's use for M&V of process efficiency. [redacted]

[redacted] Removing Commercial high-tech sites from the program further reduced the amount of NMEC in the final contract. [redacted]

Throughout negotiations, the definition of third-party design was stringently adhered to. PG&E

communicated basic portfolio limits and preferences, either in markets to be served or total budget available, and [redacted] Preferences expressed and counter-offers requested by PG&E all appeared to be well within their role as a portfolio administrator. In all cases, PG&E encouraged bidders to update whatever scope and or quantifiable aspects of their proposal [redacted].

The final contract retains the innovative program design and other key qualities that made the proposal high scoring initially. The program is still very cost-effective, although net benefits have been reduced. Most changes made are likely to affect the program and Implementer positively, as final contract terms are based on more realistic M&V assumptions.

[redacted]

7.2 Fairness of Negotiations

Between February 19 and April 11, 2020, GWE monitored 27 contract negotiation meetings with [redacted] Phase 2 negotiations. Between April 24 and May 15, 2020, GWE monitored 15 contract negotiation meetings [redacted]. Throughout the negotiations process, the IE monitored all messages and information exchanged between PG&E and bidders via PowerAdvocate.

Bidders' Uncompensated Effort in Negotiations: High but Fair

PG&E's negotiation process from December 2019 – April 2020 was labor and time intensive for all parties, but these processes were executed fairly and consistently with all bidders in active negotiations at the time. The need for this work was largely driven by deficiencies in CET and payment information requested and submitted at the RFP stage, as described in prior sections of this report.

PG&E developed and introduced a preferred performance compensation structure in Phase 2 negotiations to support comparison and final selection and to provide a basis for contracting. This also added effort to the negotiation process, as bidders had to reconsider how to propose their compensation within this new framework. [redacted]

PG&E was developing and refining their contract templates during negotiations, including this payment structure and the data form designed to document it contractually, so there were multiple rounds of edits and revisions for bidders to respond to, adding even more uncompensated effort. Now that they are developed, going forward, [redacted]

Most of this additional effort in negotiations happened prior to final selection of programs and the development of full contracts. Once Industrial finalists were selected in late April, the path to finalizing contract terms was straightforward and negotiations [redacted]. Through productive discussions in 7-8 bi-weekly meetings and rapid response to IOU requests, negotiation of final draft contracts and all terms were concluded within 4 weeks.

No Evidence of Bias in Negotiations

There was no evidence of positive or negative bias towards any Industrial bidder in negotiations. PG&E was structured and disciplined in engaging with all bidders. All in active negotiations were given the same information about the process, budget available and PG&E preferences. All were provided the same opportunities to review and revise their proposals. [redacted]

Balance of Risk is Primarily with the Implementer

[redacted]

[redacted]

[redacted]

[redacted]

PG&E: Because payments are not really at risk to the IOU or ratepayers, [redacted] Typically, Industrial EE is one of the more cost-effective sources of savings and a reliable performer in the portfolio. The risk of underperformance by a single implementer affecting the entire portfolio was reduced by PG&E's decision to split the Industrial market [redacted] with different implementers and designs.

7.3 Changes to Contract Terms & Conditions

CPUC standard terms are unmodified in the final contracts and other IOU terms do not supersede the standard terms.

The CPUC modifiable terms and conditions were modified just slightly by PG&E, to fill in contract or program-specific blanks that were included in the terms and as needed to clarify but not to change the meaning or intent of the CPUC term. For example, PG&E added a sentence defining what a KPI is just before including the CPUC's contract term associated with KPIs, which is unmodified. PG&E also inserted references to particular PG&E contract documents and attachments into modifiable terms as appropriate. The contract templates were reviewed by PRG, modified to adjust to PRG and CPUC ED feedback and used as the basis for final contracts. There were no material changes to CPUC modifiable terms proposed by either PG&E or the Implementers during negotiations. [redacted]

7.4 Conformance with CPUC Policies and Objectives

Contracts Executed On-Time to Count Towards 25 Percent Outsourcing Target

In a letter dated November 5, 2019, PG&E requested an extension to June 30, 2020 to meet the 25 percent requirement to allow for sufficient time for a detailed and thoughtful contract negotiation stage for its Local Multi-Sector Request for Proposal (RFP).

In November 2019, the CPUC granted PG&E's request for extension of time to meet the 25 percent threshold by June 30, 2020[4]. [redacted]

Incentive Designs Align with CPUC Incentive Guidelines

[redacted]

1) Calculating incentives on a lifecycle basis.

2) Tiered incentives to promote increasing degrees of efficiency above code

3) Incentives targeted at products with higher efficiency and quality

[redacted]

[redacted]

In addition to the base custom incentives, [redacted] offers custom incentive adders to promote specific customer actions or project characteristics sought by CPUC and the IOU. The program intends to offer a 20 percent custom incentive adder for projects implemented by small-medium businesses, a 20 percent adder for comprehensive projects with a bundled suite of measures; a 20 percent adder for prompt project completion within 6 months of receiving the incentive offer and a 40 percent adder for implementation of emerging technologies.

[redacted]

[redacted]

Market strategy: [redacted]

Program Delivery: [redacted], integrated site-specific energy solutions through the ISO 50001-aligned energy management plans developed with customers enrolled in the program's energy management track.

Program Delivery: [redacted] by performing customer audits and calculations to identify measures and develop a business case to support customers' business case to proceed to installation, and assisting the customer with financing and calculations on economic parameters based on their pre-defined decision-making metrics.

Innovation in the [redacted]

The [redacted] incorporates multiple innovative elements and strategies that build on best practices in Industrial EE and expand their application in California, including most notably:

Market strategy: Recruiting strategies are centered on [redacted], providing customers with valued training that builds trust and leads directly to projects.

Technology: For select customers, [redacted] and collaboration software is provided and used to access actionable energy data, prioritize opportunities, and document program influence.

Program Delivery: Assigned energy coach acts as a single point of contact to simplify customer participation and identify, promote, and advance all types of EE projects. [redacted] to overcome barriers to Industrial EE projects and promote continuous improvement.

7.5 Uniformity of Contract Changes

During contract negotiations, information and options were made available to all bidders consistently and fairly, [redacted]

8. Conclusion

PG&E took an ambitious approach to refreshing its EE portfolio in the Multi-sector solicitation. The solicitation was conducted in accordance with CPUC requirements as a two-stage (RFA/RFP) process, with robust IE engagement and regular coordination with the PRG on all aspects of the solicitation. In considering all end use sectors and leaving it to the market to offer expansive programs, budgets and savings to cross multiple sectors, fulfill single sector goals and/or address the needs of a niche market, the solicitation design adequately met the program portfolio need as presented in the IOU-approved Business Plan, Solicitation Plan, EE energy saving goals and applicable portfolio/sector metrics.

PG&E's broad approach and outreach resulted in a robust and competitive solicitation. At each step, PG&E's decisions about which bids to advance were based on a transparent methodology and incorporated feedback from the IE and PRG. For Industrial, the decisions appeared to be consistent and reasonable given the process followed and high quality of bids in contention for contracts. In the RFA and RFP, scoring and selection was based on the final scoring rubric and bid evaluation methodology that had been reviewed with the IEs and PRG. During negotiations, PG&E focused on the same criteria, firming up the most important attributes of EE resource acquisition programs and considering how these attributes contribute to PG&E's portfolio targets in order to derive final selection decisions. IE monitoring of all negotiation meetings and messages exchanged confirmed that PG&E treated all bidders in competitive negotiation carefully, consistently and fairly. Throughout the solicitation process, PG&E was receptive to IE and PRG feedback and demonstrated willingness and ability to adjust approaches in order to improve work in progress and future efforts

[redacted] contracts executed reflect PG&E's appropriate input on markets targeted, CET inputs and total budget available for these programs, while retaining the bidders' innovative and effective program design elements. CPUC standard terms are addressed appropriately within the contracts. Implementers have taken on almost all financial risk associated with underperformance of their programs, as compensation is largely dependent on performance outcomes. [redacted] aligned with California EE policy objectives and provide the best overall value to ratepayers within the competitive bid pool for Industrial programs. The new programs will replace core Industrial EE programs at PG&E with third party designed and managed programs.

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Local Multi-Sector Solicitation: Public

Reporting Period: April 2020 through September 2020

Prepared by:
Don Arambula
Don Arambula Consulting

Disclaimer: This report includes highly sensitive and confidential information.

Local Multi-Sector: Public

1. Solicitation Overview

1.1 Overview

PG&E utilized a single two-stage solicitation process for soliciting local third-party EE programs targeting the sectors of Residential, Commercial, Public, Industrial, and Agricultural customers (aka, multi-sector solicitation). The first stage was an RFA followed by a second stage RFP.

As the CPUC directed, the first stage of the solicitation is a request for abstracts[40] which PG&E correctly interpreted as short, high-level summaries of third-party program design concepts. In response to the multi-sector solicitation PG&E received [redacted] in the RFA Stage. On August 2, 2019, the invited bidders [redacted] in response to PG&E's RFP. [redacted] were shortlisted at the conclusion of the RFP stage. PG&E opted to conduct competitive contract solicitations to make the final selections [redacted]. Competitive contract negotiations began in November 2019. Contract negotiations included two phases.

Given PG&E's November 5, 2019 extension request, the number and quality of bids proceeding to negotiations, and the reductions in budgets, the IEs agreed, with feedback from the PRG, that every effort should be made by PG&E to reach the 40 percent third party contracting target through this multi-sector solicitation along with other PG&E solicitations concluded in 2020.

Due to the volume of proposals, a desire to improve the overall quality of submitted cost-effectiveness test (CETs) showings, the pending compliance deadline for meeting the 25 percent minimum threshold, and the need to communicate reduced sector-level budget targets, PG&E established a two-phase process for its competitive contract negotiations. In Phase 1, PG&E provided bidders reduced sector-level budget targets[41] and feedback to bidders on ways to improve bidder CETs. Bidders then submitted revised CETs incorporating responses to PG&E's feedback and requests to reduce budgets. In January 2020, PG&E applied a confidence level score to each CET showing and selected a subset of bids to advance to Phase 2 of negotiations. The selected shortlist was based on final proposal scores and the flexibility to create a program portfolio based on either a combination of segment-level programs or a single, all-sector level program.

During Phase 2 contract negotiations, [redacted] The IOU shared the draft performance approach with the IEs just prior to beginning contract negotiations. The IEs made limited comments and the IOU adopted some of the IE's recommendations. [redacted] The IE indicated to

40 Decision 18-01-004, p. 2.

41 The reduced budgets presented by PG&E to bidders in the Public sector were much lower than those presented in PG&E's 2019 and 2020 ABAL filings.

PG&E that it had concerns about the performance compensation approach due to its complexity and the ongoing cost to maintain the quarterly and annual payment process by both the implementer and PG&E.

Bidders were asked to provide necessary details [redacted], PG&E further narrowed the field of bidders and began discussion on contract terms with selective bidders in each sector.

IE Monitoring Contract Negotiations

The DAC team actively monitored each bidder contract negotiation meeting. As appropriate, we provided feedback to PG&E's project lead about ongoing negotiations outside of the bidder meetings. Initially, PG&E did not actively update the IE on its internal assessment of the ongoing negotiations. The IE and the PG&E lead agreed to standing meetings to discuss ongoing progress with the contract negotiations. However, the IE had limited access to PG&E's initial discussions regarding its selections for Phase 1 negotiations.

Scope

PG&E sought a wide range of abstracts and proposals with a high level of innovation and creativity around cost-effective approaches to identifying and capturing deep, long-term energy savings in all customer sectors. Bidders were encouraged to team with other firms to provide the most complete and compelling program ideas. PG&E sought and considered a wide variety of third-party program proposals that in total could contribute to a cost-effective program portfolio and:

- Serves all PG&E customer sectors and sub-sectors, including all types and sizes of customers, across all geographies within PG&E's service territory.
- Addresses the specific needs of HTR markets and DACs.
- Promotes long-term market transformation of the EE market.
- Does not duplicate or interfere with the scope of EE programs identified for statewide administration.
- Includes local pilot ideas to test new programs in PG&E territory with potential for future statewide administration.
- Includes any combination of resource and/or non-resource programs or program elements that support energy savings acquisition.
- Permits deemed, custom, and/or meter-based energy savings calculation methodologies or any combination of these methodologies.
- Permits any combination of upstream, midstream, or downstream delivery channels.
- Includes EE programs that have Integrated IDSM capabilities, including, but not limited to DR, DG, GR, Energy Storage, and EV.

- Provides innovative approaches to improving the customer experience and outcomes.
- Adds to the diversity, safety, and sustainability of PG&E's supplier base.
- For PG&E's Local Multi-Sector Final Solicitation, five IEs were assigned to each sector. These five IEs worked together on general oversight and feedback to PG&E in the RFA and RFP stages, but focused on their individual sectors where applicable in the process (reviewing abstracts, proposals, and tracking negotiations). The IE assigned to each sector provided a final Solicitation Report by sector.

Table 1.1: IE Sector Assignments	
Sector	**IE**
Agriculture	Barakat Consulting, Inc. (BCI)
Commercial	EAJ Energy Advisors (EAJ)
Industrial	Great Work Energy (GWE)
Public	Don Arambula Consulting
Residential	The Mendota Group, LLC (TMG)

Objectives

PG&E issued the RFA/RFP to solicit third-party program proposals from prospective bidders to establish a new portfolio of third-party programs according to the outsourcing compliance requirement timeline set forth by the CPUC in D.18-01-004. The RFP collected program proposals for all five of PG&E's customer sectors, and those targeting multiple sectors. The negotiations and contracting process is intended to ensure that the final selections for each sector are in alignment with PG&E portfolio goals and that the solicitation results in contracts that maximize ratepayer value while appropriately balancing risk.

1.2 Timing

The timing of the solicitation process is shown in Table 1.2.

Table 1.2: Key Milestones	
Milestones	**Completion Date**
RFA Stage	
RFA Release	November 28, 2018
Abstracts Submitted	January 14, 2019
RFP Stage	
RFP Release	June 13, 2019
Proposals Submitted	August 2, 2019
Scoring	August–Sept 2019

Table 1.2: Key Milestones	
Milestones	**Completion Date**
Shortlisting	October 29, 2019
Contracting Stage	
Phase 1 Contract Negotiations and Selections (Focused on review of CET data)	November 2019–February 2020
Phase 2 Contract Negotiations and Selections (Includes detailed discussion of contract terms)	February-June 2020
Final Contracts Signed for Public Sector	June 19, 2020

1.3 Key Observations

Key observations from the April 2020--September 2020 timeframe are shown in Table 1.3. Prior observations are listed in the November 2019-March 2020 Semi-Annual Report.

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
RFP			
Solicitation Budget	[redacted]		
Contracting Stage			

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
Competitive Contract Negotiations	[redacted]		
Ensuring Transparency and Fairness of Final Selection During Negotiations	Inviting multiple bidders into competitive negotiations necessitates another stage to the solicitation. Starting in January 2020, IEs requested to review the selection criteria or factors that PG&E will be assessing to make final selection decisions.	To ensure that the process remains fair and transparent, the IEs asked the IOU to provide an understanding by which the IOU will determine final selections.	PG&E provided the concepts it used to determine final selections.
Contract Budget Amounts and Increasing EE Goals	The CPUC ten-year EE goals are reset beginning in 2020. Over the next three years, PG&E's goals increase by additional 25 percent over 2020 levels. However, the Contract budget does not reflect this increase in EE goals.	The CPUC should consider increasing the Contract value to accommodate the increase in EE goals during the next three years.	PG&E opted not to increase Contract value.
Flexibility to Increase Program	The program's energy efficiency potential is limited by PG&E's recent budgets and a preference to pursue the most cost-effective energy savings within the portfolio. The PG&E's Public sector EE potential is larger than the proposed Contract value.	The Contract should be given the flexibility to expand the program budget, if during the implementation period, the program proves to deliver cost effective results and/or other emergent opportunities arise where the program could quickly expand its offering.	PG&E opted not to increase Contract value.

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
Performance Compensation Reveal	[redacted]		
Multi-sector Proposals	[redacted]	The IOU should avoid seeking multi-sector proposals and sector/segment proposals within the same solicitation.	New recommendation.
Implementation Plan	Development of IDSM-related program details (including program manuals) will need significant coordination among the implementer and the various DSM program staffs with the IOU to be successful. It will likely require more time than the prescribed 60-day period.	For IDSM offerings, the CPUC should allow the IOU and the implementer more time to fully develop the program details supporting the IDSM component of the program's Implementation Plan. The IE suggests an additional 30 days, as a minimum.	New recommendation.
Timely Invoice Payments	[redacted]		

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
Contract Budgets	[redacted]		
Performance Payment Reserves			
Implementer Cost Recovery			

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
CPUC Cost Category Thresholds	The CPUC's cost category thresholds, especially the 25 percent threshold assigned to direct implementation costs, does not support third-party programs designed to offer extensive technical services.	The CPUC should revisit its cost category thresholds for third parties and local governments and modify the requirement to support greater levels of technical assistance to customers in lieu of financial incentives.	New recommendation.

2. Solicitation Outreach and Bidder Response

PG&E's outreach through traditional methods (e.g., Website, CAEECC, etc.) resulted in a robust and competitive solicitation with multiple proposals within and across each of the sectors. Specific information regarding Solicitation Outreach and Bidder Responses to the Solicitation for RFA and RFP were addressed in previous Semi-Annual Reports.[42]

3. RFA and RFP Design and Materials Assessment

The RFA and RFP design and materials were addressed in detail in previous Semi-Annual Reports.

The solicitation design adequately met the program portfolio need as presented in the IOU-approved Business Plan, as well as EE energy savings goals, and applicable portfolio/sector metrics, even with having to consider multiple sectors and leaving it to the market to offer programs, budgets, and savings across multiple sectors while still fulfilling single sector goals and/or addressing the needs of niche markets.

The solicitation was conducted in accordance with CPUC requirements as a two-stage process, with robust IE engagement and regular coordination with the PRG on all aspects of the solicitation.

3.1 RFA Design Requirements and Materials

The RFA design and materials were addressed in detail in the October 2018 through April 2019 Semi-Annual Report.

3.2 RFP Design Requirements and Materials

The RFP design and materials were addressed in detail in the November 2019 through March 2020 Semi-Annual Report.

42 The November 2019 through March 2020 Semi-Annual Report covers this period and addresses the PG&E Local Multi-Sector Solicitation outreach and bidder response in detail.

3.3 Response to PRG and IE Advice

RFA

Although not applicable for this reporting period, virtually all of the IE feedback and PRG design recommendations were included in the final RFA materials or had been adequately addressed in some alternative way by PG&E, to the satisfaction of IEs and PRG members. Specific reporting on the RFA response to PRG and IE advice was addressed in detail in previous Semi-Annual Reports.[43]

RFP

Virtually all of the IE feedback and PRG design recommendations were included in the final RFP materials, or had been adequately addressed in some alternative way by PG&E, to the satisfaction of IEs and PRG members.

4. Bid Evaluation Methodology Assessment

The IEs reported that the overall bid evaluation methodology was fair, thorough and transparent. Details on the evaluation of submitted bids is covered in the previous Semi-Annual reports.[44]

4.1 Bid Screening Process

The bid screening process for the RFA and RFP stages were reported as fair, thorough, and transparent by the IEs. The RFA and RFP bid screening processes were addressed in previous Semi-Annual reports.[45]

4.2 Scoring Rubric Design

The scoring rubric design for both the RFA and RFP were addressed in previous Semi-Annual reports. [redacted]

[redacted]

43 The May 2019 through October 2019 Semi-Annual Report submitted covers this period and addresses the PG&E Local Multi-Sector Solicitation team response to PRG and IE advice in detail.

44 Id.

45 Id.

[redacted]

4.3 Evaluation Team Profile

The evaluation team initially had six members. However, one was removed when they informed PG&E that they were leaving to work [redacted] Each evaluator scored all areas of the proposals and IEs performed parallel reviews and scoring.

PG&E held three half-day scoring team training sessions (to ensure that each scorer would attend one session) that included a mock proposal scoring exercise. Although it is challenging to provide a complete mock proposal to be adequately reviewed and scored, the sessions resulted in good discussion and clarification of some of the scoring criteria. The training was sufficient for getting the team members to generally understand the approach to this complex scoring process. [redacted]

Code of conduct rules were made clear to all scorers, particularly as it relates to implementers of existing programs who are also bidding on new programs.

The roster of PG&E employees who scored was extensive. Program Leads focused on evaluating proposals relevant to their sector across multiple criteria. In addition, criteria-specific subject matter experts reviewed every proposal submitted, but only scored the sections related to their area of expertise, e.g., IDSM, CET, NMEC, Custom, Deemed.

The process was complex by design, but the IEs agreed that it was important and valuable to have specific SMEs assigned to different scoring criteria categories. IEs observed that PG&E scorers demonstrated diligence and care in their assigned scoring and calibration meetings, and that scorers appreciated the approach taken, as it reduced their review time. [redacted]

4.4. Response to PRG and IE Advice

The bid evaluation methodology was discussed at PRG meetings in June, July, and August 2019. While some process details were not finalized until just before scoring began, by and large, IEs and PRG recognized and appreciated PG&E's complex, yet thoughtful approach.

During the scoring team training, the IEs noted the need for PG&E [redacted] For example, the revised definitions for IDSM and Innovation had been incorporated into the final RFP package, but [redacted] Although the improvements were significant, the timing of this effort resulted in about a week of focus on this area after the proposals had already been received by PG&E. This delayed the kickoff of the scoring process.

5. Bid Evaluation and Selection

5.1 Management of Deficient Bids

To ensure fairness, PG&E did not take any actions to rectify deficiencies associated with individual bids during the evaluation process. Bids were screened out or scored based on what was submitted.

5.2 Shortlist and Final Selections

At the October 2019 PRG meeting, PG&E presented the proposed RFP shortlist with their plan for a first phase of contract negotiations (Phase 1 Negotiations) that focused on improving and refining bidder CETs and reducing sector budgets. The IEs confirmed review and support for PG&E's CET review process and shortlists (shown below), and with further input from the PRG, PG&E proceeded with the proposed shortlist.

PG&E developed a process and bidder communication plan for Phase 1 Negotiations. The plan incorporated IE feedback such as refined messaging around the continued competitive nature of the solicitation, [redacted]

[redacted]

The Phase 1 Negotiation process started in November 2019 with [redacted] representing all customer segments and sectors. A primary goal for this phase was to work with bidders to develop more realistic CETs. This allowed PG&E greater confidence in the bidders' CET showings which was a key factor in narrowing the field of bidders that would be invited into Phase 2 Negotiations. [redacted] Bidders then submitted revised CETs incorporating responses to the feedback and budget reductions.

In January 2020, PG&E selected a subset of bidders to advance to Phase 2 of competitive negotiations. PG&E considered the revised, [redacted] PG&E presented information about these selections to PRG in January 2020.

As previously reported, there was a robust bidder response to this massive Multi-Sector solicitation. The three rounds of selection that have occurred to date, as the final step of the RFA, RFP and Phase 1 Negotiations, are reflected in Table 5.1 below.

Table 5.1: Proposals Advancing to Phased Negotiations					
Sector	**Abstracts Received**	**RFA Shortlist**	**Proposals Received**	**Invited to Phase 1 Negotiations**	**Invited to Active Phase 2 Negotiations**
Agriculture	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Industrial	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Commercial	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Public	[redacted]	[redacted]	[redacted]	[redacted] [46]	[redacted]
Residential	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Multi-Sector	[redacted] *				
Total	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

**After the RFA stage, Multi-Sector bids were classified with the dominant sector served, and those that proceeded are included in the dominant sector's numbers.*

PG&E's general approach was to keep negotiations competitive until the end of the process. While there are differences in the number of competing bids by sector, taking this approach means that final selection of winning bids is not made until the end of competitive negotiations.

46 Six bidders were shortlisted.

Table 5.2: Phase 2 Negotiations Status*					
	Bidders Informed February 11 – 13, 2020			Status as of March 31, 2020	
Sector	Bids Invited to Active Negotiations	Still Under Consideration but Inactive	Not Advancing	Negotiations in Process Wave 1	Negotiations Pending Wave 2
Agriculture	[redacted]				
Industrial					
Commercial					
Public					
Residential					
Total					

**Includes both a first wave of negotiations that began in Feb. 2020 to meet 25 percent outsourcing target by June 2020 and second wave planned to begin in May 2020 to reach 40 percent before year end.*

PRG and IE responses to selections made at the RFA and RFP stages were addressed in previous reports. The only round of selection that occurred in the reporting period was the down-select between Phase 1 negotiations and Phase 2 negotiations, which was reviewed with IEs and brought to the PRG in January.

PRG members generally agreed with IE advice on appropriateness of PG&E recommendations for advancing bidders into Phase 2 negotiations and did not have objections or issues with what PG&E had proposed.

5.3 Affiliate Bids and Conflict of Interest

No affiliate bids were received, nor have any conflicts of interest been found.

6. Assessment of Selected Bids

The shortlisting processes are described in the section above. To date, PG&E's decisions appeared to be consistent and reasonable to the IEs.

6.1 Bid Selections Respond to Portfolio Needs

PG&E's multisector solicitation sought innovative programs that could produce cost-effective energy savings for its energy efficiency program portfolio. For the Public sector, PG&E shortlisted the following bids:

Table 6.1: Public Sector Results			
RFP Rank	Bidder	Segment(s)	Status
[redacted]			

PG&E invited higher-ranking proposals within each segment to begin contract negotiations. [redacted] bidders were not invited to Phase 2 Negotiations due to lower RFP scores relative to competing proposals directed at the same segment(s). PG&E also informed [redacted] been assigned to Wave 2 Negotiations. However, [redacted] to contract negotiations. PG&E indicated to the IE that due to the lower RFP score and sector mix, it ultimately decided not to invite them. At the conclusion of the program solicitation, PG&E notified the remaining bidders that they were not selected and offered to debrief the bidder.[47]

At the onset of Phase 2 Negotiations, the IOU was uncertain whether to create a Public sector portfolio of segment-based programs or an all-sector program. PG&E [redacted] to Wave 1 Negotiations. [redacted] cost-effective program but were invited to negotiations due to their higher RFP scores. During negotiations it became [redacted] could not produce a cost-effective showing. As a result, [redacted].[48] After several meetings, PG&E ultimately withdrew from negotiations [redacted] Ultimately, PG&E successfully concluded contract negotiations with the [redacted] bidders. These programs are cost-effective programs and have a high likelihood for success given their

47 PG&E letter to CLEAResult, dated July 15, 2020.

48 2050 Partners letter to PG&E withdrawing from negotiations.

program designs and current EE policies.

Multi-Sector Proposals

There [redacted] multi-sector proposals that included the Public sector within their scope. PG&E did not shortlist either proposal due to their lower RFP scores relative to their competition. It is difficult for a multi-sector proposal to compete with a niche proposal targeting an EE rich customer group or segment due the cost and complexity of a larger program spanning multiple sectors. The IOU will likely have a preference to spread the risk of non-performance across multiple implementers. The IOU should avoid seeking multi-sector proposals and sector/segment proposals within the same solicitation.

6.2 Bid Selections Provide the Best Overall Value to Ratepayers

Local Government and Schools Program [redacted]

The selected Government and Schools Program provides the best overall value to ratepayers within the competitive pool of bids in the Public sector. The implementer, [redacted], is a very experienced program implementer who has delivered over 120 programs for over 90 utilities over the past several years. It has offices throughout California which allows them to support PG&E's vast service territory. It is complemented by a very comprehensive list of subcontractors with considerable energy efficiency experience in California.49

The program will provide cost-effective energy savings for PG&E's Public sector. The program's cost effectiveness showing is very promising considering the Public sector typically has a lower TRC forecast than the balance of the nonresidential program portfolio. The Government and Schools Program was proposed [redacted] a much larger budget [redacted]. Ultimately, both parties agreed to the proposed Contract Value of [redacted].

Given the Government and Schools Program will address all eligible segments within the Public sector, the Contract should be given the flexibility to expand the program budget, if during the implementation period, the program proves to deliver cost effective results and/or other emergent opportunities arise where the program could quickly expand its offering.50 To provide such adaptability, the Contract value can be approved by the Commission at a much higher level than the program's operating budget. This would allow PG&E to increase the program's operating budget during the Contract term, to capture additional cost-effective energy savings.

The following addresses the specific attributes of the selected program and the value to ratepayers.

1) NPV Of Net Life-Cycle Benefits

The Government and Schools program is expected to produce approximately [redacted] in

49 Section 12.1, Exhibit C1 – Subcontractor and Supplier Utilization Plan.

50 Proposed legislation (e.g., AB 841, School and State Building Energy Efficiency Stimulus Program).

net lifecycle benefits.

2) Cost-Efficiency – Simple Acquisition Cost

The Government and Schools program forecast is demonstrably better than PG&E's Public sector and third-party Public program forecasts as presented in Table 6.2. Simple acquisition cost is an indicator of a program's cost efficiency (i.e., the price tag of a kWh, kW, or therm for a program administrator). It is a quick, convenient way to compare programs across a program portfolio. The calculation does not consider the longevity of the annualized energy savings. The total program cost is divided by the program's expected total first year net annualized energy savings.

The following compares the Government and Schools program with PG&E's total Public sector forecast and planned third-party Public programs for 2020.[51]

Table 6.2: Simple Acquisition Cost Comparison					
Simple Acquisition Cost	**Government and Schools**	**2020 3rd Party Forecast - Public**	**%**	**Total Public Sector**	**%**
Cost Per kWh	$ 0.35	$ 3.82	9%	$ 1.34	26%
Cost Per kW	[redacted]		13%	[redacted]	30%

**Does not show therms as PG&E's forecasts showed negative therms. Total budget was assumed in these calculations.*

3) Alignment with California's energy efficiency policies and the CPUC's overarching solicitation policy objectives:

a. Achieve all cost-effective energy efficiency

[redacted] capturing approximately [redacted] million kwh of first year net annualized energy savings over a three-year program cycle. After PG&E's request to lower the program's budget, the Government and Schools program is now expected to achieve only [redacted] million kwh of energy savings over the contract term.

PG&E's preference to lower the program budget directly stems from a reduction of the CPUC-assigned ten-year EE goals[52] and belief that the Public sector energy savings are costlier than other sectors within their portfolio. The CPUC ten-year EE goals are reset beginning in 2020. Over the next three years, PG&E's EE goals increase by additional 25 percent over 2020 levels.53 However, the program forecast does not reflect this increase in EE goals. The CPUC should consider increasing the Contract value to provide flexibility to the IOU and implementer to accommodate the increase in EE goals over the life of the Contract, as appropriate. The program's operational budget can be maintained at the proposed level.

51 Advice 4136-G/5627-E, Tables 1 and 3, dated September 3, 2019.

52 D.19-08-034, OP 1.

53 Attachment 2, Data Form, Tab D.

b. TRC

The Government and Schools program forecasted cost-effectiveness showing is demonstrably better than PG&E's 2020 program portfolio forecast as shown in the table below. The prospective cost-effectiveness showing does support the notion that third-party program implementers can help improve the cost effectiveness of the overall program portfolio. The program's cost effectiveness showing of a 1.27 TRC ratio was confirmed by PG&E's engineering and program staff.

Table 6.1: TRC Forecast Comparison	
Program	**TRC Ratio**
Government and Schools	1.27
PG&E 2020 Total Portfolio	0.75

c. Innovation

To be "innovative," the RFA and RFP instructed bidders that their proposal must demonstrate that the program will ultimately increase the uptake of [redacted] in a manner different from previous efforts. The Government and Schools program proposes to offer 7-points of innovation including: comprehensive services, EE and DR integration, single online program tracking platform, customer-friendly offering which relies less on ratepayer incentives, intelligent outreach (data analytics) to identify high EE potential projects, small business do-it-yourself (DIY) offering, and a ZNE path for customers that includes IDSM solutions. [redacted] each of the innovative strategies has experienced success in California but have never been brought together as an integrated offering.[54]

The program is innovative in its outreach approach and adaptable offering. For example, the implementer presents a new approach to data analytics to efficiently identify high potential projects. The data analytics approach is unique as it avoids the costly customer outreach while committing to lowering the individual customer's energy costs. The program also offers a new DIY tactic, for smaller facilities, which may prove useful in response to emerging physical distancing policies. The new premium incentives for grid-constrained areas allows the program to elevate incentives to increase EE adoption in identified locations throughout PG&E service territory. It is expected these new approaches will capture greater levels of cost-effective energy efficiency especially in grid-constrained areas.

d. IDSM

The Government and Schools program proposes to actively promote IDSM to set a Zero Net Energy (ZNE) pathway for individual customers. As stated by the implementer:

> *Our proposal incorporates DR, self-generation, storage, and electrification at every program step - from targeting through bundled turnkey delivery and financing. As a customer progresses in their*

54 Attachment 2, Section 4.12.

journey to ZNE, we offer additional IDSM services and more advanced technologies.55

To support this approach, the Contract includes an additional [redacted] dedicated to an integrated EE and DR offering. Specifically, the program will enroll customers into other DSM offerings (likely DR offerings) and install peak demand reduction measures, where feasible.

The linkage between the EE and other IDSM programs appears promising. The comprehensive nature of the program and the implementer's desire to support the customer's other DSM needs on the customer's journey to ZNE may reinvigorate previous, one-dimensional EE offerings. Coordination with the IOU-delivered DSM programs, especially DR, will be key to the success. During contract negotiations, the implementer met with PG&E's DR program staff who were excited about the opportunity to coordinate EE and DR into a cohesive offering for the customer through the Government and Schools program.

The Implementation Plan should have greater program details regarding the IDSM offering and should be co-developed by the implementer and PG&E's other DSM program staffs (e.g., DR, self-generation incentive program, etc.). As a result, the IOU should have more time, beyond the prescribed 60-day period, to develop the IDSM portion of the Implementation Plan to accommodate this coordination among multiple IOU staffs.

e. HTR Markets, DACs, Disadvantaged Workers (DW), and Workforce Standards

HTR/DAC Customer Facilities

The Government and Schools program proposes to target facilities that fall under the DAC or HTR definitions.[56] The [redacted], and multi-leveled customer engagement to overcome common market barriers facing these customer facilities.[57] [redacted] to provide local support to capture DAC customers, as illustrated below.[58] The Government and Schools program is expected to delivered about [redacted] of net annualized energy savings for DAC/HTR customers which is approximately 47 percent of the program's energy savings target.

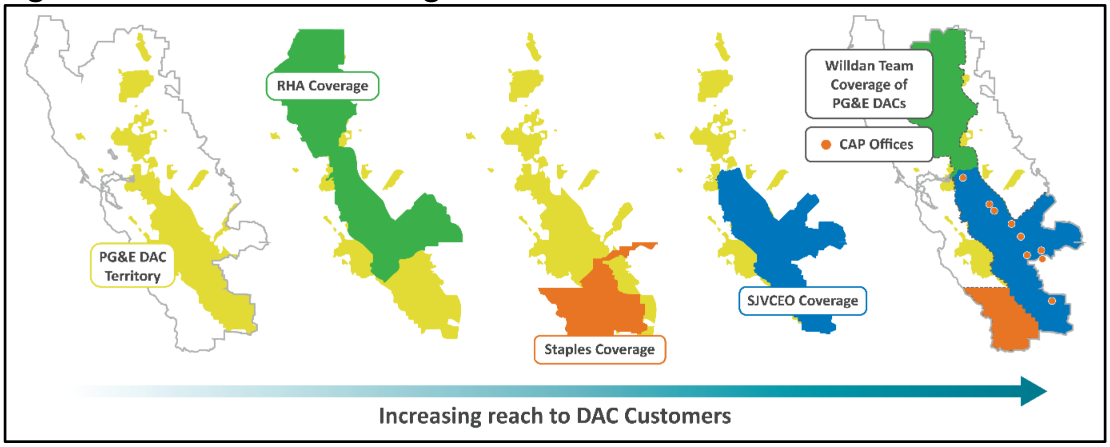
55 Attachment 2, Section 4.2.

56 Decision 18-05-041, FOF 14 and 11.

57 Attachment 2, Section 4.13.

58 Attachment 2, Section 4.13.

Figure 2 – HTR/DAC Coverage



The IOU and implementer should include in the detailed program manual, an attachment to the Implementation Plan,59 a data collection plan that will demonstrate that the individual facilities fall under the CPUC's DAC and/or HTR definition. This will avoid discrepancies regarding whether the facility should be considered either DAC or HTR in reporting to the CPUC.

Disadvantaged Worker Policy

As for supporting DW, [redacted] with disadvantaged worker requirements presented in the final Implementation Plan (IP). Since the Implementation Plan will be drafted only after CPUC contract approval, it is important for the CPUC to review specific DW requirements detailed in the final IP to confirm compliance with applicable CPUC directives. No other related contractual obligations are included in the Contract.

Workforce Standards Policy

The Contract requires the implementer, and its subcontractors, to comply with the CPUC's workforce standards related to HVAC and advanced lighting controls installations.

a. Deep & Persistent Energy Savings

The Government and Schools Program proposes to deliver a combination of short-lived (<5 yrs.) energy savings (~58 percent of forecasted energy savings) and longer-lived (> 5 yrs.) energy savings (~42 percent of forecasted energy savings). The combination of short and long-lived measures, along with the program's focus on comprehensiveness, seems reasonable. The Contract does not have any condition (e.g., KPI) that requires a minimum number of long-lived measures. [redacted]

b. Balance of Risk Among Program Administrator, Implementer, Customer and Ratepayer

Compensation Structure

59 Implementation Plan Template, Version 2, p. 5, dated January 2020.

The compensation structure, for EE work, is pay-for-performance based on energy savings installed and, for NMEC-related measured savings. [redacted] PG&E's performance payment mechanism. [redacted]

Table 6.2: Compensation Structure – Energy Efficiency Budget*	
Compensation Type	% of Contract Value
[redacted]	
Customer Incentives	50%
TOTAL	100%

Does not reflect IDSM budget

The compensation structure, for IDSM work, is a hybrid of T&M and milestone-based deliverables that includes enrollment of customers into DSM solutions.

Table 6.3: Compensation Structure – IDSM Budget*	
3	
Compensation Type	% of Contract Value
[redacted]	

Does not reflect IDSM budget

Time and Material: With the exception of the IDSM activities, there is no T&M compensation. The cost of the program ramp-up activities (i.e., Launch Readiness) which includes such items as the [redacted]

[redacted]

For the IDSM work, there will be 25 percent of the cost under the T&M structure for preparation of outreach materials and various ongoing activities.[60] The agreed to rates, for these IDSM activities, by position title,[61] are fully loaded and appear consistent with industry rates for similar work in California.

Milestone Payments: With exception of the IDSM activities, there are no milestone payments.

Applicable to EE Activities Only:

Incremental Savings Payments: Includes a monthly payment (~12 percent of budget) for the installation of EE solutions. [redacted]

Performance Payments: This represents payments on predetermined performance reserves based on the following components: [redacted] A detailed description of the performance mechanisms is presented in the Contract.[62]

- [redacted]
- [redacted][63] [redacted]
- [redacted]

Overall Assessment of Compensation

The compensation structure assigns 50 percent of the Contract value directly [redacted] can successfully install cost effective energy savings and meet various program performance milestones and KPIs. The customer financial incentives represent about 50 percent of the remaining budget. [redacted] will be derived from installing energy efficiency projects (12 percent). [redacted]

[redacted] The implementer did not immediately embrace this compensation structure. [redacted]

60 Attachment 2, Data Form, Tab F1b.

61 Attachment 1, Section 4.9.

62 Attachment 1, Section 2.9.

63 TRCRatioNoAdmin is a direct CET output but should not be confused with the TRC ratio which is one of the CPUC required cost effectiveness indicators that is applied to the aggregated program portfolio level.

[redacted]

The performance payment approach was developed by PG&E just prior to contract negotiations and, consequently, not presented in the RFA nor the RFP. The IE had limited time to review and discuss the proposed performance mechanism prior to negotiations. The IE did share its initial concerns with PG&E regarding the complexity of the performance approach in both design and implementation. [redacted]

The IE also shared its concern that having a multi-dimensional performance assessment on a quarterly and annual basis would likely be burdensome for both the implementer and PG&E staff. The IE pointed to the resource intensive requirements associated with the implementation and resolution of the IOUs' past EE performance mechanisms as an example of the likely burden and cost to implement such a performance approach.

A 100 percent pay-for-performance compensation structure, [redacted], shifts all direct risk away from the IOU without the need for a performance reserve. This is the ideal outcome for the ratepayer. The performance payment approach is unnecessary especially tied to pre-established TRC ratios and energy savings performance targets. The IE notes that the CPUC's cost-effectiveness requirements apply only at the portfolio level and only on a prospective basis.[64] The IOU does have CPUC assigned annual energy and demand savings goals. However, there is no clear penalty for not achieving these goals. PG&E's selection, proper funding, and administration of third-party programs that support the achievement of such goals adequately demonstrates its authentic efforts to achieve the CPUC's EE goals.

The IE recommended to PG&E that if it proceeded with its performance mechanism, PG&E should reward the implementer for exceeding goals. [redacted] Though PG&E did not assign a bonus to the Annual Savings Goal payment. The IOU explained the additional savings may not be warranted to meet its annual CPUC energy efficiency goals.[65] [redacted]

During contract negotiations, the IE recommended to PG&E that quarterly CE performance payments should not be tied to [redacted].[66] For larger payment amounts this may place stress on the implementer's cash flow. Instead, the IE recommended that PG&E rely on its monthly invoice payment and reporting process. The monthly process confirms verified energy savings, costs, and program activities prior to making a monthly invoice payment. The IE believes this process is sufficient to make corresponding quarterly CE performance payments. [redacted]

64 Energy Efficiency Policy Manual, Version 5, Section XV.4, p. 18.

65 Considering the AESC and Willdan forecasts, it is uncertain how PG&E will achieve its annual Public sector goal in Year 2 of the contract unless PG&E reduces the Public sector budget and forecast for that year.

66 The IOU quarterly reports are due two months after the end of the reporting quarter.

[redacted][67] [redacted] The IE notes that reporting the TRCnoadm ratio is not a regulatory requirement. The data in the monthly report should be adequate to perform the TRCnoadm ratio calculation required to support a timely CE performance payment.

Timely Invoice Review and Payment

At the end of contract negotiations, the implementer expressed concern over the timeliness of PG&E review and approval payment process. [redacted] As a result, the implementer asked for an additional payment provision that placed responsibility on PG&E to review and pay invoices on a timely basis. [redacted]

> *PG&E PM will use good faith efforts to review the invoice within 10 business days and notify the Implementer via email that the invoice is being routed for approval or of changes required for approval.*[68]

A timely IOU review and approval process of implementer monthly invoices is critical to the implementer's cash flow. [redacted] PG&E should actively monitor the timeliness of its invoice review and approval process to ensure there are no delays in implementer invoice payments.

a. Realized Energy Savings

The program will target 5,000 government facilities and public K-12 schools throughout PG&E's service territory. [redacted] is projected to realize the following energy efficiency savings over the life of the program:

Table 6.4: Program Year Savings Target						
Annualized First-Year Energy Savings – Net						
	Year 1	Year 2	Year 3	Year 4	Total	Lifecycle
kWh	-	[redacted]				
kW	-	1,320	1,527	1,514	4,361	2,746
therms	-	[redacted]				

The program will deliver a combination of deemed, customized, and NMEC energy savings

67 TRCnoadmin represents the TRC ratio without direct program costs.

68 Attachment 1, Section 4.4.

types. There is no post-installation performance period in the compensation structure with the exception of the NMEC-related energy savings. NMEC projects will be paid after 12-months of verified energy savings. There is an option for prepayment, after installation, prior to completion of the 12-month performance period with a reconciled final payment.[69]

b. Supports portfolio and applicable sector metrics achievements

PG&E's 2019 ABAL provides a list of all CPUC-approved portfolio and sector metrics.[70] Those metrics include a baseline year (2016) of results and a forecast of expected performance which only extends through 2020. Also, many of the related Public sector indicators (e.g., energy savings per building) do not have corresponding targets. Due to the lack of 2021 (Year 2) sector goals/indicators, a reliable comparison could not be made between the Government and Schools Program's contributions to the Public sector metric goals beyond the comparisons already made in other sections of this report.

4) Program alignment with EE planning principles

a. Reasonableness of energy savings goal relative to targeted market's energy efficiency potential

The program's goal is well within PG&E's 2020 Public sector energy efficiency forecast and could be expanded to capture additional cost-effective energy efficiency opportunities during the Contract term. The CPUC's EE potential study does not identify a specific potential for energy efficiency savings for the Public sector.71 As a result, we compared the Government and Schools Program's energy savings forecast with PG&E's 2020 ABAL filing. The 2020 ABAL assigns 6 percent of 2020 EE goals (without Codes & Standards), or 18.9 million kWh (net, annualized), to the Public sector.[72] In Year 2, the Government and Schools Program will produce approximately [redacted] (net, annualized) or 50 percent of the IOU's 2020 Public sector EE forecast. [redacted] target 10,000 customer facilities in the Public sector. This was later reduced to [redacted]. Based on the energy savings potential of the 10,000 facilities and PG&E's 2020 Public sector EE forecast, we can reasonably conclude there is adequate market and goal potential for the program to succeed.

b. Projected energy savings from viable measures

The Government and Schools program will offer viable energy efficiency measures. The program's energy savings forecast is based on a combination of deemed, customized, and NMEC energy savings. The implementer will offer a comprehensive list of measures such as HVAC upgrades and controls, lighting upgrades, behavioral, retro-commissioning and operational measures, refrigeration, DR, office equipment and others. The program forecasts about 50 percent of the program's energy savings will be produced by meter-based energy savings.[73] The Contract provides a list of deemed measures.[74] The proposed measure mix, emphasis on meter-

69 Attachment 1, Section 5.

70 Advice 4011-G/5375-E, Attachment 5, dated September 4, 2018.

71 Decision 19-08-034, OP 1.

72 Advice 4136-G/5627-E, Table 1, dated September 3, 2019.

73 Attachment 2, Section 4.4.

74 Attachment 2, Section 4.10.

energy savings, and sophisticated subcontractor team should produce viable energy savings.

c. Compliance of the proposed program with CPUC M&V rules and requirements

The Contract requires the program to be consistent with current CPUC Measurement & Verification (M&V) rules and requirements.37F[75] [redacted]: Retrofit Isolation/All Parameter Measurement for energy savings determined by infield measurement comparing existing baseline and post-intervention observation.38F[76] Consistent with the current CPUC NMEC policies, industrial applications, such as [redacted][77] As a result, the Contract does not apply NMEC-related energy savings. [redacted] to include NMEC-related EE project in the event the CPUC removes the restriction.40F[78] The Contract includes standard language that could support NMEC projects if the CPUC lifts its prohibition in the future.

The IOU and implementer are required to provide a detailed M&V Plan as part of the final Implementation Plan.41F79 There should be an active review of the of M&V Plan, by CPUC EM&V staff, to confirm adherence with the CPUC's NMEC Rulebook.42F[80]

7. Reasonableness of Contracting Process

7.1 Collaboration on Final Program Design and Scope

Local Government and Schools [redacted]

The Contract reflects a program proposed and designed by the third-party program implementer. PG&E will provide minimum utility support services such as PG&E general marketing support, data services and customer complaint support.[81] These support services are reasonable and will likely improve the program's performance and customer service. PG&E also contemplates offering additional support services (e.g., enhanced account mgmt. support, data support, etc.) at a direct cost to the third-party implementer. These additional support services are not part of the current Contract. If both parties are mutually agreeable, the IOU plans to revise the Contract to incorporate these additional support services.

[redacted]

[redacted]

75 Attachment 1, Section 2.10.4.3.

76 Attachment 2, Section 4.10, Savings Measurement & Reporting.

77 Rulebook for Programs and Projects Based on Normalized Metered Energy Consumption, dated January 7, 2020, Section II.B, p.8.

78 Attachment 2, Section 4.11.

79 Implementation Plan Template, Version 2, p. 9, dated January 2020.

80 Version 2.0, dated January 7, 2020.

81 Attachment 1, Section 2.8.2.

[redacted]

Local Government Partnership and Statewide California Partnership Coordination

PG&E has recently executed eight LGP contracts that are effective as of mid-2020. Upon CPUC approval of the Contract, PG&E, [redacted] should coordinate in the development of the Government and Schools Program Implementation Plan. The draft IP should be reviewed to confirm that a clear, simple, and effective linkage is created between the Government and Schools Program and LGPs. Ultimately, LGPs should provide a consistent, robust flow of EE project pipeline into the Government and Schools Program.

The Judicial Council of California facilities are within the scope of the upcoming Statewide California Partnership with the exception of county courthouses. The Government and Schools Program should coordinate with the new California Partnership implementer to address county-managed courthouses. This should be noted in the Final Implementation Plan.

[redacted]

The Contract reflects a program proposed and designed by the third-party program implementer. PG&E will provide minimum utility support services such as PG&E general marketing support, data services and customer compliant support.[82] These support services are reasonable and will likely improve the program's performance and customer service. PG&E also contemplates offering additional support services (e.g., enhanced account mgmt. support, data support, etc.) at a direct cost to the third-party implementer. These additional support services are not part of the current Contract. If both parties are mutually agreeable, the IOU plans to revise the Contract to incorporate these additional support services. The IE believes such program operational changes should be allowed through the Contract's life without requiring CPUC approval.

[redacted]

82 Attachment 1, Section 2.8.2.

[redacted]

Local Government Partnership Coordination

In the development of the [redacted]

7.2 Fairness of Negotiations

Local Government and Schools Program [redacted]

Solicitation Budget

[redacted]

> *Our RFA-submitted budget was $61 million. We assumed PG&E would reserve $44 million (30%) of the total $147M 2019 ABAL public budget (for years 2020-2022) for statewide programs. Our RFA-proposed budget of $61 million represented 60 percent of the $102 million remaining balance. In response to PG&E's emphasis in the RFP on scaling EE cost-effectively, we now propose a budget equal to the full $102M (scalable from $61M to $102M).*[83]

At the onset of negotiations, PG&E sought budget reductions well below 2019 and 2020 Public sector budget levels. [redacted]

[redacted]

The RFP generally referenced PG&E's 2019 ABAL filing which showed the IOU's Public sector [redacted] [84] [redacted]

During the solicitation, the CPUC adopted revised EE goals that are lower than previous levels.[85] PG&E did file a reduced budget in its 2020 ABAL filing. However, bidder proposals were due prior to the 2020 ABAL filing and subsequent CPUC approval, so bidders did not have any

83 Proposal for Third-Party Energy Efficiency Customer Programs, submitted by Willdan Energy Solutions, Response to Q-4, dated August 2, 2019.

84 Supplemental Advice 4011-G-A/5375-E-A, Table 9, dated October 29, 2018.

85 Decision 19-08-034, OP 1.

opportunity to adjust their proposed budgets. In the RFP, the IOU did provide a range for the multisector solicitation budget, but this range ($100 to $350 million for three years)[86] was so broad, and included all sectors, that it was not helpful. PG&E did not communicate sector-specific budgets to bidders in the RFA or RFP.

Ultimately, about half of [redacted] [87] was assigned to third party program implementers (2 implementers from the multi-sector and 8 from the local government solicitation). [redacted] [88] Future solicitations should clearly state the solicitation budget and, if applicable, at the sector level.

Competitive Contract Negotiations

As previously addressed, throughout the program solicitation, [redacted]. [89] Competitive negotiations add a third, and time consuming, stage to the EE solicitation process. This appears to be a hybrid of the required EE two-stage solicitation and an addition to the IOU's Solicitation Plan.

Performance Payment Approach

As discussed previously, [redacted] 90 [redacted]

Data to Support Contract Development

Consistent with PRG and IE advice, PG&E did not ask the bidder to provide any significant additional information during the development of the final contract. Instead, the IOU asked the bidder to populate the contract with existing information that could be drawn from the bidder's program proposal such as program descriptions and the program's logic model diagram (PLM). The IE notes that the PLM was not directly discussed during contract negotiations and has little

86 RFP, Section 2.1, June 12, 2019.

87 Advice 4136-G/5627-E, Tables 1 and 3, dated September 3, 2019.

88 2050 Partners letter to PG&E, dated April 17, 2020, withdrawing from contract negotiations cited reduced budget, reduced market, increased risk (presumably compensation structure), lower TRC showing, and uncertain COVID economy.

89 As previously mentioned, PG&E did provide a brief response to bidder Q&A, at the RFP stage, that contracting was continuously competitive.

90 Attachment 2, Data Form, Tab F2.

functional purpose in the Contract.[91]

The IE recommends, for future solicitations, that the PLM be created by the implementer, under contract, during the development of the final Implementation Plan. This advice was also provided by the PRG to the IOU during the drafting of the RFP.

Balance Between Program Performance and Compensation

[redacted] As a reference, PG&E's 2018 ESPI performance award cap is 9 percent for resource programs.[92]

A Contract improvement would place a higher level of compensation on delivering energy savings, as initially proposed by the implementer, and less (e.g., 9 percent) on payment reserves. [redacted]

[redacted]

Solicitation Budget

The primary changes to program scope was driven by PG&E's proposed budget reduction. [redacted], including both large and small facilities. At the onset of negotiations, PG&E sought budget reductions well below 2019 and 2020 Public sector budget levels. [redacted]

[redacted]

[redacted]

91 Attachment 1, Section 2.5.3.

92 Advice No. 4124-G/5596-E, dated July 26, 2019, Table 2, ESPI Award Cap, Resource programs set at 9%.

During the solicitation, the CPUC adopted revised EE goals that are lower than previous levels.[93] PG&E did file a reduced budget in its 2020 ABAL filing. However, bidder proposals were due prior to the 2020 ABAL filing and subsequent CPUC approval, bidders did not have any opportunity to adjust their proposed budgets. In the RFP, the IOU did provide a range for the multisector solicitation budget, but this range ($100 to $350 million for three years)[94] was so broad, and included all sectors, that it was not helpful. PG&E did not communicate sector-specific budgets to bidders in the RFA or RFP.

[redacted][95] [redacted]

Competitive Contract Negotiations

[redacted][96] Competitive negotiations add a third, and time consuming, stage to the EE solicitation process. This appears to be a hybrid of the required EE two-stage solicitation and an addition to the IOU's Solicitation Plan.

Performance Payment Approach

[redacted][97] This level is equivalent to the IOU's performance mechanism for resource program activities.

Data to Support Contract Development

Consistent with PRG and IE advice, PG&E did not ask the bidder to provide any significant additional information during the development of the final contract. Instead, the IOU asked the bidder to populate the contract with existing information that could be drawn from the bidder's program proposal such as program descriptions and the program's logic model diagram (PLM). The IE notes that the PLM was not directly discussed during contract negotiations and has little functional purpose in the Contract.[98] The IE recommends, for future solicitations, that the PLM be created by the implementer, under contract, during the development of the final Implementation Plan. This advice was also provided by the PRG during the IOU's drafting of

93 Decision 19-08-034, OP 1.

94 Request for Proposal, Section 2.1, June 12, 2019.

95 Advice 4136-G/5627-E, Tables 1 and 3, dated September 3, 2019.

96 As previously mentioned, PG&E did provide a brief response to bidder Q&A, at the RFP stage, that contracting was continuously competitive.

97 Attachment 2, Data Form, Tab F2.

98 Attachment 1, Section 2.5.3.

the RFP bidder requirements.

Balance Between Program Performance and Compensation

The Contract fairly balances performance and compensation. Though approximately 75 percent of the program budget will be directed to the implementer, much of this compensation relies on the implementer delivering reportable energy savings. [redacted][99]

In D.09-09-047, the CPUC prescribed cost category caps and thresholds for IOUs and extended the same thresholds to third-party and local government program implementers.[100] These cost category thresholds, or the cost categories themselves, should be revisited by the CPUC as the requirement does not accommodate the higher levels of technical assistance costs necessary for process [redacted].

7.3 Changes to Contract Terms and Conditions

CPUC Review of contract terms and conditions by the collective IEs resulted in several comments on PG&E's standard agreement, including a review of the proposed contract terms, prior to the start of contract negotiations. These comments and PG&E's responses on the standard agreement were presented to the PRG in previous meetings. PG&E began negotiations with this standard agreement.

To be compliant with CPUC directives, PG&E provided bidders both the standard and modifiable CPUC terms and conditions.[101] At the IEs' request, PG&E provided the bidder with a two-column document that included the CPUC's standard and modifiable terms (left column) and PG&E's proposed redline changes to both the standard and modifiable terms (right column). The CPUC should use this document to reconcile changes made to the CPUC terms and conditions as it proved to be a very useful tool for the IE.

In the final Contract, the CPUC and PG&E terms and conditions are combined throughout. The IE has reviewed all documents and confirmed the CPUC's terms and conditions are included in the agreement with the specific modifications as discussed below:

- **CPUC Standard Terms** - PG&E's proposed adjustments to the CPUC standard terms. It is the IE's opinion that PG&E's changes do not undermine or contradict the CPUC standard terms. All PG&E's changes are simple name changes or permissible word inserts with the exception of the Dispute Resolution clause.[102] In Section 9.1 of the Contract, PG&E inserted additional terms that addressed security and timeliness issues.

99 Advice No. 4124-G/5596-E, dated July 26, 2019, Table 2, ESPI Award Cap, Resource programs set at 9%.

100 OP 13.

101 Decision 18-10-004, OP 7.

102 Attachment 1, Section 9.1.

These additions are appropriate and facilitate the process.

- **Order of Precedence** – In response to the IE's recommendation, PG&E did incorporate an additional provision (Section 18.8(a)) in the Contract that if there is a conflict among provisions within the Contract, the CPUC's standard terms are given priority and take precedence.
- **CPUC Modifiable Terms** - With respect to the CPUC's modifiable terms, PG&E did make numerous and substantial changes (i.e., Workforce, Implementation Plan, Definitions, Term, Payment Terms, EM&V, and Data Collection and Security). Most of these changes are not detrimental or harsh and do help with the contract administration. [redacted]

7.4 Conformance with CPUC Policies and Objectives

Incentive Design

Overall, the Contract directs the implementer to conform to all applicable CPUC energy efficiency policies. Below is a discussion of key policies, not already discussed, related to the Contract and PG&E's solicitation threshold requirement.

[redacted]

Twenty-five Percent Third-Party Requirement

The [redacted] was executed on June 19, 2020 prior to PG&E's June 30, 2020 deadline for counting the Contract's value towards the IOU's minimum 25 percent third-party threshold requirement.[103] In the calculation of the minimum threshold requirement it is unclear whether the additional IDSM budget, supporting EE and DR integration,[104] should be included. The CPUC should provide greater clarity to the IOUs on the proper calculation to be applied to the third-party threshold requirement. This should include direction on the specific annual budgets to be included in the numerator and denominator within the calculation. The CPUC should also direct the IOUs to report their threshold accomplishments, supported by calculations, in the ABAL and/or annual energy efficiency report.

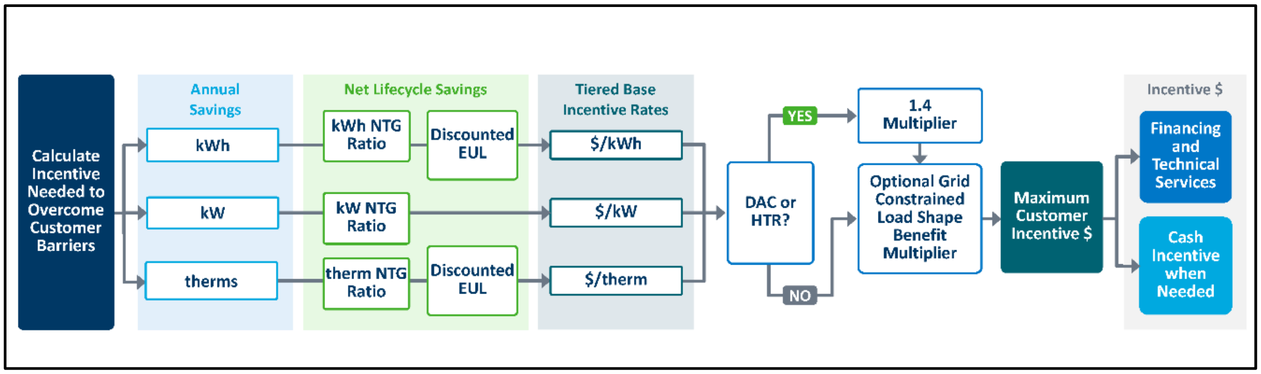
Customer Incentives

[redacted]

103 CPUC Letter to IOUs regarding the "Request for Extension of Time to Comply with Ordering Paragraph 4 of Decision 18-05-041", November 25, 2019

104 Decision .18-05-041, OP 10, p. 184.

[redacted]



Consistent with CPUC recommendations, customer incentives are based on net life-cycle energy saving. Incentive rates increase with the degree of efficiency and tiered for below and above code energy savings. The program will also offer meter-based incentives and a higher incentive level for specific customer groups (e.g., HTR, DAC and customers within PG&E's grid constrained areas). The implementer will also encourage the customer to pursue various financing vehicles as a replacement for ratepayer incentives. [redacted]

Program Transition Plan

PG&E's Solicitation Plan provides an approach to transitioning existing IOU EE projects to the new third-party implementer. In short, the IOU will work with the implementer to craft a transition plan and once the terms of the transition are met, the third-party becomes the program implementer.[105] The Contract does not address any specific transition plans, especially any pre-existing customer projects in PG&E's program pipeline (project queue). In the development of the Implementation Plan, PG&E and implementer should detail a transition plan that addresses all existing and applicable Public sector projects contained with PG&E's project pipeline including those potential projects (soft leads) that have not yet generated an executed program agreement under PG&E existing programs. The transition plan should also address necessary customer communications to support a seamless transition.

[redacted]

Twenty-five Percent Third-Party Requirement

[redacted] prior to PG&E's June 30, 2020 deadline for counting the program budget towards the IOU's minimum 25 percent third-party threshold requirement.[106] In the calculation of the minimum threshold requirement it is unclear whether the additional IDSM budget, supporting EE and DR integration,[107] should be included. The CPUC should provide greater clarity to the IOUs on the proper calculation to be applied to the third-party threshold requirement. This should include direction on the specific annual budgets to

105 Pacific Gas and Electric Company (U 39-M) Third Party Solicitation Process Proposal, dated August 7, 2017, Section VI.B, pp. 21-22.

106 CPUC Letter to IOUs regarding the "Request for Extension of Time to Comply with Ordering Paragraph 4 of Decision 18-05-041", November 25, 2019

107 Decision 18-05-041, OP 10, p. 184.

be included in the numerator and denominator within the calculation. The CPUC should also direct the IOUs to report their threshold accomplishments, supported by calculations, in the ABAL and/or annual energy efficiency report.

Customer Incentives

[redacted][108] [redacted]

[redacted]

[redacted][109] [redacted]

[redacted]

[redacted] are consistent with the CPUC recommended incentive guidelines.[110] The program does not apply a net lifecycle energy savings nor offer incentives for an extended performance period. If the CPUC lifts the NMEC prohibition for industrial applications it seems appropriate to incorporate post-installation, performance-based incentives especially given the behavioral, retro-commissioning and operational energy savings opportunities in this segment. Overall, the program adopts only one of the CPUC's recommended incentive approaches, a simple tiered incentive structure.

Program Transition Plan

108 Attachment 2, Section 4.6.

109 Id.

110 Decision 18-05-041, COL 3.

PG&E's Solicitation Plan provides an approach to transitioning existing IOU EE projects to the new third-party implementer. In short, the IOU will work with the implementer to craft a transition plan and once the terms of the transition are met, the third-party becomes the program implementer.[111] The Contract does not address any specific transition plans especially any pre-existing customer projects in PG&E's program pipeline (project queue). [redacted] However, in the development of the Implementation Plan, PG&E and implementer should detail a transition plan [redacted] contained with PG&E's project pipeline including those potential projects (soft leads) that have not yet generated an executed program agreement under PG&E's existing programs. The transition plan should also address necessary customer communications to support a seamless transition

7.5 Uniformity of Contract Changes

As a starting point for negotiations, and consistent with CPUC direction, PG&E gave invited bidders a set of CPUC standard and modifiable terms and conditions.[112] PG&E then offered a standard contract that included a common set of proposed terms and conditions, contract framework, and compensation structure. As previously discussed, the proposed terms reflected PG&E's proposed changes to the CPUC standard and modifiable terms and conditions.

During negotiations specific contract terms and compensation approaches varied based on each bidder's desire to do so. Throughout contract negotiations, PG&E did not attempt to make uniform contract changes with one exception. In reaction to a companywide change to insurance requirement policies, PG&E increased the general liability insurance coverage requirement from $1 million for each occurrence/$2 million aggregate to $2 million each occurrence/$4 million aggregate for all bidders. [redacted]

8. Conclusion

The Public Sector solicitation was fair and transparent and conducted without bias.

[redacted] With the PRG's continued input and active monitoring throughout by the IE, PG&E maintained the fairness of the overall solicitation. [redacted] This approach will improve the timeliness of the contracting negotiations phase and avoid wasting bidder and IOU resources on unproductive contract negotiations.

The IE commends PG&E for conducting individual post-solicitation debriefing sessions with participating bidders. The bidders provided valuable insights and experiences that will inform and improve solicitations. We encourage the IOU to actively respond to the bidders' input by adjusting and improving future solicitations.

111 Pacific Gas and Electric Company (U 39-M) Third Party Solicitation Process Proposal, dated August 7, 2017, Section VI.B, pp. 21-22.

112 Decision 18-10-008, OP 6 and 7.

The IE encourages PG&E to facilitate collaborative discussions among the new Public sector resource program implementers and the new local government implementers regarding coordinated program delivery including customer engagement.

In total, the IE supports the Contracts agreed to between PG&E and the Public sector program implementers.

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Local Multi-Sector Solicitation: Residential

Reporting Period: April 2020 through September 2020

Prepared by:
The Mendota Group, LLC

Disclaimer: This report includes highly sensitive and confidential information.

Local Multi-Sector: Residential

1. Solicitation Overview

1.1 Overview

PG&E utilized a single two-stage RFA and RFP solicitation process for soliciting local third-party EE programs targeting the sectors of Residential, Commercial, Public, Industrial, and Agricultural customers. The RFA process [redacted]. As the CPUC directed, the abstracts are short, high-level summaries of third-party program design concepts. [redacted] were invited to submit a proposal in the RFP stage. On August 2, 2019, bidders [redacted] in response to the RFP. [redacted] addressed the Residential Sector. [redacted] invited to the RFP stage chose not to submit a proposal.

Scope

PG&E sought a wide range of abstracts and proposals with a high level of innovation and creativity around cost-effective approaches to identifying and capturing deep, long-term energy savings in all customer sectors. Bidders were encouraged to team with other firms to provide the most complete and compelling program ideas. PG&E sought and considered a wide variety of third-party program proposals that in total could contribute to a cost-effective program portfolio and:

- Serves all PG&E customer sectors and sub-sectors, including all types and sizes of customers, across all geographies within PG&E's service territory.
- Addresses the specific needs of HTR markets and DAC.
- Promotes long-term market transformation of the EE market.
- Does not duplicate or interfere with the scope of EE programs identified for statewide administration.
- Includes local pilot ideas to test new programs in PG&E territory with potential for future statewide administration.
- Includes any combination of resource and/or non-resource programs or program elements that support energy savings acquisition.
- Permits deemed, custom, and/or meter-based energy savings calculation methodologies or any combination of these methodologies.
- Permits any combination of upstream, midstream, or downstream delivery channels.
- Includes EE programs that have IDSM capabilities, including, but not limited to DR, DG, GR, Energy Storage, and EV.
- Provides innovative approaches to improving the customer experience and outcomes.
- Adds to the diversity, safety, and sustainability of PG&E's supplier base.

- For PG&E's Local Multi-Sector Final Solicitation, five IEs were assigned to each sector. These five IEs worked together on general oversight and feedback to PG&E in the RFA and RFP stages, but focused on their individual sectors where applicable in the process (reviewing abstracts, proposals, and tracking negotiations). The IE assigned to each sector provided a final Solicitation Report by sector.

Table 1.1: IE Sector Assignments	
Sector	**IE**
Agriculture	Barakat Consulting, Inc. (BCI)
Commercial	EAJ Energy Advisors (EAJ)
Industrial	Great Work Energy (GWE)
Public	Don Arambula Consulting
Residential	The Mendota Group (TMG)

Objectives

PG&E issued the Multi-Sector Solicitation seeking a wide array of third-party programs to establish a new portfolio according to the outsourcing requirements established by the CPUC in D. 18-01-004.

1.2 Timing

The overall solicitation timeline experienced a significant delay relative to the schedule IOUs published on December 31, 2018. That schedule envisioned program launch by the fourth quarter of 2019. Although delays were due to a variety of factors, most prominent was that this solicitation was one of the first conducted to comply with D. 16-08-019. As such, PG&E needed to develop new solicitation template documents, navigate a new stakeholder process that involved incorporating a PRG and IEs into the process, and coordinate a complex multi-sector effort that attracted a large number of bids. The timing of the solicitation process is shown in Table 51.

Table 1.2: Key Milestones	
Milestones	**Completion Date**
RFA Stage	
RFA Release	November 28, 2018
Abstracts Submitted	January 14, 2019
RFP Stage	
RFP Release	June 13, 2019
Proposals Submitted	August 2, 2019

Table 1.2: Key Milestones	
Milestones	**Completion Date**
Scoring	August–Sept 2019
Shortlisting	October 29, 2019
Contracting Stage	
Phase 1 Contract Negotiations and Selections (Focused on review of CET data)	November 2019–February 2020
Phase 2 Contract Negotiations and Selections (Includes detailed discussion of contract terms)	February-June 2020
Final Contracts Signed for Residential Sector	June 20, 2020

1.3. Key Observations

Key observations from the April 2020--September 2020 timeframe are shown in Table 1.3.

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
[redacted]			
Gap in Monitoring Process During Phase 1 Negotiations (focused on CET review)	In contrast to the RFA and the shortlisting stage of the RFP, the IEs were not part of the rescoring process and did not participate or monitor those meetings with PG&E staff.	The IEs submitted questions and requests for data from PG&E in order to gain greater clarity and insight into PG&E's recommendations.	PG&E provided the additional information requested by the IEs that was informative and instructive. It helped to answer IE questions about selection decisions and resolved any IE concerns

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
Contract materials and transparency during negotiations	There were substantial contract materials to review and for bidders to fill out during the contracting process	Be clear with bidders what is required of them throughout the negotiations process, particularly as forms and requirements change	PG&E was very flexible and transparent with new contract templates and revisions during negotiations in response to IE concerns, bidder feedback, and internally-driven changes
[redacted]			

2. Solicitation Outreach and Bidder Response

PG&E's outreach strategy focused on two primary methods of informing and educating bidders about the solicitation opportunity, web-based and email notifications.

1) Web-Based: PG&E set-up a dedicated Third-Party EE Solicitations web site, https://www.pge.com/eesolicitations, which includes a solicitation schedule, specific pages for general solicitation resources, training, registration information for PG&E's online procurement tool (PowerAdvocate®), and frequently asked questions. The site also provides RFA/RFP content for any interested party to review/download without a requirement to register in PowerAdvocate. Solicitation information was also posted to the CAEECC's web site at - https://www.caeecc.org/third-party-solicitation-process. CAEECC is an organization that "provides a venue for stakeholders to discuss energy efficiency matters while ensuring transparent access to information and opportunities to get involved."

2) Email: PG&E sent messages to CPUC service lists for R. 13-11-005, A. 17-01-013, and A. 17-01-012, to contractors registered in the Proposal Evaluation and Proposal

Management Application (PEPMA) as interested in energy efficiency opportunities, and to bidders registered with its sourcing department.[113]

3. RFA and RFP Design and Materials Assessment

The PG&E's Multi-Sector Solicitation met its energy efficiency portfolio needs as identified in its Business Plan and Solicitation Plan. The approach deviated somewhat from the Company's Solicitation Plan which envisioned issuing individual solicitations that were more sub-sector focused (e.g. Commercial - Large Office/High Tech/Regional SMB, Industrial–Food Processing/Petroleum, etc.).[114] PG&E decided instead to issue a single, ambitious and comprehensive multi-sector solicitation that included the Residential, Agriculture, Commercial, Industrial, and Public sectors because this approach enabled the Company to more effectively procure, as presented in the RFA, a "refreshed portfolio of customer-centric programs at the sector and/or subsector levels coupled with cross-cutting programs/subprograms and statewide programs that complement each sector/subsector."

The solicitation was conducted in accordance with CPUC requirements as a two-stage process, consistent with the requirements of D. 18-01-004. PG&E incorporated into its process a competitive contract negotiations process which, as discussed in Section 5.4, involved comparing bids within individual sectors and selecting contractors in part based on terms bidders proposed in this last step. Generally, the IOU actively involved both the PRG and IE at every stage.

In issuing a solicitation targeted to multiple sectors and deciding to assign a single IE to each sector, PG&E sought to leverage the collective wisdom of its entire IE pool. This approach enabled PG&E to draw upon the input and insights of multiple IEs while allowing the IEs to collaborate on feedback to the IOU and the PRG. In our view, this approach proved valuable to the IOU, the PRG, the pool of IEs, and bidders. Bidders benefited from the insights that informed PG&E bid documents, processes, bid reviews, and contract negotiations.

With respect to the Residential Sector, the Multi-Sector Solicitation sought programs that, according to the Solicitation Plan, would "drive deep energy savings and robust grid benefits in the Residential Sector through targeted customer engagement, data-driven programs that leverage market actors, and strategic partnerships." In its Business Plan, PG&E outlined its objectives for the Residential Sector:

- Increasing savings from multifamily (MF) properties;
- Increasing customers' ability to manage energy by increasing the number of customers using energy management technologies (EMT);
- Increasing operational efficiencies with cost-effective scalable program models such as pay-for-performance (P4P), financing and behavioral interventions, and
- Assisting California in reaching its California Energy Efficiency Strategic Plan (CEESP)

113 https://www.npr.org/2020/11/02/930409468/saved-by-the-whale-dutch-train-runs-off-elevated-tracks-is-caught-by-statues-tai (https://pepma-ca.com/Public/Default.aspx) is an informational website for energy efficiency solicitations supported by California's IOUs.

114 "Pacific Gas & Electric Company (U 39-M) Third Party Solicitation Process Proposal", August 4, 2017. The Solicitation Plan is available at: https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE_Third_Party_Solicitation_Process_Proposal.pdf

goal of ZNE for 100 percent of all new residential construction.[115]

The design of the solicitation certain added complexities which lengthened the solicitation process. However, evidenced by the results in first wave of contracts, the approach was a success.

3.1 RFA Design Requirements and Materials

The RFA design and materials were addressed in detail in the October 2018 through April 2019 Semi-Annual Report and met the PRG guidelines.

3.2 RFP Design Requirements and Materials

The RFP design and materials were addressed in detail in the May 2019 through October 2019 Semi-Annual Report and met the PRG guidelines.

3.3 Response to PRG and IE Advice

RFA

Although not applicable for this reporting period, virtually all of the IE feedback and PRG design recommendations were included in the final RFA materials or had been adequately addressed in some alternative way by PG&E, to the satisfaction of IEs and PRG members. Specific reporting on the RFA response to PRG and IE advice was addressed in detail in previous Semi-Annual Reports.[116]

RFP

Virtually all of the IE feedback and PRG design recommendations were included in the final RFP materials, or had been adequately addressed in some alternative way by PG&E, to the satisfaction of IEs and PRG members.

4. Bid Evaluation Methodology Assessment

The IEs reported that the overall bid evaluation methodology was fair, thorough and transparent. Details on the evaluation of submitted bids is covered in the previous Semi-Annual reports.[117]

4.1 Bid Screening Process

The bid screening process for the RFA and RFP stages were reported as fair, thorough, and transparent by the IEs. The RFA and RFP bid screening processes were addressed in previous

115 "Energy Efficiency Business Plan (2018-2025)", Pacific Gas and Electric Company, Chapter 2, Page 3. The Business Plan is available at: https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE-Energy-Efficiency-Business-Plan.pdf. This solicitation did not cover residential new construction as that program (also administered by PG&E) is a designated statewide third-party program and is being separately solicited.

116 The October 2018 through April 2019 Semi-Annual Report addresses the PG&E Local Multi-Sector Solicitation team response to PRG and IE advice in detail.

117 The May 2019 through October 2019 Semi-Annual Report addresses the PG&E Local Multi-Sector Solicitation bid evaluation methodology in detail.

Semi-Annual reports.[118]

4.2 Scoring Rubric Design

[redacted]

4.3 Evaluation Team Profile

The evaluation team initially had [redacted]. However, one was removed when they informed PG&E that they were leaving [redacted] Each evaluator scored all areas of the proposals and IEs performed parallel reviews and scoring.

PG&E held three half-day scoring team training sessions (to ensure that each scorer could attend

118 Ibid.

one session) that included a mock proposal scoring exercise. Although it is challenging to provide a complete mock proposal to be adequately reviewed and scored, the sessions resulted in good discussion and clarification of some of the scoring criteria. The training was sufficient for getting the team members to generally understand the approach to this complex scoring process. [redacted]

Code of conduct rules were made very clear to all scorers, particularly as it relates to implementers of existing programs who are also bidding on new programs.

The roster of PG&E employees who scored was extensive. [redacted]

The process was complex by design, but the IEs agreed that it was important and valuable to have specific SMEs assigned to different scoring criteria categories. IEs observed that PG&E scorers demonstrated diligence and care in their assigned scoring and calibration meetings, and that scorers appreciated the approach taken, as it reduced their review time. [redacted]

4.4 Response to PRG and IE Advice

PG&E conducted an open and transparent RFA development process. The IEs participated in regular meetings with PG&E throughout, monitored PRG comments, and tracked responses through a tracker spreadsheet. The RFA Instructions went through extensive revision. In total, PG&E responded to approximately 180 comments/recommendations from IEs and PRG members and accepted or partially accepted more than 96 percent.

Recommendations from the IEs focused on:

- Including more Statewide vision and context from PG&E's Business Plan;
- Including CPUC/legislative decisions, references and definitions;
- Emphasizing the importance of encouraging programs that drive increased levels of cost-effective energy savings;
- Providing more detail regarding cost-effectiveness to better prepare bidders to include preliminary estimates of their proposed program cost-effectiveness (TRC, levelized annual cost, PAC) (this recommendation was not accepted for the RFA);
- Rephrasing RFA language to encourage bidders to be propose innovative approaches to engaging customers and producing energy savings;
- [redacted]

- [redacted]

The PRG developed its "PRG Checklist" after the RFA stage of this solicitation was complete.[119] The PRG Checklist serves as a means to confirm that the solicitation process and solicitation documents comply with CPUC requirements and PRG priorities (e.g., ensure that bidders know how to access documents and submit proposals, allows appropriate time for bidders to prepare proposals, etc.). The PRG Checklist was used in the RFP stage.

At the RFP stage, the RFP Instructions, [redacted]

The spreadsheet comment tracker for the RFP included 183 comments/recommendations from the five IEs and another 15 from PRG members. PG&E accepted or partially accepted more than 80 percent of them. The PRG produced its RFP Checklist in May 2019 while PG&E was still in the process of developing its RFP package. PG&E was able to confirm all but two of the 91 items in the checklist. Virtually all the feedback and PRG design recommendations were included in the final RFP materials, or had been adequately addressed in some alternative way by PG&E, to the satisfaction of IEs and PRG members.

PG&E actively engaged its IE pool and the PRG in developing its contract templates. The IEs provided the initial feedback to PG&E, with the Company recording comments and recommendations in a spreadsheet tracker. There were over 90 such comments with the majority focused on clarifying what was being requested of contractors, PG&E's proposed approach to compensation, and the structure and purpose of the various templates. The Company addressed or partially accepted more than 80 percent of the recommendations. The PRG submitted approximately 21 clarifying questions and recommendations, all which PG&E addressed in its final contract templates.

5. Final Bid Selection Assessment

5.1 Management of Deficient Bids

At the RFA stage, as the first step in its review, PG&E assessed all submitted bids for completeness and compliance with eligibility criteria. Of the [redacted] received, PG&E deemed [redacted]. Of the [redacted]. The reasons for the disqualifications included duplicate submissions (5), an incomplete abstract (1), exceeding page limits (3), and inapplicable scope (1). PG&E was not especially strict in screening non-conforming bids but applied its approach to screening consistently across bids.

At the RFP stage, PG&E evaluated all submitted bids for completeness and compliance with eligibility criteria as the first step of review. The screening criteria included: whether the bid was invited to participate in the RFP, whether the bidder was an IOU affiliate, whether the bidder

119 The PRG issued its first version of the RFA Checklist spreadsheet in early April 2019. The spreadsheet checklist was accompanied by a narrative "PRG Recommendation for RFAs". PG&E issued the Multi-Sector RFA on November 28, 2018.

conducted impact evaluations for the CPUC and had not created a CPUC-approved firewall to mitigate the conflict, and incomplete proposals. [redacted] disqualified, of which [redacted] disqualifications related to incomplete submissions while the other had not been invited to submit a proposal.

PG&E's position on screening out bids was inclusive, in bidders' favor. Although there were no issues with the outcome of the screening process, IEs recommended that, in future solicitation, PG&E should apply a more rigorous screening process to ensure that bids that should be disqualified are screened before the scoring process.

5.2 Shortlist and Final Selections

The IEs found the RFA shortlisting process to be fair and transparent and generally agreed with the draft shortlist recommendations. Specifically, for the Residential abstracts and proposals, we agreed with PG&E's recommendations. [redacted] This was, in part, a product of the larger number of bids received and the need to manage a very complicated review process.

At the RFA stage, PG&E erred on the side of inviting more rather than fewer abstracts to the RFP stage. The Company set a cutoff line that resulted in approximately 54 percent of bids evaluated [redacted] invited to the RFP. Although IEs considered this to be a large percentage of bids to advance to the next stage, it was generally considered that erring on the side of creating "false positives" was preferable to having "false negatives".

As part of its final analysis, PG&E incorporated feedback from some IEs and the PRG and shifted the cutoff line slightly lower for the Industrial and Agriculture Sectors, moving [redacted] abstracts into the accepted abstracts category and shifting abstracts for telecom and wastewater into other, more appropriate sector categories. The PRG and the IEs agreed with the final proposed shortlists.

The final allocation of shortlisted bids advanced to the RFP stage across sectors are shown in Table 5.1. The columns indicate bids that proposed to serve a single sector, two sectors, three sectors or four sectors. For the Residential Sector, [redacted] to the RFP stage proposed to serve Residential and another sector. During RFP review, it was determined that the Residential portion of the proposal minimally served the Residential Sector. [redacted]

[redacted] [120]

[redacted]

Following RFP scoring calibration in September 2019, the IEs participated in shortlisting meetings during October 2019. IEs considered the process to develop the proposed shortlists to be fair based on the final scores and transparent in terms of how selections were made. IEs reviewed and provided input [redacted]

On October 15, 2019, PG&E revised their approach to shortlisting and clarified its approach to the first phase of the competitive negotiations process. With actual assessment of Program Benefits (CET results) still very uncertain (as discussed further in Section 6), and the importance of Program Benefits (25 percent of the total score) to program selection, PG&E decided to further split the contracting process into two phases. PG&E conferred with the IEs throughout this process and briefed the PRG during monthly PRG meetings about the proposed changes. [redacted]

[redacted] scored during the RFP stage, PG&E [redacted] to participate in Phase 1 Negotiations. This shortlisting was based on bidders scores coming out of the RFP scoring process.

120 This table reflects 91 discrete proposals. For counting purposes, proposals that served multiple sectors were included with the dominant sector, which is the sector listed first. For example, COM+PUB+IND+AGR was considered to primarily serve commercial customers, and thus was counted as COM.

Table 5.2: RFP Bids Advanced to Phase 1 Negotiations						
Customer Sector	Invited to RFP	Submitted Proposals	Screened Out	Total Conforming Proposals	Shortlisted from RFP	CET Submissions for Phase 1
Agriculture	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Industrial	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Commercial	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	*
Public	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Residential	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

**One bidder declined to re-submit its CET and withdrew from the solicitation.*

For Phase 1 Negotiations, PG&E developed a very detailed process whereby Company technical and program staff could provide both general and specific feedback to bidders about their CETs. PG&E actively involved IEs in this process, during which the Company held training for its technical reviewers, developed elaborate guidance for bidders about ways to correct their CETs, and then met one-on-one by phone with each shortlisted bidder. [redacted]

Importantly, PG&E also provided bidders during Phase 1 Negotiations revised budgets based on the Company's 2020 ABAL.[121] PG&E's budgets in the ABAL were reduced substantially from prior years in large part due to revised goals based on the 2019 Navigant Potential and Goals Study Report.[122] The CPUC had also adopted its D. 19-08-034 setting new energy efficiency goals for IOUs for 2020-2030.[123] [redacted] PG&E had not provided specific sector budgets in its RFP but rather had presented an overall range for the solicitation. Further, the Company indicated that items that might require adjustments included: scope, scale, budget, geography, and duration. The budget changes put PG&E at the low end of the range.

Based on the revised [redacted] Some IEs reacted to the percentage weighting applied to the confidence score, believing it was overly subjective and not something on which PG&E should heavily rely. As a result, PG&E revised this weighting downwards. [redacted]

121 "PG&E's 2020 EE ABAL in Compliance with Decisions 15-10-028 and 18-05-041" (Advice 4136-G/5627-E), September 3, 2019. PG&E's (other IOUs') ABALs are available on the CAEECC website: https://www.caeecc.org/advice-letters.

122 The study is available on the CPUC's website at: https://www.cpuc.ca.gov/General.aspx?id=6442461220.

123 Decision 19-08-034, "Decision Adopting Energy Efficiency Goals for 2020-2030", California Public Utilities Commission, August 15, 2019.

[redacted]

Ultimately, this process resulted in [redacted] to Phase 2 Negotiations.[124] [redacted] "Wave 2". For PG&E, these waves would enable the PG&E to conduct the final steps of its "portfolio balancing" process as the decision regarding bids to advance in the different waves was based on a combination of the need to meet the 25 percent of budget compliance target by June 30, 2020 and selecting the sectors with contracts that could meet this need.

[redacted]

[redacted]	[redacted]	[redacted] [125]	[redacted]
Agriculture	[redacted]	[redacted]	[redacted]
Industrial	[redacted]	[redacted]	[redacted]
Commercial	[redacted] *	[redacted]	[redacted]
Public	[redacted]	[redacted]	[redacted]
Residential	[redacted]	[redacted]	[redacted]
Total	[redacted]	[redacted]	[redacted]

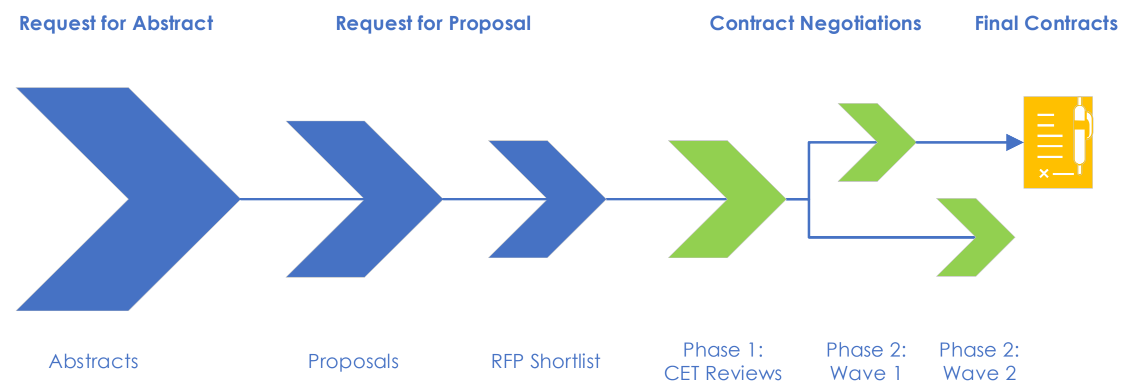
**One bidder declined to re-submit its CET and withdrew from the solicitation.*

The following graphic presents the different stages of PG&E's Multi-Sector Solicitation process.

124 PG&E designated some of these proposals as "Alternatives". We have not included Alternatives in Table 16.

125 PG&E is still finalizing the list of bids that will be considered in Wave 2. The number of bids in this list is likely to go down.

Figure 2: Multi-Sector Solicitation Process



Portfolio Fit

In moving into Phase 2, Wave 1 of its contracting process, PG&E considered the mix of programs that would serve Residential customers. [redacted] As discussed in Section 3, PG&E's objectives for the Residential Sector as outlined in its Business Plan included increasing savings from multifamily properties and increasing operational efficiencies with cost-effective scalable program models such as financing. The selected program meets these objectives and serves an important portion of PG&E's Residential Sector - multifamily customers. [redacted]

5.3 Affiliate Bids and Conflict of Interest

PG&E did not receive a bid from an affiliate and there were no conflicts of interest that were not mitigable. As discussed in Section 4.3, a PG&E employee who was a member of the RFA Review Team left the Company [redacted]. The employee left the Company after receipt of bids but before scoring began. The issue was considered resolved.

6. Assessment of Selected Bids

The shortlisting processes are described in the section above. To date, PG&E's decisions appeared to be consistent and reasonable to the IEs.

6.1 Bid Selections Respond to Portfolio Needs

The selection of [redacted] the Phase 2, Wave 1 Negotiations is consistent with PG&E's portfolio needs as identified in its Business Plan, its Solicitation Plan, and its ABAL filings. PG&E sought programs that would serve the needs of its Residential Sector, but most residential proposals did not score well. [redacted] Other bids targeting residential single family and multifamily customers did not merit advancing to contract negotiations.

6.2. Bid Selections Provide the Best Overall Value to Ratepayers

a. Introduction

Assessing best overall value to ratepayers is challenging for IEs because our primary roles, as defined by the CPUC, are to "monitor the entire process from RFA design to contract execution", "serve as a consultant to the PRGs", "provide assessments of the overall third party solicitation process and progress", and "lend arms-length expertise evaluating the fairness of the conduct and results of the solicitation process by the IOUs."[126] During the solicitation process, the IEs' roles expanded to include providing IOUs and the PRG advice and feedback on ways to improve the efficiency and effectiveness of the solicitation process.

As such, beyond reporting about the details of selected bids and the process that produced the final contracts, from our perspective an IE would not evaluate whether the selections were the "best" options available to the IOU. Rather, IEs would, as indicated by the CPUC, monitor the entire process from RFA design to contract execution, provide assessments of the overall third-party solicitation process, and lend arms-length expertise evaluating the fairness of the conduct and results of the solicitation process by the IOUs.

A critical component of the solicitation process is [redacted] if implemented correctly, produce outcomes consistent with those priorities. [redacted] If an IOU includes other stages beyond the RFA and RFP during which final contract selections are made (interviews or, as was the case for PG&E, competitive contract negotiations), it is important that the IOU is transparent about the way it plans to make final selections and that IEs are able to observe IOU conversations during which decisions are made. PG&E's approach to its competitive contract negotiations process is discussed in Section 5.4.

The analysis that follows does not attempt to directly compare the selected contract with other proposals in the bid pool. In our view, if the solicitation process was conducted fairly and consistent with the scorecard and other selection criteria, the resulting programs represent the best from the pool. By extension, they also provide the best overall value to ratepayers.

In the interest of providing context for the selected bids, we have compared quantitative aspects of the selected program to PG&E's existing Residential portfolio to understand whether, if successfully implemented according to plan, the program will improve the portfolio metrics and help enable the Company to meet its energy savings goals. We also include discussions of the program's compensation structure, how the program aligns with or diverges from reasonable EE planning principles, and how the program conforms to CPUC policies and objectives.

126 Decision 18-01-004, pages 37-38.

b. Brief Program Description

[redacted]

The program further aims to create new energy efficiency opportunities by targeting underserved property stakeholders, while at the same time providing flexibility to achieve deeper retrofit opportunities with larger and more efficient properties. [redacted] Savings platforms used include Custom, Custom Express, Deemed, Program Delivered Installation of Instant Saving Measures, and Financing. With respect to IDSM, the program will collect data on usage and location, provide info on DR and TOU and use audits and other tools to help customers explore opportunities for [redacted]

c. Quantitative Program Information

The following table shows a summary of the [redacted]. We have also provided for comparison ex-ante metric information from a combination of Section 9 from PG&E's 2019 Energy Efficiency Annual Report and 2018 end-of-year claims from CEDARS. [127] We used the 2018 end-of-year claims because PG&E has indicated that 2019 and 2020 are transition years during which the Company is both re-balancing its portfolio to deliver cost effective programs to its customers while moving to a primarily third-party run EE portfolio.[128] PG&E had already begun to ramp-down a number of its energy efficiency programs in 2019 in anticipation of the transition to a primarily third-party program portfolio. The Residential Sector information we provide also does not include results or budget for the Company's Residential Energy Advisor program (primarily behavioral Home Energy Reports), Primary Lighting ,or its low-income Energy Savings Assistance (ESA) program as these three programs represent 95 percent of the sector's kWh savings and nearly 90 percent of the sector's therms savings[129] and [redacted].

127 "2019 Energy Efficiency Annual Report of Pacific Gas and Electric Company (U 39 M)", May 15, 2020. The Report can be accessed at: https://www.caeecc.org/annual-reports.

128 See discussion on page 2 of PG&E's 2019 Energy Efficiency Annual Report and page 3 of PG&E's 2020 ABAL filing.

129 Primary Lighting produces negative therms due to interactive effects. The negative therms were removed from the 90 percent calculation.

[redacted]

130

[redacted]

131

[redacted]

133

[redacted]

*

[redacted]

*

[redacted]

135

[redacted]

130 We used an average program single year to match with the single year of PG&E residential sector and multifamily results.

131 As noted, Residential Sector values do not include PG&E's Residential Energy Advisor (primarily Behavioral), Primary Lighting, or ESA programs. Information available for PG&E's multifamily sector is designated with an asterisk (*). 2017 multifamily data is designated with a caret (^).

132 Net supply and other costs avoided minus participant and program costs.

133 PAC levelized cost is calculated using total Program Administrator Costs from the CET, weighting the portion of net benefits attributable to the fuel (gas or electric), and then dividing by the program's total lifecycle net therms or net kWh.

134 Simple acquisition cost per lifecycle therm divided the total budget by the program's total lifecycle energy savings.

135 Simple acquisition cost per lifecycle mmBTU provides a better way to show total savings relative to cost since a BTU calculation captures both electric and gas savings. For programs that only generate gas (or electric) savings, the mmBTUs are based on the single fuel.

136 SB 350 is the Clean Energy and Pollution Reduction Act of 2015. https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB350.

[redacted]

[redacted] Innovative features of the program include:

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

[redacted], will contribute to the sector's achievements but likely has the potential to go beyond its current goals. The program's total energy savings goals are 7,721,561 net kWh and 735,451 net therms, averaging approximately 2,573,854 kWh and 245,150 therms annually. Using 2019 results as a guide, the program would contribute approximately 11 percent of PG&E's non-Behavioral, non-ESA, non-Primary Lighting Residential Sector savings.

Further, based on the 2019 Navigant Market Potential Study,[137] the PG&E Residential Sector potential for 2021 excluding low-income, is approximately 121.8 million kWh and 3.65 million therms, of which about 4.67 million kWh and 224,000 therms are attributable to residential multifamily rebate programs (117 million kWh [96% of total Res] are attributable to single family and multifamily behavioral programs). [redacted][138]

d. Measurement and Verification

A large portion of the program's savings come from Custom measures. The program has no NMEC measures. For Custom platform, M&V is more related quality assurance and control (QA/QC). Section 3.1 of the contract's Attachment 1 obligates implementers to identify quality assurance procedures to ensure that the program projects and measures that are installed perform to minimum standards appropriate to the program. The procedures must be sufficiently robust to confirm that each Program Project, each Measure, and the Program complies with Applicable

137 The study documents are available at: https://www.cpuc.ca.gov/General.aspx?id=6442461220.

138 It is worth noting that, according to the study, PG&E's residential electric potential increases by 13 percent from 2021 to 2022. The bulk of this increase is presumed to come from rebate (vs. Behavioral) programs.

Law, CPUC requirements, and PG&E's Resource Saving Rulebook. Section 5.5 of TRC's Attachment 2 describes in detail how these quality assurance procedures will apply to the program's deemed and custom measures. The program will establish a specific QA/QC Plan during program implementation that, for deemed projects, incorporates pre-implementation activities (such as trade ally training), installation verifications, and installation documentation. [redacted] checklists to ensure all projects obtain appropriate data and meet qualifications, site inspections to document eligibility and influence, and data collection to support savings claims. [redacted], as described in the contract, to be sufficient.

e. Compensation

The programs' compensation structure is approximately 97 percent performance-based (this value includes the customer incentives portion of the budget). We use "performance-based" to distinguish from "pay-for-performance", a term that the CPUC per D. 18-01-004 has associated specifically with programs using meter-based savings methodologies (measured and verified savings). Performance-based refers to compensation that is associated with deemed or non-meter based custom measures in which savings are not verified during the program term. Whether one uses the term pay-for-performance or performance-based, the CPUC and the California Legislature have stated a clear preference for contracts that "tie payment for services more directly to energy savings delivered, as much as possible." As the CPUC emphasizes, "This requirement is directly applicable to the third party solicitations."[139]

PG&E as part of Phase 2 Negotiations [redacted] PG&E described its approach as a framework for how Implementers will be compensated for delivered savings and other metrics that also provides timely and actionable feedback to continually align program activities with the Company's portfolio needs.

This approach may pose challenges during contract implementation in that it requires detailed tracking and frequent updates from a reliable data stream. The Company is in the process of configuring its systems to facilitate implementation, and we anticipate that PG&E will be able to overcome the challenges this may pose.

The Company's approach to compensation was a departure from how contractors proposed to be compensated, but we considered this acceptable given that the CPUC's Modifiable Contract Terms and Conditions (Attachment B of Decision 18-10-008) include payment terms that contemplate use of a "Performance Security" component.[140] [redacted] of the contract. As this was a negotiable term, contractors were encouraged to propose alternative values for the various components; however, PG&E did not permit contractors to deviate from

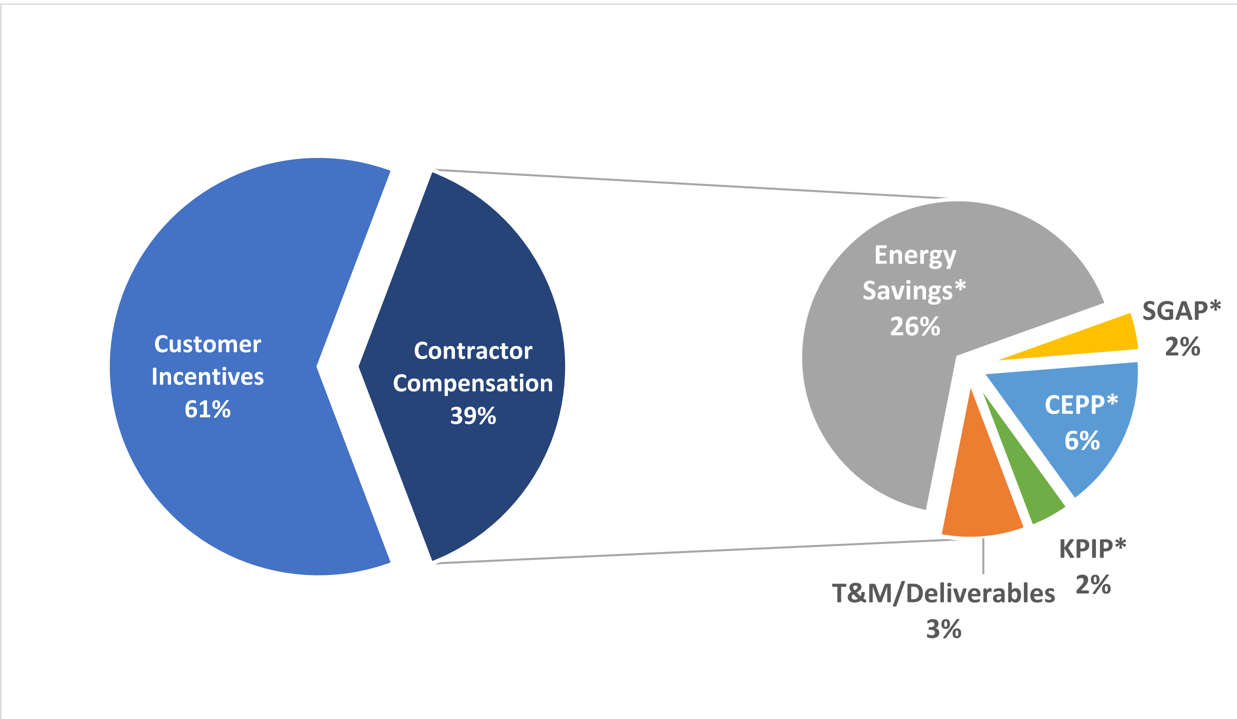
139 Decision 18-01-004, p. 42. See also COL 22 of the same Decision and Decision 16-08-019 COL 59.

140 Decision 18-10-008, Attachment B, page B-9.

the general compensation structure.

Figure 3 show the breakdown of compensation including customer incentives and excluding customer incentives. [redacted], if calculating percentages based on the contractor compensation portion (removing customer incentives from the calculations), then approximately 67 percent (26/39) is tied to energy savings, 4 percent is associated with the SGAP (2/39), 16 percent is associated with the CEPP (6/39), 4 percent is associated with the KPIP (2/39), and 9 percent is a combination of Time and Materials (T&M) and Deliverables Pricing (3/39).[141]

[redacted]



** Asterisked items in the second pie graph show the factors that are performance-based.*

We believe this approach strikes a reasonable balance between utility and the third-party's interests in that ratepayers will not pay if the program does not achieve savings and achieve other contract objectives. Although, as discussed further below, the contractor does bear a fair amount of risk for non-performance, relative to other metrics, a large portion of their compensation is tied directly to energy savings. In other words, even if the program is not able to achieve its [redacted], the contractor will receive payments for every kWh and therm the program generates. The contract also includes payments for program start-up and shut-down that are based on T&M/Deliverables-pricing (three percent of total budget). Of note, PG&E incorporated into the contractor's compensation an amount of "upside" in the event the contractor exceeds the established goals. The additional available compensation in this contract is

141 The math for the calculations in parentheses does not match the pie graph due to rounding. This is simply to show the way the values were derived.

[redacted].

Given the risk that contractors will bear, we would have expected to see implementers propose higher payment rates to compensate for this risk. However, at least with respect to this contract negotiation, this did not appear to happen. This may have been a result of the competitive negotiation process wherein contractors felt the need to retain competitive pricing. That said, at the contactor's request, [redacted] a larger portion of the performance-based payments shifting to energy savings.

The agreed-upon approach to compensation certainly shifts a large amount of risk to the implementer in that their programs [redacted] As discussed earlier, although we consider the approach permissible per D. 18-10-008, it remains unclear how it will manifest in practice. If contractors are unable to meet their goals for whatever reason, they will likely seek redress from PG&E. The contract does contemplate this possibility by allowing either party to request to revisit terms and incorporates an annual performance review during which time the parties may realign program goals and budgets.

The following table shows how contractor compensation amounts change based on achievement of different levels of savings. We provide this information to illustrate how the simple acquisition costs change based on different savings levels. [redacted]

[redacted][142]

[redacted]

As shown in the table, reductions in savings achievements do not have an appreciable effect on

142 These calculations assume that all other metrics scale down or up with the percentage savings achievements. In other words, if the program achieves 75 percent of its savings target, it assumed that the SGAP, CEPP, and KPIP achieve at 75 percent of their associated goals. This may not be realistic in that a program may not achieve savings goals but still meet its cost effectiveness and KPI goals. We did this calculation at 75 percent of savings (but 100 percent of other metrics) and found that the $/kWh increased by 2 percent.

$/kWh or $/lifecycle mmBTU, largely because only 3 percent of the budget is tied to activities that do not produce energy savings.

f. Supports portfolio and applicable sector metrics achievements

The Program's KPIs align well with PG&E's portfolio and sector metrics. Table 6.3 below shows the KPIs from the contract and how each aligns with the Company's Portfolio and Residential Sector metrics. The metrics are referenced in Section 9 of PG&E's 2019 Energy Efficiency Annual Report. [redacted]

[redacted]

KPI	Portfolio Metric	Residential Multifamily Segment Metric
[redacted]		

The KPIs are appropriate to the program and help ensure that the program's goals align with the Company's overall energy efficiency objectives.

7. Reasonableness of Contracting Process

7.1 Collaboration on Final Program Design and Scope

The bidder's proposed program design did not change substantially from what was proposed. We believe the collaboration [redacted] D. 16-08-19's definition of a third-party program in that the program was proposed and designed and will ultimately be implemented and delivered by non-utility personnel. Conclusions of Law 57 from the same Order clarifies that "utilities may consult and collaborate, using their expertise, on the ultimate program design implemented by the third party." [redacted]

[redacted]

Specifically, PG&E and [redacted] of ensuring that the program would coordinate with Community Choice Aggregators and Regional Energy Networks that overlap PG&E's service territory, ensuring that the program's proposed [redacted] meet CPUC requirements, ensuring the contactor would collect preponderance of evidence information for accelerated replacement measures, budgets and tasks associated with IDSM activities, and incorporating a clearer focus on HTR customers and Disadvantaged Communities. The budget for this program did not change from the amount proposed despite changes to budgets for other sectors.

7.2 Fairness of Negotiations

We believe the contract negotiations were fair and did not require the bidder to incur any uncompensated costs. The negotiation process for this program was rather quick, lasting only two months. There was no evidence of positive or negative bias towards [redacted].

7.3 Changes to Contract Terms & Conditions

There were some issues with respect to changes to the CPUC's Modifiable Contract Terms and Conditions and PG&E's corporate terms and conditions (Ts&Cs). The CPUC's Standard Contract Terms and Conditions were adopted, unchanged.

The specific issues related to the CPUC's Modifiable Contract Terms and Conditions and PG&E's Ts&Cs included:

- Right to re-evaluate terms–PG&E added language that provides opportunity for either party to request revised terms in the event of delayed CPUC approval,
- Compensation in a force majeure event–PG&E will pay "equitable compensation" vs. previous "compensation earned prior to termination date",
- Indemnification–[redacted] because PG&E updated its indemnification terms,
- Insurance–[redacted] references to PG&E's "agents" and "affiliates" from additional insured requirement,
- Definition of Implementer Party–Term was redefined to exclude entities who are not [redacted]
- [redacted], most of which focused on limiting the applicability of aspects of the Ts&Cs. PG&E rejected the bulk of these additional changes.

In our view, changes to terms were reasonable.

7.4 Conformance with CPUC Policies and Objectives

The following table provides a summary of the way elements of the program align with CPUC Policies and Objectives. Some information may duplicate other parts of this report.

[redacted]

Item	Program
Noted no changes to CPUC Standard Contract Ts&Cs.	No changes.
Changes to CPUC Modifiable Contract Ts&Cs – changes were reasonable	PG&E provided mapping of each item and where it can be found in contract. Mostly explanatory changes, not material changes.
Changes to IOU Ts&Cs – changes were reasonable	See section 8.3.
Contract is consistent with CPUC incentive guidelines	Meets the following: 1. calculated based on net lifecycle savings and 4. incentives will be flexible to take into consideration variation in barriers to participation.[143]
KPIs are well-developed	KPIs are all logical, well-explained, discrete, provide measurement methods and milestones, data sources, and details regarding whether the KPI is linked to compensation or is also a PG&E portfolio metric.
Contract includes appropriate Performance Issue Remedies	Sec. 2.9.1 specifies, "If PG&E determines that Implementer does not meet one or more of its KPIs, then, in addition to and without limiting any and all remedies available to PG&E as provided in this Agreement, Implementer shall provide PG&E with an action plan detailing the reasons why the KPI(s) were not achieved and the steps (and timeline for those steps) Implementer shall take to remediate and achieve its KPI(s) in a timely manner."
Contract clearly addresses Support Services	PG&E describes set of minimum basic support services (Section 2.8.2) and plans to offer optional support services as contract addenda.
Innovative aspects of program are retained	[redacted]
If applicable, IDSM components incorporated, if relevant, IDSM budget is clearly assigned.	Program includes both goals and metrics (KPIs) for serving Hard-to-Reach customers and Disadvantaged Communities. Section 4.1.3 of Contract Attachment 2 - Narrative describes HTR and DAC initiatives with KPIs

143 See Decision 18-05-041, p. 18.

[redacted]

Item	Program
	including goal of 10% of savings coming from HTR/DACs.
If applicable, program considerations for HTR customers and DACs are incorporated and are consistent with Proposal	See previous.
Contract clearly addresses Disadvantaged Worker (DAW) Requirements	[redacted]
Changes made due to Covid-19	PG&E added a provision to its Contract Work Authorization to allow for flexibility in the case of interruptions due to Covid-19. Specifically, the "Covid-19 Addendum" requires that either party notify the other immediately delays are experienced due to Covid-19. Parties agree to cooperate with each other and employ reasonable mitigation measures to minimize delays.

7.5 Uniformity of Contract Changes

PG&E [redacted] to serve the Residential sector in its first wave of contract negotiations. Therefore, no issues related to consistency arose. We had limited visibility into the contracts that PG&E was negotiating for other sectors.

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Statewide New Construction Solicitation

Reporting Period: April 2020 through September 2020

Prepared by:
EAJ Energy Advisors
The Mendota Group, LLC

Disclaimer: This report includes highly sensitive and confidential information.

Statewide New Construction

1. Solicitation Overview

1.1 Overview

Pursuant to D. 18-05-041, PG&E on behalf of the Statewide IOUs is seeking bids from third-party EE implementers to design, propose, and implement statewide residential and non-residential new construction programs.[144]

Scope

The buildings/occupancy types and activities considered in scope for these programs include any residential or nonresidential building or occupancy type covered by California Code of Regulations Title 24 Parts 6 (California Energy Code) and 11 (California Green Buildings Standards) and whole new buildings, additions, alterations, and covered processes.[145] Through the statewide program model, the Statewide IOUs seek to take advantage of uniform opportunities across the state for customers and market actors, prioritize easy program access by customers, and lower transaction costs.

Objectives

As the lead IOU for Statewide New Construction (SWNC), PG&E is looking for innovative EE program(s) that encourage integration of high-performance whole building solutions and create cost-effective approaches to achieving market transformation, while delivering the highest levels of efficiency in design and construction within the residential and non-residential sectors.

1.2 Timing

As of September 30, 2020, the SWNC solicitation is in the contracting stage, with four bidders advanced to contract negotiations.

Table 1.1: Key Milestones

Milestones	Completion Date
RFA Stage	
RFA Released	May 28, 2019
Bidder Conference	June 6, 2019
Abstracts Due	June 28, 2019
Calibration Meeting	August 2, 2019

144 Statewide IOUs and service territories include PG&E, SoCalGas, SCE, and SDG&E. Also referenced in this report as “Program Administrators” or “PAs”.

145 Covered processes include process loads regulated under Title 24, Part 6 such as computer rooms, laboratory exhaust, garage exhaust, commercial kitchen ventilation, refrigerator warehouses, supermarket refrigeration systems, compressed air systems, process cooling towers, and process boilers.

Table 1.1: Key Milestones	
Milestones	**Completion Date**
RFP Stage	
RFP Released	March 16, 2020
Bidder Conference	March 26, 2020
Proposals Due	April 27, 2020 (Ultimately extended two weeks due to COVID-19)
Proposal Review Period Ends	July 22, 2020
Contracting Stage	
Notification of Selection	July 28, 2020
Contract Execution	Expected December 31, 2020
Advice Letter Filing to CPUC	Expected January 31, 2021
CPUC Approval of Advice Letter	Expected April 30, 2021

1.3 Key Observations

Identify and explain key emerging issues/challenges/opportunities including potential risks and remedies. Key observations may include a best practice that may be applicable to future solicitations.

Table 1.2: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
Alterations in New Construction Program	[redacted]		

Table 1.2: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
CET Review Process	The RFP did not include a request for bidders to provide detailed logic and assumption information to support CETs during review. This information would be useful to evaluators for reviewing and analyzing proposal CETs.	[redacted]	[redacted]
CET Information Requested of Bidders	During the RFP stage, PG&E chose to further specify that bids could be segregated as either "All-Electric" or "Mixed-Fuel", allowing bidders flexibility in their program design. Additionally, PG&E asked bidders choosing to propose "All-Electric" programs, were asked to complete a modified CET-like calculator that allowed them to estimate the avoided gas infrastructure cost associated with their proposal. [redacted]	[redacted]	[redacted]

Table 1.2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Scorecard Consensus	[redacted]		
Changes to Program Envisioned by RFP (distinguishing between electric-only and mixed-fuel NC developments) vs. RFA	One IE expressed concern that changes to the program presented in the RFP and information requested of bidders were substantial changes to the program in contrast with program as proposed in the RFA (and bidder's abstracts). The other two IEs considered the RFP changes to be appropriate refinements given the new construction environment.	The concerned IE provided PG&E suggested language to include in the RFP that explained the state's increasing focus on decarbonization and that this is one of the reasons for the request that bidder propose either mixed-fuel or electric-only programs.	[redacted]

2. Solicitation Outreach and Bidder Response

2.1 Bidder Response to Solicitation

Not applicable for this report. Bidder Response to the RFA stage of the solicitation was addressed in previous Semi-Annual Reports. PG&E has not yet received responses to its RFP.

Table 2.1: Solicitation Response	
	No.
Abstracts Expected	[redacted]
Abstracts Received	
Abstracts Disqualified	
Proposals Expected	
Proposals Received	
Proposals Disqualified	

2.2 Bidder's Conference and Q&A

Table 2.2: Bidder Conferences	
RFP Bidder Conference Date	March 26, 2020

Table 2.2: Bidder Conferences	
Number of RFP Attendees	[redacted]
Number of RFP Q&A Received	Q&A deadline 4/3/20

2.3 Solicitation Design Assessment

PG&E's Business Plan highlights the importance of achieving the California Long-Term Energy Efficiency Strategic Plan's goals related to new construction ZNE homes for all new single family and low-rise multifamily buildings in 2020 and 100 percent of new and 50 percent of existing commercial buildings be ZNE by 2030). The [redacted] also supports these goals. The RFA successfully sought programs that help meet these objectives and further expanded these goals to focus on helping California achieve its overall carbon reduction goals by both directly reducing building energy use and guiding market trends in terms of design and construction practices and collecting data to advance new codes and standards. In the RFP, PG&E included all-electric submissions to further meet the state's decarbonization goals and to reduce natural gas infrastructure costs.

PG&E conducted the solicitation in accordance with the CPUC's D. 18-01-004, which requires that utilities utilize a two-stage solicitation process (RFA followed by an RFP) for third-party programs. [redacted], the PRG and IEs have been active participants in all aspects of the process.

3. RFA and RFP Design Materials Assessment

3.1 RFA Design Requirements and Materials

Not applicable for this report. This was addressed in the October 2018 through April 2019 Semi-Annual Report.

3.2 RFP Design Requirements and Materials

The final RFP and scorecard incorporated changes based on extensive input from the IEs, the other IOUs and the PRG. Based on experience with CETs during the Local, Multi-Sector solicitation, IEs encouraged PG&E to provide bidders ways to improve their CET submissions. The RFP includes an opportunity for bidders to discuss their CETs with PG&E staff after RFP submission. Bidders will be allowed one opportunity to update their CETs based on this input.

3.3 Response to PRG and IE Advice

RFA

Not applicable for this report. This was addressed in the October 2018 through April 2019 Semi-Annual Report.

RFP

PG&E has generally adopted PRG, and other IOU recommendations and feedback. There have been additional issues raised by the IEs related to 1) expansion of the RFP to include all-electric proposals and 2) recommendations related to scorecard weightings, particularly related to IDSM.

4. Bid Evaluation Methodology Assessment

The RFP scorecard follows an approach similar to that adopted for the Multi-Sector solicitation. Although some elements are customized for the solicitation, the major evaluated themes align with PRG guidance.

4.1 Bid Screening Process

RFA

Not applicable for this report. This was addressed in the previous Semi-Annual Report.

RFP

No Proposals were disqualified as part of the RFP screening process.

4.2 Scoring Rubric Design

[redacted]

[redacted]

[redacted]

[redacted]

- [redacted]
- [redacted]
- [redacted]

[redacted]

Calibration

PG&E held a calibration meeting with all PG&E proposal evaluators and the assigned IEs. There was excellent discussion regarding each proposal. Where scores for individual evaluators differed, evaluators shared their rationale for their assigned scores. In most cases, the evaluators were able to reach agreement regarding a final score. In a minority of cases, evaluators maintained their original scores.

Following the calibration meeting, PG&E compared the proposal rankings before and after calibration. Rankings based on overall score did not change after the calibration meeting for those selected to advance to contract negotiations.

4.3 Evaluation Team Profile

RFA

The elements of this section were covered in the previous Semi-Annual Reports.

RFP

PG&E held a scoring team training session prior to evaluating the Statewide New Construction proposals. The training included an overview of the solicitation materials, a mock scoring exercise, discussion of the requirement that scorers comply with the Company's code of conduct including the conflict of interest policies, and reviews of scoring criteria and the scorecard. The mock scoring exercise intended to inform score team members on how to apply the scorecard in the evaluation of the proposals. There were no identified conflicts of interest among PG&E scoring team members.

PG&E also held check-ins with the scoring team to address any questions that arose as they reviewed proposals. These meetings were useful to scoring team members and the IEs in ensuring consistency in scoring. The following table shows the members of the scoring team.

[redacted]

[redacted]

5. Response to PRG and IE Advice

Mid-tier Selections in Shortlist

PG&E presented the results of the RFP scoring and calibration of the [redacted], and then ranked the bids according to their final scores. PG&E divided the bids into three tiers: top tier, mid-tier and bottom tier. PG&E dismissed the proposals in the bottom tier and notified those bidders that they were not advancing to contract negotiations. PG&E recommended to the PRG that they advance the top and mid-tier bids to contract negotiations. PG&E conducts a competitive contract negotiation process where multiple bidders have an opportunity to improve their offerings and the PG&E contracts team can learn more about the proposed programs.

During the July PRG meeting, members of the PRG expressed some concern about including the mid-tier proposals in contract negotiations because these bidders' scores were significantly lower than the scores of those in the top tier. PRG members recommended that the mid-tier bids be dismissed (so as not to waste their time if they did not have a chance of winning a contract) rather than considering these proposals as potential alternates to the top tier. In particular, the Public Advocates Office and the Energy Division expressed these concerns in writing to PG&E and the rest of the PRG.

In response, PG&E argued that the process it was applying was identical to the process used in with other solicitations. From PG&E's perspective, including mid-tier bidders in negotiations allows the potential for these bidders to improve their offerings while ensuring that the top-tier bidders present their best proposals and terms. However, PG&E modified their approach slightly by first engaging the top-tier bidders to assess whether it made sense (based on these bidders' responses) to negotiate with the next tier.

PG&E started negotiations with the top tier bidders [redacted] and retained the middle tier Non-Residential bidders as alternate negotiation options. There were no middle-tier Residential bidders, and only one top-tier. The bottom tier of bidders [redacted] was dismissed following the PRG meeting.

As the negotiations began with the top-tier bidders, the first meeting with the Non-Residential top-tier bidder did not go well. As a result, PG&E decided to open negotiations with the two Non-Residential mid-tier bidders. Ultimately, discussions with the top-tier bidder improved and PG&E's confidence in this bidder's proposed program increased. PG&E opted to dismiss the mid-tier bidders and focused its efforts on TRC Solutions for Residential and Willdan for Non-Residential.

6. Assessment of Selected Bids

Alterations

The IEs and some PRG members raised concerns about PG&E's decision to include in its RFP program scope related to alterations (versus confining bids to new construction only) and bidder proposed programs that would potentially conflict with local downstream offerings. At least one Non-Residential bid included a large focus on industrial measures while the top-tier Residential proposal also included a fairly large focus on alterations. PG&E explained that its interest in including scope related to alterations was to help inform development of new Codes and Standards (C&S) as these elements could provide data and other insights to advance C&S. At the IEs' request, PG&E committed to work with bidders to ensure that the alterations portions of programs would not constitute a large part of the total savings and that contract language incorporated requirements to coordinate with other programs with which this program might overlap.

7. Final Bid Selection Assessment

The IEs believe that PG&E reviewers very thoroughly reviewed bidder proposals and were fair in their implementation of scorecard elements. PG&E engaged all bidders in a CET review process wherein PG&E provided constructive feedback to bidders about corrections and refinements to allow the PG&E CET review team to better analyze their proposed programs. The IEs participated in all CET meetings with bidders and believe that the process was successful in clarifying bidder proposals and establishing the appropriate groundwork for both final scoring and contracts for those selected to advance to contract negotiations.

8. Reasonableness of Contracting Process

Not applicable for this report. This will be covered in the next Semi-Annual Report.

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Local Government Partnerships Solicitation

Reporting Period: April 2020 through September 2020

Prepared by:
Don Arambula
Don Arambula Consulting

Disclaimer: This report includes highly sensitive and confidential information.

Local Government Partnerships

1. Solicitation Overview

1.1 Overview

In support of the Local Government Partnership program solicitation, PG&E conducted a two-stage solicitation process which included a Request for Abstracts (RFA) followed by a Request for Proposals (RFP) stage. PG&E concluded the RFP stage with its final selections before entering into its contract negotiations with the selected bidders.

In response to the RFA, [redacted]. Upon evaluation of the abstracts received, PG&E invited [redacted].

PG&E began contract negotiations with all [redacted]. Contract negotiations were very collaborative and focused on improving the Program's service offerings, reducing implementation costs, and, in some instances, redefining the regions which would be served by the LGI.

Scope

As part of PG&E's Local Government Partnership (LGP) solicitation, PG&E is seeking non-resource proposals to help support PG&E's cost-effective program portfolio and achieve portfolio goals and metrics. PG&E requests that bidders propose programs that contain non-resource activities and demonstrate support for electric and gas EE activities within PG&E's service territory. The annual budget for this LGP Program solicitation is not to exceed [redacted] per year, for a maximum three-year implementation period. Due to the nature of the targeted customer group for these non-resource services, PG&E expects to use the LGP's annual budget for multiple LGP Program contracts. Also, due to the nature of the solicitation scope, the bidder eligibility is open to existing lead local partners, PG&E local governments, PG&E public unified school districts, PG&E special district customers, and non-profit and public entities with established relationships with partnering local governments.

The Local Government Partnership solicitation welcomed qualified bidders to propose, design, implement, and deliver an innovative, non-resource-based program(s) that meet one or more of the IOU's desired program outcomes and needs, as presented below. Bidders were allowed to identify other needs not included PG&E's scope as long as the proposed program could support at least one of the listed desired outcomes.

Table 1.1: PG&E's LGP Desired Program Outcomes	
Desired Outcomes	**Program Needs**
LGPs Supporting Energy Saving Projects in the Public Sector	**Facilitating Projects with Deeper Savings, More Comprehensive EE –** In coordination with the PG&E resource program portfolio, facilitate energy efficiency and/or EE integrated/DR projects, especially projects with deeper, more comprehensive EE opportunities in public buildings, and support

Table 1.1: PG&E's LGP Desired Program Outcomes	
Desired Outcomes	**Program Needs**
	implementation of Energy Management Processes/Plans and CPUC workforce standards (D.18-10-004).[146] The EE projects should support PG&E's need to implement a cost-effective EE portfolio.
	Increasing Awareness of EE Opportunities in Public Sector Buildings – The objective is for all local public buildings within a jurisdiction to have the ability to be compared with each other to improve EE awareness. The Department of Energy's Public Sector Benchmarking Plan, is an example of how this can be done: https://www.energy.gov/sites/prod/files/2017/09/f36/tap_designing_a_benchmarking_plan.pdf.
LGPs Supporting Energy Saving Projects for HTR and DAC Customers	**Facilitating Projects with Deeper Savings, More Comprehensive EE -** In coordination with PG&E's resource program portfolio and partnerships with local governments**,** facilitate energy efficiency and/or integrated EE/DR projects, especially projects with deeper, more comprehensive EE opportunities, for HTR or DAC customers. The EE projects should support PG&E's need to implement a cost-effective EE portfolio.
LGPs Supporting Building Capacity to Help Save Energy	**Improving EE Awareness of Public Sector Staff -** Support EE training directed at public sector staff by leveraging and building upon PG&E's existing Workforce, Education and Training opportunities. Examples of potential trainings to leverage include both technical training (Building Operator Certification, Title 24 standards, or advanced lighting controls) as well as educational trainings (e.g., energy-focused lecture series)
	Advancing EE Community-wide - Community-wide Energy Action Plans (EAP) would include a long-term energy efficiency vision and plan (in kWh savings or percent reduction).
	Supporting GHG Inventories - Completing a GHG inventory which could include specifying the inventory type (e.g., municipal, K-12, community-wide, etc.) and specifically what it will cover (e.g., will it cover streetlights and traffic signals, water delivery facilities, etc.).
	Advancing EE in Public Sector Policies - This could include policies that set the specific EE requirements when a public jurisdiction procures energy-using equipment.
	Creating and Adopting Standards for Municipal Facilities - This could include policies to demonstrate energy leadership within a community by ensuring that municipal buildings are energy efficient. Examples are LEED and ENERGY STAR ratings.

Objectives

PG&E requests that the bidder design a non-resource program that meets one or more of the

146 OP 1 and 2.

following outcomes:

- Increasing the opportunities for customers to save energy in local public buildings, especially for those local governments that serve HTR and/or DAC customers.
- Increasing the opportunities to save energy for any HTR customers and/or customers in DAC through working with local governments.
- Improving local government staff capacity to conduct activities that will lead to energy efficiency for the local government and/or its communities.

PG&E encourages the bidder to design and propose innovative program designs, especially those that help support PG&E's overall portfolio need to reduce customer energy use. Bidders are instructed to specify how their proposed LGP Program activities will be measured and how program success will be determined.

1.2 Timing

The LGP solicitation was an ad hoc solicitation that was not originally presented by PG&E's solicitation plans. The RFA was released in May 2019, and the RFP was released on November 4, 2019. Contract negotiations and contract execution began in Quarter 1 of 2020. The timing of these major milestones is consistent with the current Third-Party Dynamic Schedule on the CAEECC website. Unless otherwise noted, all milestone dates were met with the exception of the contract negotiation stage, which was originally scheduled to conclude in April 2020, but was concluded at the end of June 2020.

Table 1.2: Key Milestones	
Milestones	**Completion Date**
RFA Stage	
RFA distributed to Bidders	May 23, 2019
Bidders Conference (webinar only)	June 5, 2019
Deadline to submit written questions to PG&E	June 7, 2019
PG&E Response to Bidder Questions	June 13, 2019
Abstract submissions due in PowerAdvocate	June 21, 2019
RFA selection and notification to Bidder advancing to RFP stage	July 31, 2019
RFP Stage	
RFP distributed to Bidders	November 4, 2019
Bidders Conference (optional, via webinar)	November 14, 2019
Deadline to submit written questions to PG&E	November 20, 2019
PG&E Response to Bidder Questions	November 26, 2019
Proposal submissions due in PowerAdvocate	December 20, 2019

Table 1.2: Key Milestones	
Milestones	**Completion Date**
Contracting Stage	
PG&E selection and notification to respondents	February 3, 2020
Contract negotiations	February–April 2020
Final Contract Signed	TBD

1.3 Key Observations

Key observations identified throughout the solicitation are shown in Table 1.3. The IE shared these key recommendations and others with the IOU and PRG throughout the reporting period, unless where noted. The IOU was provided an opportunity to review, consider, and accept or not accept these recommendations.

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
Bidder Eligibility	Initially, PG&E proposed to limit the eligibility of the solicitation to existing lead local partners.	Propose expanding the eligibility of the program solicitation to capture a wider pool of qualified bidders.	After discussions with IE and the CPUC's Energy Division, PG&E expanded participation to include existing LGP implementers, all PG&E local governments, and any entity with an existing relationship with a local government.
Innovation	[redacted]		

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
IDSM	[redacted]	[redacted]	[redacted]
RFA Requirements	There is a significant effort by a bidder to respond to extensive RFA requirements. Also, too many RFA requirements tend to dilute IOU's weighting among sub-criteria.	Setting forth reasonable abstract requirements allow the bidder to concisely present their program concept and the IOU to efficiently evaluate bids. Abstract requirements focused on only the most important program design elements should be the norm for all future solicitations.	PG&E, in collaboration with the IE, distilled the RFA requirements to essential items (e.g., program design and operations, experience, innovation/IDSM, expected outcomes).
Unique Terms & Conditions for Public Sector	In D. 19-08-006, the CPUC directed the IOUs to include a specific set of standard and modifiable terms and conditions for local government implementers.	Future solicitations directed at the public sector should include the new CPUC local government standard and modifiable terms and conditions.	Incorporated into the LGP RFP.
Unallocated Budgets	[redacted]	[redacted]	Pending

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
LGP and 3P Resource Program Coordination	Since PG&E has not yet authorized related third-party resource programs to begin to work, the LGIs could not clearly link their LGP offering to these pending programs to capture potential program synergies and avoid program overlap.	As these new resource programs begin pre-program launch activities, PG&E should invite the LGIs to collaborate with the new resource program implementers on the finer points of program delivery (e.g., customer outreach, project hand-offs, etc.). Results of such collaboration can be recorded in the Implementation Plans and corresponding Program Manuals for both the resource programs and the LGPs.	Pending
Minimum Third-Party Threshold Requirements	[redacted]		

2. Solicitation Outreach and Bidder Response

2.1 Bidder Response to Solicitation

Bidder response to the solicitation was addressed in the previous Semi-Annual Report, but overall, the solicitation received strong interest from the targeted potential bidder pool. PG&E's active communications to all existing Partners for many months leading up to the solicitation appeared to help generate bidder participation.

2.2 Bidder's Conference and Q&A

RFA and RFP

Not applicable for this report. This was addressed in the June 2020 Semi-Annual report.

147 Decision 18-05-041, OP 10, p. 184.

2.3 Solicitation Design Assessment

The solicitation design met PG&E's intended need to have non-resource local government partnerships that directly support the increase in energy efficiency adoption in the public sector buildings as well as among local communities and was specifically addressed in the last Semi-Annual Report.

3. RFA and RFP Design and Materials Assessment

3.1 RFA Design Requirements and Materials

Not applicable for this report. This was addressed in the June 2020 Semi-Annual report.

3.2 RFP Design Requirements and Materials

Not applicable for this report. This was addressed in the June 2020 Semi-Annual report.

3.3 Response to PRG and IE Advice

RFA and RFP

Not applicable for this report. This was addressed in the June 2020 Semi-Annual report.

4. Bid Evaluation Methodology Assessment

4.1 Bid Screening Process

RFA and RFP

Not applicable for this report. This was addressed in the June 2020 Semi-Annual report.

4.2 Scoring Rubric Design

RFA

Not applicable for this report. This was addressed in the June 2020 Semi-Annual report.

RFP

This was addressed in the June 2020 Semi-Annual report but the RFP scoring rubric is included here for reference.

[redacted]

[redacted]

4.3 Evaluation Team Profile

RFA and RFP

PG&E Evaluation team profile was included in the June 2020 Semi-Annual Report but the table of the team is included here as a reference.

Table 4.2: IOU Evaluation Team
[redacted]

4.4 Response to PRG and IE Advice

RFA and RFP

Response to PRG and Advice was detailed in the June 2020 Semi-Annual report with nearly all comments accepted.

5. Final Bid Selection Assessment

PG&E applied the same scoring methodology to all abstracts and proposals. No exceptions were made. All information provided by the bidder was scored as part of the evaluation process. This outcome was helped by PG&E's desire to limit bidder information to only the most essential elements. Overall, PG&E's evaluation approach was neutral and conducted in a transparent manner.

5.1 Management of Deficient Bids

PG&E did not receive any deficient bids as part of the LGP RFA or RFP stages.

5.2 Shortlist and Final Selections

PG&E's approach to identifying the RFA bidder shortlist and selecting the final proposals was transparent, well-reasoned, and fair. The IOU followed its Solicitation Plan[148] as presented in their Business Plan application which consisted of a two-stage solicitation relying on an RFA and RFP stages followed by contract negotiations with the selected bidders from the RFP stage. All bidders who were invited to the contract negotiations did execute a contract with PG&E.

5.3 Affiliate Bids and Conflict of Interest

The CPUC, in D. 05-01-055, prohibits any transaction between a California IOU and any program implementer for EE that is a California affiliate of an IOU. PG&E required all bidders to acknowledge that they are not an affiliate of any IOU. There was no instance where a California IOU affiliate participated as a bidder in the solicitation.

Additionally, as part of PG&E's evaluation team instructions, PG&E directed each team member to identify any potential conflicts of interests with participating bidders. None were identified as part of this solicitation.

6. Assessment of Selected Bids

6.1 Bid Selection and Response to Portfolio Needs

PG&E selected eight LG implementers to deliver a variety of EE services to a varied and unique set of regions throughout its service territory. Each of the LGPs plan to identify and refer specific EE projects to the resource programs delivered by other third-parties in PG&E's EE program portfolio. Once the third-party resource programs are approved, the LGPs will begin refining their offering based on the final resource program offering. Public sector resource program contracts are schedule for implementation in early 2021.

Since many of the bidders proposed to serve specific regions and/or local governments, PG&E considered if parts of its service territory would not be addressed by the program(s). In the final selection of these eight LGIs, it became apparent that not all regions of PG&E's service territory would be served by the LGP. In response, PG&E asked selected bidders, during contract negotiations, whether they would expand their proposed region to address these communities. As a result, the IOU proposed to expand the regions of certain LGPs selected for contract negotiations as noted in the table below. PG&E will look to expand LGPs in the future to address other regions no longer served (i.e., Counties of Napa, Yolo, Solano, Shasta, Tehama, Glenn, Mendocino, Santa Clara, Contra Costa, Alameda, and Colusa) and/or rely on the Public sector third-party resource implementer to outreach the customers in these areas.

Table 6.1: LGP Geographic Coverage

LGI	Proposed	Final
City and County Association of	San Mateo County	San Mateo County

148 Pacific Gas & Electric Company Third Party Solicitation Process Proposal, August 4, 2017, pp. 6-8.

Table 6.1: LGP Geographic Coverage		
LGI	**Proposed**	**Final**
Governments		
City and County of San Francisco	City and County of San Francisco	City and County of San Francisco
County of Marin - Community Development Agency	County of Marin	County of Marin
The Energy Coalition	San Luis Obispo and Santa Barbara County	San Luis Obispo and Santa Barbara County
Redwood Coast Energy Authority	Humboldt County	Humboldt County
Sierra Business Council	Counties of Alpine, Amador, Calaveras, El Dorado, Lassen, Mariposa, Nevada, Placer, Plumas, Sierra, and Tuolumne.	Counties of Alpine, Amador, Butte **(added)**, Calaveras, El Dorado, Lassen, Mariposa, Nevada, Placer, Plumas, Sierra, Sutter **(added)**, Tuolumne, and Yuba **(added)**.
San Joaquin Valley Clean Energy Organization	Counties of Fresno, Kern, Kings, Madera, Merced, northern Santa Barbara **(removed)**, San Joaquin, San Luis Obispo **(removed)**, Stanislaus, and Tulare.	Counties of Fresno, Kern, Kings, Monterey **(added)**, Madera, Merced, San Joaquin, Stanislaus, and Tulare.
County of Sonoma	Sonoma County	Sonoma County

The IE encourages PG&E and its LGIs to collaborate with third-party resource implementers to further refine the roles and responsibilities between LGIs and third-party implementers to capture synergies, avoid confusion for the customer, and accelerate the adoption of EE solutions for the Public sector and HTR/DAC customers in the targeted areas.

At the onset of LGP solicitation, PG&E wanted to focus future LGP efforts on supporting the delivery of cost-effective energy efficiency primarily for the Public sector customers, especially those local governments serving HTR and DAC customers. In the RFA and RFP, PG&E put forth the following three general desired outcomes for future LGPs:

1) Increase the opportunities for local government (LG) customers to save energy in local public buildings, especially for those local governments that serve Hard-to-Reach (HTR) customers and/or customers located in disadvantaged communities (DAC).

2) Increase the opportunities to save energy for any HTR customers and/or customers located in DAC through working with the local governments.

3) Improve local government staff capacity to conduct activities that will lead to energy efficiency for the local government and/or its communities.

Each of the selected LGP's support one or more of these stated goals. Below is a summary table listing the LGP and the corresponding outcome it will support.

Table 6.2: Desired Outcomes			
LGP	**EE Opportunities for Local Governments**	**HTR/DAC Customers**	**Increase LG Staff Capacity**
City and County Association of Governments	Integrate energy efficiency and other DSM into all public sector projects.	Reduce energy usage during peak evening hours.	Help municipalities and schools develop and implement energy or climate action plans.
City and County of San Francisco	No focus.	Facilitating projects with deeper and more comprehensive EE savings. Advancing EE community wide.	Improving EE awareness of public sector staff.
County of Marin - Community Development Agency	Support public agencies in achieving energy savings.	Connect local HTR customers to available EE programs.	Support public agencies with understanding energy use through Climate Action Plans.
The Energy Coalition	Supporting energy-saving projects in the public sector by providing tailored project management services.	Focus exclusively on Public sector facilities.	No focus.
Redwood Coast Energy Authority	Drive comprehensive public agency energy projects.	Increase opportunities for HTR customers to save energy.	No focus.
Sierra Business Council	Project identification and implementation to speed navigation of the design/approval process.	Sierra Business Council	Project identification and implementation to speed navigation of the design/approval process.
San Joaquin Valley Clean Energy Organization	Facilitating projects with deeper savings, more comprehensive EE. Increasing awareness among key decision makers in the Public sector.	Focus exclusively on Public sector facilities. Many of the facilities are located in DAC areas.	Improving EE Knowledge of Key Public Sector Staff. Advancing EE in Public Sector Policies. Creating and Adopting Standards for Municipal Facilities.
County of Sonoma	Identification of EE projects to support energy savings in	Awareness Building in the Community to	Training and Education to Support Building

Table 6.2: Desired Outcomes			
LGP	**EE Opportunities for Local Governments**	**HTR/DAC Customers**	**Increase LG Staff Capacity**
	the Public sector.	Magnify the Reach of Energy Efficiency Programs.	Capacity to Help Save Energy.

With the exception of the City and County of San Francisco (CCSF),[149] all LGPs target Public sector facilities for energy efficiency opportunities. Most LGIs took the opportunity to include strategies focusing on HTR customers and increasing local government staff capabilities typically through benchmarking and energy action plans. The LGP is considered to support PG&E portfolio needs if LGP addresses at least one of the three desired outcomes.

6.2 Bid Selections Provide the Best Overall Value to Ratepayers

LGP Overviews

The LGPs are tailored to meet the unique needs of their targeted customer groups. Below is a summary of the LGPs offerings that align with PG&E's desired outcomes and portfolio needs.

Table 6.3: LGP Offerings		
LGP	**Offering**	**Segments Served**
CCAG (San Mateo County)	San Mateo County Energy Watch (SMCEW) assists public agencies, K-12 public schools, small, hard-to-reach businesses in accessing energy efficiency programs, trade professionals, and financing opportunities. SMCEW provides coordination, outreach, referrals, and educational resources to help community members pursue energy efficiency projects. Through the Regionally Integrated Climate Action Planning Suite (RICAPS) initiative, SMCEW assists cities in meeting GHG reduction goals by developing annual community inventories and hosting a monthly working group to support energy efficiency and other measures in climate action planning.	Municipal, Special Districts, K-12 Public School Districts, Small Hard-to-Reach Businesses.
City and County of San Francisco	EnergyAccess SF targets hard-to-reach residential and SMB customers with high energy savings potential and propensity, using a two-stage process, employing energy consumption analysis and then layering with City data-sets to identify prospective customers with high savings potential and propensity to participate.	Residential: single-family and multi-family; commercial: small and medium business.
County of Marin	The Marin Energy Watch Program (MEWP) will provide EE and climate action plan services and support to Marin's public sector including the County, cities, towns, school districts, and special districts. MEWP will also engage with the SMB	Public and commercial.

149 The public facilities within CCSF are not served by PG&E.

Table 6.3: LGP Offerings		
LGP	**Offering**	**Segments Served**
	HTR community in the San Rafael Canal area to connect with 3P efficiency resources.	
Energy Coalition	A Public Sector non-resource Local Government Partnership (LGP) energy efficiency program called Central Coast Leaders in Energy Action Program (CC-LEAP or Program) available to public agencies within the County of San Luis Obispo and parts of the County of Santa Barbara serviced by PG&E. CC-LEAP will provide customized and objective project management, engineering, and financing support services as a "one-stop shop" to enable agencies such as local governments, special districts, and K-12 public schools, to seamlessly identify and implement cost-effective energy retrofits that funnel savings to PG&E and third party resource acquisition programs.	Public agencies including City governments & townships, Tribes, County governments, K-12 school districts, water/wastewater agencies/districts, Other public agencies not served by statewide programs.
Redwood Coast	RCEW will assist local governments and public agencies with becoming energy efficiency leaders. RCEW will support cost-effective delivery of resource program services to the Public and Hard-To-Reach sectors of Humboldt County. RCEW will use an integrated energy management approach to services that presents customers with progressively stepped solutions encouraging deeper retrofits.	Public agencies and HTR customer groups.
Sierra Business Council	The Sierra Business Council's Sierra Nevada Energy Watch (SNEW) program is designed to further PG&E/CPUC energy efficiency goals through energy efficiency project development activities, planning and policy work, analysis, and outreach/education efforts designed to motivate public sector leaders and unserved Small- and Medium-Sized Businesses (SMB) to increase both capacity and on-the-ground energy efficiency action, especially in rural, Hard-to-Reach (HTR) and Disadvantaged (DAC) communities of the Sierra Nevada.	Local Governments, Public Agencies, K-12 School Districts, HTR/DAC customers, Unserved Small-to-Medium sized businesses.
San Joaquin Valley CEO	Public agency focused program to help hard to reach and disadvantaged communities' access, understand and participate in energy efficiency through IOU administered, third party programs. The program builds on existing relationships, data, processes, and experiences to align to the PG&E portfolio vision for LGPs.	Cities, Counties, Special Districts and k-12 school districts.
Sonoma County	Development of "EE Roadmap" program. High level audits of target facilities performed by PGE 3P Resource Program, qualified staff, or qualified contractor(s). Results in a long-term proposed improvement report for customer along with PG&E third-party resource program referrals and tracking of facility improvement history by LGP. Replicability of the program is a prime goal.	Public, Commercial (HTR SMB)

The following addresses the specific attributes of the selected program and the value to ratepayers.

Alignment with California's energy efficiency policies and the CPUC's overarching solicitation policy objectives:

a. Achieve all cost-effective energy efficiency

As non-resource programs, the LGPs propose to assist the targeted customer groups through various program strategies designed to directly lead the customer to an EE solution. The EE solution will be delivered by a PG&E third-party implementer assigned to the targeted customer group (e.g., Public sector). This approach will reduce the outreach efforts by the third-party implementer while leveraging the LGIs unique and longstanding relationship with their represented customer groups to realize all cost-effective energy efficiency.

b. Innovation

To be "innovative," the RFA and RFP instructed bidders that their proposal must demonstrate that the program will ultimately increase the uptake of cost-effective energy efficiency by advancing a technology, marketing strategy, or delivery approach in a manner different from previous efforts. The LGP non-resource programs provide a variety of different innovations that are tailored for their own targeted customer groups.

The LGP innovation is most pronounced in its evolution of the LGP model towards a primary focus on EE project lead generation for resource programs. The Public sector decision-making is unique, fluid and varies among local governments. The LGIs, all possessing long-term, deep relationships with the targeted local governments, are well-positioned to directly influence the local government's decision-making process. With the innovative overhaul of the LGP model, it is expected that local government EE projects will grow significantly over the next three years. If not, PG&E should reconsider its investment in such a model or once again reimagine the LG engagement model with an expanded scope to include IDSM solutions to reduce the customer's energy costs and support California's aggressive carbon reduction policies. Below is a summary of the innovative offerings for each LGP.

Table 6.4: LGP Innovations	
LGP	**Innovations**
Redwood Coast Energy Authority	Customer-centric approach, identify opportunities across all resource offerings, bundle project leads, energy project roadmaps, business and political endorsements, procurement support, technical review, benchmarking, and IDSM promotions.
City and County of San Francisco	Application of a data-driven, multi-tiered, customer targeting to efficiently direct outreach towards HTR and DAC customers with the highest energy-savings potential.
County of Marin - Community	Develop climate action plans for school districts, develop template ZNE facility plans and capital improvement plans, and develop case studies

Table 6.4: LGP Innovations	
LGP	**Innovations**
Development Agency	directed at public works and maintenance staff.
Sierra Business Council	Solicitation support, layered business services integrating LGP activities into existing SBC local government programmatic work, customized messaging emphasizing “resiliency”, improved access to information, hands-on technical and project management assistance, and regionally-specific funding.
The Energy Coalition	Streamlined data analytics, partnerships for emerging technologies, and continuous improvement procedures.
County of Sonoma	Modeling of “EE Roadmap” for public facilities, implementing California Green Business Certification, offering construction planning support, documenting an integrated services delivery model, and implementing a Public Building Energy Efficiency Roadmap Program.
City and County Association of Governments	Program innovation is centered around Technology (handheld devices to capture customer data), Collaborative Marketing (identify customer’s complete energy management opportunities including IDSM), and Customized Reports/Plans (energy action plans and benchmarking).
San Joaquin Valley Clean Energy Organization	The CCEW is not, inherently, an innovative program. The CCEW is a program that moves customers towards accessing innovative third-party resource programs. The CCEW focuses in on building actionable pipelines from data that will empower public agencies to make informed choices.

c. IDSM

There was no specific IDSM budget (EE/DR integration) identified for any LGP. However, most LGPs will promote various IDSM opportunities to their targeted customer groups. The following is a listing of these strategies to promote IDSM to the customer that will be employed by the LGPs.

Table 6.5: IDSM Program Strategies			
LGP	**Strategy**	**LGP**	**Strategy**
CCAG (San Mateo County)	Inform customers about IDSM opportunities.	Redwood Coast	Inform customers on IDSM opportunities.
City and County of San Francisco	Provides DR capabilities through technologies.	Sierra Business Council	Inform customer on IDSM opportunities.
County of Marin	None.	San Joaquin Valley CEO	Digital engagement and activities to educate participants about EE with other IDSM approaches.
Energy Coalition	None.	Sonoma County	Lead generation for DR programs.

d. Hard-to-Reach Markets (HTR), Disadvantaged Communities (DAC), DW, and Workforce Standards

i) HTR/DAC Customer Facilities

In response to PG&E's call for the bidders to address customers located in DACs and serve HTR customers, each of the final LGP offerings include strategies that target HTR and DAC customers. The following table identifies the specific HTR/DAC strategies of each LGP:

Table 6.6: HTR and DAC Program Strategies			
LGP	**Strategy**	**LGP**	**Strategy**
CCAG (San Mateo County)	Identify potential EE projects for commercial HTR and DAC customers.	Redwood Coast	Identify potential EE projects for commercial HTR customers.
City and County of San Francisco	Identify potential EE projects for commercial and residential HTR and DAC customers.	Sierra Business Council	Identify potential EE projects for commercial HTR customers.
County of Marin	Identify potential EE projects for commercial HTR customers.	San Joaquin Valley CEO	None.
Energy Coalition	None.	Sonoma County	Identify potential EE projects for commercial HTR customers.

ii) Disadvantaged Worker Policy

As for supporting DW, the LGPs have agreed to comply with disadvantaged worker requirements presented in the final Implementation Plans (IPs). No other related contractual obligations are included in the Contracts. In review of the final IPs, the Disadvantaged Worker Plan is generally lacking specifics regarding how the LGP can support DW policies and the frequency of reporting. This is due in part to many of the LGP relying on established staff, including city and county staff, to operate the program. As opportunities arise to employ new staff, the LGP should look to ways to support the CPUC's DW policy. To this end, PG&E should work with LGPs on how the program can support DW policies and update the IPs, as necessary.

iii) Workforce Standards Policy

As non-resource programs, the LGPs do not offer services that include the installation of HVAC equipment or advanced lighting controls.

e. Deep & Persistent Energy Savings

The LGPs, as non-resource programs, do not directly provide energy savings to the PG&E EE portfolio. The LGPs do work directly with targeted customer groups to produce a "pipeline" of EE project opportunities to third-party resource programs in the IOU's portfolio. The LGPs are focused directing local governments to EE investments that will produce longer-term EE savings.

f. Balance of Risk Among Program Administrator, Implementer, Customer and Ratepayer

i) Compensation Structure

For all LGPs, the compensation structure is based on time and material. The CPUC, in D.19-08-006, stated that "a 'pay for performance' standard term places local governments at risk of non-recovery of public funds. As a result, the Decision directs the IOUs to use a unique set of CPUC terms and conditions that does not prefer pay-for-performance contracting with LGIs. The T&M compensation for all contracts is consistent with the CPUC directive and, for non-profits, consistent with their tax status. The agreed to rates, by position title, presented in the Agreement are fully loaded. PG&E confirmed the contracted rates relative to existing LGP contracts. No anomalies were identified. The rates varied based on the individual region within California. Such rate sensitivity should be applied in other contracts. Specifically, the rate should reflect the position title and the region where the work is being performed.

Also, LGIs were unwilling to accept PG&E's dynamic discount invoice payment term. PG&E's standard payment terms are net 45 days (dynamic 3percent discount pricing) which begin after the contract manager approves the monthly invoice. LGIs were unwilling to accept any discount to their invoices. In response, PG&E waived its discount provision (3%) and the Contracts include a 30-day invoice payment term.

ii) Realized Energy Savings

As previously stated, the LGPs propose to assist the targeted customer groups through various program strategies designed to directly lead the customer to an EE solution and energy savings. The EE solution will be delivered by one of PG&E's third-party implementers assigned to the targeted customer group (e.g., Public sector).

iii) Supports Portfolio and Applicable Sector Metrics Achievements

PG&E's 2019 ABAL provides a list of all CPUC-approved portfolio and sector metrics.[150] Those metrics include a baseline year (2016) of results and a forecast of expected performance which only extends through 2020. Also, many of the related Public sector indicators (e.g., energy savings per building) do not have corresponding targets. With the exception of the Public sector metric (#210) associated with increased public sector participation in EE programs, the LGPs do not directly support PG&E's sector metric achievements. However, LGPs will play a critical role, albeit indirect, of achieving many of the Public sector energy savings, emission reduction, and cost-effectiveness related-metrics through increased number of customer EE projects for

150 Advice 4011-G/5375-E, Attachment 5, dated September 4, 2018.

corresponding third-party resource programs.

iv) Program alignment with EE planning principles

a. Reasonableness of energy savings goal relative to targeted market's energy efficiency potential

The LGP offerings, as non-resource programs, do not have specific energy savings goals. The LGPs will coordinate with and support the IOU-selected third-party resource program implementers in their goal achievements.

b. Projected energy savings from viable measures

The LGP offerings, as non-resource programs, will not directly offer EE measures to the targeted customer groups.

c. Compliance of the proposed program with CPUC M&V rules and requirements

The Contract requires the Program to be consistent with current CPUC Measurement & Verification (M&V) rules and requirements.[151] Due to the program design which is dictated by the targeted smaller commercial customer group, there is not an NMEC approach presented in the Contract. The Implementer is required to provide a final M&V Plan as part of the program's start-up activities.[152] There should be an active review of the of M&V Plan, by CPUC EM&V staff, to confirm the appropriateness of the data collection plan in support of potential EM&V studies The Contracts require LGIs to comply with all CPUC directives regarding Program EM&V and must fulfill all EM&V activities as may be required by the CPUC. This includes supporting any data collection required by the CPUC Evaluation Measure and Valuation (EM&V) efforts for non-resource activities completed during the Agreement Term.[153] EM&V Plans were lacking. Typically, process evaluations are performed for such programs. PG&E should coordinate with the CPUC and LGPs on any future plans to evaluate LGPs. Any EM&V plans should be reflected in future IP updates.

7. Reasonableness of Contracting Process

The Contract reflects a program proposed and designed by the third-party program implementer. During contract negotiations, the IOU and the LGI collaborated on improvements to program offerings and geographical coverage.

7.1 Collaboration on Final Program Design and Scope

The Contracts reflect LGP program offerings proposed and designed by the third-party program implementers. During contract negotiations, the IOU and the LGIs collaborated on improvements to program offerings and geographical coverage.

Since PG&E has not yet authorized new third-party resource programs to begin to work, the

151 Part B, Section H.3, p. 27.

152 Schedule C, Table 10, p. 80.

153 Section 2.8, KPIs and Evaluability.

LGIs could not clearly link their LGP offering to these pending programs. As these new resource programs begin pre-program launch activities, PG&E should invite the LGIs to collaborate with these new resource program implementers to capture potential program synergies, avoid program overlap, and agree upon the finer points of program coordination (e.g., customer outreach, project hand-offs, etc.). Results of such collaboration can be recorded in the Implementation Plans and corresponding program manuals for both the resource programs and the LGPs.

IOU Support Services

PG&E will provide minimum utility support services such as PG&E general marketing support, data services, and customer complaint support. These support services are reasonable and will likely improve the program's performance and customer service. PG&E also offered additional support services (i.e., branding support, marketing support, account mgmt. support, and enhanced data support services) at a direct cost (~$150/hr.) to the LGI. Depending on the LGP offering, some LGIs opted for various additional support services. A summary of the additional support services selected by the LGPs is presented below:

Table 7.2: Additional IOU Services Selected

LGP	Additional Services	[redacted]
CCAG (San Mateo County)	None	
City and County of San Francisco	Enhanced Data Support	
County of Marin	None	
Energy Coalition	None	
Redwood Coast	Enhanced Data, Account Mgmt. Support	
Sierra Business Council	None	
San Joaquin Valley CEO	Branding, Marketing, Account Mgmt. Support	
Sonoma County	None	

Changes to Scope

[redacted]

Coordination with Resource Programs

As the CPUC approves the Public, Commercial, and Residential sector 3P resource contracts, PG&E should hold coordination meetings with the LG implementers and the relevant third-party resource programs to identify critical links among the programs including identifying organizational roles and responsibilities and creating a seamless customer engagement approach. The outcome of these discussions could be reflected in the Implementation Plans (i.e., program manuals) as well as any updates to the LGP contracts, if necessary.

KPIs

During negotiations, PG&E encouraged all LGIs to propose two types of KPIs: foundational and supporting. Foundational KPIs are tethered to the LGI's ability to create EE project pipelines and lead generation for third-party resource programs. Supporting KPIs are focused on supporting foundational KPI achievement such as building benchmarking and LG educational engagements.

The Contract KPIs directly support the three LGP goals (EE for public facilities, EE for DAC/HTR customers, and local government EE capacity building). The IE fully supported PG&E's approach to direct the LGIs to create two types of KPIs. The LGIs were free to propose KPIs that best fit their unique program design, however, all KPIs tied to at least one of the three LGP solicitation goals. PG&E should apply this to future contract negotiations to improve the consistency and number of KPIs across resource programs.

7.2 Fairness of Negotiations

Overall, the negotiations with the IOU and the winning bidders were fair and reasonable. PG&E opted not to conduct competitive negotiations, rather it looked for ways to improve the program offering, reduce unnecessary program costs, and arrange the program scope to maximize the program's coverage over a given region.

7.3 Changes of Contract Terms and Conditions

To be compliant with CPUC directives, PG&E provided bidders both the standard and modifiable CPUC terms and conditions. At the IE's request, PG&E provided the bidder with a two-column document that included the CPUC's standard and modifiable terms (left column) and PG&E's proposed redline changes to both the standard and modifiable terms (right column). The CPUC should use this document to reconcile changes made to the CPUC terms and conditions as it proved to be a particularly useful tool for the IE.

In the final Contract, the CPUC and PG&E terms and conditions are combined throughout. The IE has reviewed all documents and confirmed the CPUC's terms and conditions are included in the agreement with the specific modifications as discussed below:

CPUC Standard Terms - PG&E's proposed adjustments to the CPUC standard terms. It is the IE's opinion that PG&E's changes do not undermine or contradict the CPUC standard terms. All PG&E's changes are simple name changes or permissible word inserts with the exception of the Dispute Resolution clause.[154] In Section 9.1 of the Contract, PG&E inserted additional terms that addressed security and timeliness issues. These additions are appropriate,

154 Attachment 1, Section 9.1.

address a void in the CPUC terms, and facilitate the process.

Order of Precedence – In response to the IE's recommendation, PG&E did incorporate an additional provision (Section 10) in the Contract that if there is a conflict among provisions within the Contract, the CPUC's standard terms are given priority and take precedence.

CPUC Modifiable Terms - With respect to the CPUC's modifiable terms, PG&E did make numerous and substantial changes (i.e., Workforce, Implementation Plan, Definitions, Term, Payment Terms, EM&V, and Data Collection and Security). Most of these changes are not detrimental or severe and do help with the contract administration. However, there are a few changes that can be considered favoring the IOU position such as intellectual property, liability, and indemnification (the latter two only because they may tend to be a bit overprotective and may be construed as minor infringement upon the CPUC Standard terms, however all of these are intended to protect the ratepayer's funds).

Due to the unique limitations on public sector customers, some LGIs were unwilling to accept PG&E's indemnification term. Specifically, PG&E proposed that the implementer's obligation to indemnify PG&E applies regardless whether PG&E has any statutory liability or liability in contract. In the IE's experience, LGs typically don't accept such a term. In response, PG&E removed this term when requested during contract negotiations.

7.4 Conformance with CPUC Policies and Objectives

Overall, the Contract directs the implementer to conform to all applicable CPUC energy efficiency policies. Below is a discussion of key policies, not already discussed, related to the Contract and PG&E's solicitation threshold requirement.

25 Percent Third-Party Requirement

The final LGP contract was executed on June 19, 2020 prior to PG&E's June 30, 2020 deadline for counting the program budget towards the IOU's minimum 25percent third-party threshold requirement.[155] As all LGP Contracts represent a third-party designed program, the total Contract values should contribute to the IOU's minimum threshold requirement.

In the calculation of the minimum threshold requirement, it is unclear whether the additional EE and DR integration budget[156] should be included. The CPUC should provide greater clarity to the IOUs on the proper calculation to be applied to the third-party threshold requirement. This should include direction on the specific annual budgets to be included in the numerator and denominator within the calculation. The CPUC should also direct the IOUs to report their threshold accomplishments, supported by calculations, in the ABAL and/or annual energy efficiency report.

Program Transition Plan

PG&E's Solicitation Plan provides an approach to transitioning existing IOU EE projects to the new third-party implementer. In short, the IOU will work with the implementer to craft a

155 CPUC Letter to IOUs regarding the "Request for Extension of Time to Comply with Ordering Paragraph 4 of Decision 18-05-041", November 25, 2019

156 D.18-05-041, OP 10, p. 184.

transition plan and once the terms of the transition are met, the third-party becomes the program implementer.[157] The Contract does not address any specific transition plans from preexisting LGPs. As with the new LGPs, the preexisting LGPs were non-resource programs and do not have any existing customer EE projects.

Implementation Plan

By the end of August 2020, and in compliance with CPUC direction,[158] PG&E uploaded each of the final program Implementation Plans (IPs) to the CPUC's CEDARS system within 60-days of final contract execution for all LGPs. The IOU and the local government implementers collaborated on the draft Implementation Plans. On August 14, 2020, PG&E held a public workshop on the LGP draft Implementation Plans. The 8 LGPs presented an overview of their individual draft IPs. Approximately 40 attended the meeting which mainly included representatives from the LGPs and the IOUs. This was the first and only time LG implementers could review each other's programs. As a result, a few LGPs suggested that an LGP working group be formed to share best practices regarding program delivery. PG&E encouraged implementers to individually contact each other if they were interested in sharing.

The IE provided comments to PG&E on the 8 draft IPs on August 18, 2020. Overall, the draft IPs reflected the program designs presented in the executed Contracts. Below is a list of comments and recommendations on improving the IPs:

Include a standard budget **table** across all IPs representing the program budget by calendar year and by cost category.

Program manuals were generally lacking or not included. Future program manual updates should record the linkage between the LGP and third-party resource programs, including specific details regarding roles and responsibilities and customer engagement.

The program logic model diagrams (PLMs) were generally lacking. LGPs should reference PG&E's RFP for more information on PLMs.

Subcontractors referenced in the IP are not always listed in Contract (Exhibit 1A).

Disadvantaged Worker (DAW) Plan is generally lacking specifics regarding how the LGP can support DAW policies and the frequency of reporting. PG&E should work with the implementers on how the program(s) can support DAW policies.

EM&V Plans were lacking. Typically, process evaluations are performed for such programs. PG&E should coordinate with the CPUC and implementers on any future plans to evaluate LGPs. Any EM&V plans should be reflected in future IP updates.

IOU Debriefing Sessions with Participating Bidders

In response to public feedback at the CPUC semi-annual workshop on the IOUs' program

157 Pacific Gas and Electric Company (U 39-M) Third Party Solicitation Process Proposal, dated August 7, 2017, Section VI.B, pp. 21-22.

158 Decision 18-01-004, OP 10.

solicitation, PG&E opted to hold one-on-one debriefing sessions with those bidders who were not selected. PG&E completed the individual debriefings sessions with the unsuccessful LGP bidders by the end of August 2020.

During each session, PG&E summarized the [redacted]. PG&E identified the individual bidder's strengths and weaknesses of the proposal [redacted]. No greater level of detail was shared. Most bidders understood that PG&E could not share additional information regarding the evaluations, although most asked for more information regarding the evaluation of specific aspects of their proposal.

Also, PG&E did specifically ask for feedback on its solicitation process. Many bidders appreciated the debriefing session and noted that feedback was rarely provided in other solicitations. The following is a list of individual bidder feedback. Note the feedback doesn't reflect the opinions of all bidders and may reflect the opinion of only one bidder.

- Some bidders were frustrated with the lack of detail during the debriefing sessions while others understood the limitations.
- Poor communication throughout the solicitation on status. More communication on the status of the solicitation would help inform the bidder and its subcontractors.
- Communicate the outcome of the solicitation sooner so, the bidder(s) can develop other business opportunities.
- Provide a specific budget information in the RFA/P to help guide bidders on expected program size. The RFP covered multiple programs but did not assign a specific budget by program/region. (Note – The LGP solicitation included an overall $5 million budget.)
- The IOU's PowerAdvocate platform worked very well through the solicitation.
- In some cases, the RFA and RFP asked for the same information. PG&E should improve this in the future.
- Appreciated that the detailed budget information was not required in the RFA.
- Plenty of time to prepare proposals which allowed bidders to further identify subcontractors.
- Appreciation for the role of the IE and the ongoing monitoring.
- PG&E should consider non-profit status in the evaluation of the supply chain responsibilities.
- RFA and RFP requirements were reasonable relative to federal and state-run solicitations.

Although some bidders were frustrated by the lack of details regarding the evaluation of their proposals, PG&E did list areas of strengths and weakness with their proposals which could be easily matched to the RFA and RFP requirements by the bidder. This opportunity for bidder self-reflection, if they choose to do so, can provide them with valuable insights to areas where they could improve upon in future proposals. Some bidders had the insight to see this opportunity while others expressed their frustration. PG&E staff did an outstanding job managing the debriefing session especially given the level of emotions with certain bidders. PG&E should continue to hold debriefing sessions while appropriately setting bidder expectations on the level of information that can be shared.

7.5 Uniformity of Contract Changes

After the conclusion of PG&E's final bid selections, the IOU entered contract negotiations with the selected bidders. As a starting point for negotiations, and consistent with CPUC direction, PG&E gave the bidders a set of CPUC standard and modifiable terms and conditions. Along with the CPUC's terms and conditions, the IOU provided its own proposed additional terms in a separate document. At the conclusion of both contract negotiations, the contract terms and conditions were the same among all bidders. As previously discussed, there were no changes made to the CPUC standard terms and conditions (see, Section 9.3 Changes to Contract Terms & Conditions). Note that each LGP has different program strategies and targeted geographical regions thus Attachment 2 of the various Contracts are different.

8. Conclusion

The solicitation was fair and transparent and conducted without bias. PG&E was open and willing to consider all IE and PRG recommendations throughout the solicitation.

The Local Government Partnerships are categorized as a non-resource program. The Local Government Implementers (LGI) will provide their own unique set of program services directed at specific geographical regions within PG&E's service territory. This will enable other PG&E resource programs to capture greater levels of energy efficiency savings, primarily among local governments and other targeted customer groups. By channeling customer projects to energy efficiency resource programs, PG&E's new LGP model hopes to improve the IOU's overall portfolio performance while enabling customers to achieve higher levels of energy efficiency.

The IE commends PG&E for conducting individual post-solicitation debriefing sessions with participating bidders. The bidders provided valuable insights and experiences that could inform and improve solicitations. We encourage the IOU to actively respond to the bidders' input by adjusting and improving future solicitations.

The IE encourages PG&E to facilitate collaborative discussions between the LGIs and the new Public, Commercial, and Residential sector resource program implementers regarding coordinated program delivery including customer engagement. We also encourage the IOU to incorporate the applicable recommendations provided in recent CPUC EM&V studies on potential improvements to the local government partnership's program tracking. This should better record the LGI's proposed customer channeling efforts.

In sum, the IE supports the Contracts agreed to between PG&E and the program implementers, as a result of this solicitation.

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Statewide Workforce Education and Training: Career Connections (K-12)

Reporting Period: April 2020 through September 2020

Prepared by:
Great Work Energy

Disclaimer: This report includes highly sensitive and confidential information.

Statewide Workforce Education & Training: K-12 Career Connections

1. Solicitation Overview

1.1 Overview

Scope of Solicitation

Bidders will design and propose to implement a statewide, non-resource WE&T Career Connections (CC) program that imparts knowledge of energy and sustainability fundamentals and awareness of career pathways among K-12 students. While not solely focused on disadvantaged communities, CC drives long term change by prioritizing schools with student populations that are predominantly disadvantaged and hard to reach. The annual budget available for this statewide CC program solicitation is approximately [redacted] implementation period.

Objectives of Solicitation

Bidders are requested to employ innovative approaches and strategies in order to achieve program outcomes including:

- Students learn about energy, EE, DR, and DG fundamentals;
- Students are prepared for EE post-secondary education and career pathways;
- Students are provided with hands-on EE, DR, and DG career experiences;
- Teachers are provided with EE, DR, and DG educational resources;
- Students in disadvantaged schools are prioritized;
- Formal partnerships are established between teachers/schools and organizations that serve K-12 teachers and students and these support efforts to build energy and EE career pathways.

Milestones in the Solicitation Process to Date

The Career Connections (CC) solicitation is being conducted in accordance with CPUC requirements as a two-stage (RFA/RFP) process, with robust IE engagement and regular coordination with the PRG on all aspects of the solicitation. During the period of focus for this semi-annual report, the RFA was published, abstracts were received, evaluated and shortlisted for participation in the RFP and RFP documents were developed and published.

- The **RFA process** [redacted] participate in the RFP stage. The RFA process began in December 2019 with materials development and concluded in June 2020 with an approved shortlist to proceed to RFP and notifications to bidders.

- The **RFP process** began in July 2020 with development of the CC RFP documents and forms. The RFP was published on September 3rd and bidder proposals are due on October 2nd.

1.2 Timing

Timing of the key milestones throughout the solicitation process has been in alignment with PRG Solicitation Guidelines and is consistent with the shared IOU Dynamic Schedule that is posted on PEPMA and linked through CAECC.

PG&E originally hoped that release of the RFP could occur simultaneously with bidder notification regarding RFA selection. This attempt to speed up the two-stage solicitation process would have required development of the RFP package concurrent with evaluation of RFA bids. It became apparent in June that this would not be feasible, and PG&E revised the schedule to allow more time for thoughtful development of the RFP.

Table 1.1: Key Milestones

Milestones	Completion Date	Expected Completion Date
RFA Stage		
RFA distributed to Bidders	April 6, 2020	April 6, 2020
Abstract submissions due	May 15, 2020	May 15, 2020
Notification to Bidders of advancement to RFP stage	July 2-3, 2020	July 8, 2020
RFP Stage		
RFP distributed to Bidders	September 4, 2020	July 8, 2020
Proposal submissions due	October 2, 2020	August 14, 2020
Notification to Bidders of advancement to negotiations		November 20, 2020
Contracting Stage		
Contract negotiation and development		December 7, 2020 – Feb 4, 2021
Final award, contract signed		April 8, 2021
Submit Advice Letter		April 15, 2021

1.3 Key Observations

Table 1.2: Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
Adequacy of current target budget for program scope and statewide coverage	Career Connections budget was reduced by half just before publishing RFA. A non-lead IOU and the IE expressed concerns about adequacy of the budget to achieve outcomes sought. PG&E responded that budget targets in solicitation are indicative, and that depending on how bidders respond to meet the objectives of the solicitation, budget could be reconsidered as appropriate at a next stage.	IE agrees with PG&E's approach of waiting to see how bidders respond before reconsidering budget of final programs that will be selected. While pricing is generally firmed up in the RFP stage of a solicitation, IE recommended that PG&E consider and report back on this issue as part of the RFA shortlisting process.	RFA responses indicated that the market believes that it would be possible to successfully run a statewide Career Connections program at the target budget level. There were a range of bidder responses to the budget target proposed. Most bidders proposed programs in line with or close to the published [redacted]
[redacted]			

Table 1.2: Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
[redacted]			

2. Solicitation Outreach and Bidder Response

2.1 Bidder Outreach and Response to Solicitation

The Career Connections program is fairly specialized, requiring expertise in K-12 educational practices and standards as well as energy efficiency. Due to this, PG&E expected a successful CC RFA to result in ~[redacted].

To meet or exceed these expectations, PG&E took actions to notify potential bidders. PG&E

published the solicitation and all associated materials on the PG&E solicitations webpage and in PowerAdvocate. PG&E also sent out notice of the solicitation to their supplier diversity service list and to a CPUC service list with wide distribution.

In addition to these standard outreach practices, WE&T staff worked with their peers from the other IOUs to develop a list of WE&T-specific organizations and contacts who received email notification about the RFA from PG&E Sourcing. The list included both organizations that might be potential bidders as well as entities that could further distribute information about the solicitation to potential bidders.

Responses exceeded IOU expectations for participation, as shown in the table below.

Table 2.1: Solicitation Response	
Career Connections	**No.**
Abstracts Expected	[redacted]
Abstracts Received	
Abstracts Disqualified	
Abstracts Shortlisted	
Proposals Received	

2.2 Bidder's Conference & Q&A

PG&E hosted bidders conferences within 1-2 weeks of posting the RFA and RFP solicitations, which were well attended and effectively facilitated. PG&E answered bidder questions received before, during and after these events quickly and accurately. PG&E solicited IE review and addressed feedback on answers prior to posting.

Each bidders conference addressed both of the statewide WE&T solicitations in progress (CC and the Career and Workforce Readiness solicitation). Since there were some bidders and questions in common between the two solicitations, data reported in the table below reflect the combined totals.

Table 2.2: Bidders Conferences	
RFA Bidders conference date	April 17, 2020
Number of attendees	[redacted]
Number of questions received	94
RFP Bidders conference date	September 9, 2020
Number of Attendees	[redacted]
Number of questions received	47

2.3 Solicitation Design Assessment

The solicitation has been designed to effectively source a statewide Career Connections program that will meet the needs laid out in PG&E's approved Business Plan and contribute to meeting WE&T overarching goals and metrics.

As planned and executed to date, the solicitation process will be in accordance with CPUC-adopted IOU Solicitation Plan, including using a two-stage RFA/RFP process and allowing IE/PRG oversight of all aspects of the solicitation.

3. RFA and RFP Design and Materials Assessment

3.1 RFA Design Requirements and Materials

RFA documents were thoughtfully designed to strike an appropriate balance of gathering information that is essential for assessing abstracts, while not requesting the more detailed information that will be needed at the RFP stage. [redacted] Information requested from bidders in the Narrative and Data Forms they submit is narrowly constrained just to those items needed to assess if the abstract describes a program design, team and scale of effort (cost) that has the potential for success.

3.2 RFP Design Requirements and Materials

The IE actively monitored PG&E's RFP development process, participating in internal and external meetings and providing real time feedback as documents were developed.

- The PMO team effectively engaged PG&E's internal WE&T team in detailed review and solicited their expert input on General Instructions, the Narrative Response Form and Data Response Form for both RFPs.
- PG&E solicited feedback on the full RFP packages from WE&T leads at the other IOUs in mid-August. IOUs all responded with no comments or concerns.

GWE provided final review and confirmed that PG&E had addressed all outstanding, tracked comments on solicitation documents. Because of the collaborative development process, there were very few issues or tracked comments noted in IE review of the full RFP package. The documents directly address information needs that were noted following scoring of the WE&T RFAs (listed in Table 1.2: Issues and Observations), incorporate lessons learned from prior solicitations and are well-designed to support effective scoring and selection.

3.3 Response to PRG and IE Advice

RFA

The IE, PRG and the other IOUs provided feedback and advice, which was incorporated as appropriate into the final RFA design and materials. There were no areas of disagreement, and

PG&E adopted all recommendations.

RFP

Great Work Energy reviewed documents against the new PRG Checklist for RFPs and confirmed that the most current PRG guidelines had been appropriately addressed within the RFP packages.

As was noted and discussed at the RFA stage of these solicitations, some of the PRG guidelines are not directly applicable for non-resource programs as written. For these items, PG&E consistently carried through decisions made at the RFA stage about how best to apply the guideline to these solicitations, and these were clearly identified for PRG in the RFP checklist. [redacted] The importance of these topics has not been diminished, but they were tuned to better fit these particular solicitations. PG&E was thoughtful in this effort, and the PRG reviewed and confirmed that all items has been addressed effectively.

Following the PRG in August at which the RFP materials were presented, PG&E received two questions/concerns regarding the RFPs from PRG. In response to this feedback, PG&E made edits to RFP documents, including:

- Informing bidders that Business Plans would be updated in late 2021, but that changes were not expected to affect the overall vision, strategy or metrics for the WE&T programs.
- Adding a question about scalability of program design and outcomes to the Budget section of the Narrative Response Form.

PG&E adopted all recommendations, PRG had no further feedback or comments, and the RFP materials were posted to Power Advocate on September 3, 2020.

4. Bid Evaluation Methodology

4.1 Bid Screening Process

The RFA General Instructions state that "abstracts will be disqualified for failure to comply with RFA instructions including, but not limited to:

- The abstract is substantively incomplete, does not follow formatting requirements or exceeds length limitations;
- The Abstract is not responsive to the objectives and requirements of this RFA;
- PG&E determines that a conflict of interest exists."

The RFP General Instructions state that "proposals will be disqualified for failure to comply with these RFP instructions which include, but are not limited to:

- The proposal was not invited to participate in the RFP by PG&E after having been selected in the Request for Abstract stage of the solicitation.

- The proposed program is materially different from what was described in the abstract selected, without explanation and justification.
- The proposal is substantively incomplete, does not follow formatting requirements or exceeds length limitations.
- The Proposal is not responsive to the objectives and requirements of this RFP.
- PG&E determines that a conflict of interest exists."

4.2 Scoring Rubric Design

RFA

[redacted]

Tier 1 Criteria	Tier 2 Criteria	Description	Tier 1 %	Tier 2 %	MAX Points
Program Concept	Alignment with Scope	Program aligns with the CWR/CC desired outcomes and aligns with future portfolio vision laid out in the IOUs' Business Plans and metrics.	45%	25.0%	11.25
	Program Design	Abstract provides a clear and comprehensive description of the program design and program theory. Abstract includes statewide geographic reach and statewide approach, includes market insights and understanding, incorporates IDSM, and serves target audience specified in the General Instructions in all IOUs' territories.		50.0%	22.50
	Innovation	Abstract includes innovative program design elements that will support program effectiveness. If the proposal includes innovative features, the approach and rationale are included.		25.0%	11.25
Organization, Experience & Qualifications	Team Composition and Responsibilities	Abstract describes the organization structure (organization chart) required to implement the proposed program and identifies key roles and responsibilities of each role. Abstract identifies any external leveraged roles necessary to deliver program logic. Abstract identifies a team along with any partnerships and/or key subcontractors with capabilities essential for program execution.	45%	50%	22.50
	Prior Program Implementation Experience	Abstract demonstrates a successful non-resource program implementation track record relevant to WE&T and the CA EE market and/or relevant experience with energy education and training for K-12 students and/or curriculum design in English language development, mathematics, science, energy and career literacy and/or career-technical curriculum with demonstrated ability to support CDE Content Standards.		50%	22.50
Cost	Program Budget	Program budget provided includes total program budget, annual budget estimates, and breakdown between curriculum development, delivery, marketing and outreach, supplies, and administration. Program budget aligns with proposed scope of program and with budget available.	10%	50%	5.0
	Payment Structure	Payment structure is provided that provides distribution for how contract funds will be allocated across payment categories.		50%	5.0
TOTAL SCORE			100%		100

[redacted]

PG&E presented a draft of the RFA scoring criteria to PRG in January and received feedback stressing the importance of measurable outcomes and indicators to the success of this type of non-resource program. [redacted]

RFP

[redacted]

[redacted]

Tier-1 Criteria	Tier-2 Criteria	Scale	Tier 1 %	Tier 2 %	MAX Points
Program Design	Innovation	1 - 5	25%	5%	5
	Marketing, Outreach and the Participant Experience	1 - 5		5%	5
	EE Career Pathways	1 - 5		5%	5
	Curriculum & Training Materials	1 - 5		5%	5
	In-kind and/or leveraged resources	1 - 5		5%	5
Program Feasibility	Schedule & Key Milestones	1 - 5	30%	5%	5
	Staffing & Management	1 - 5		5%	5
	Commitment and clarity of role of Partners in proposed program	1 - 5		5%	5
	Risk mitigation strategy / Responsibility mapping	1 - 5		5%	5
	Evaluability and KPIs	1 - 5		10%	10
Performance & Cost	Program Budget & Costs	1 - 5	35%	10%	10
	Quantifiable Outcomes	1 - 5		15%	15
	Compensation structure & risk	1 - 5		10%	10
Supply Chain Responsibility	Diverse Supplier (includes SBE)	1 - 5	10%	10%	10
TOTAL SCORE			100%	100%	100

4.3 Evaluation Team Profile

For both the RFA and RFP, PG&E followed similar processes to recruit and effectively train qualified scorers.

- PG&E provided information about the qualifications for scoring team members to the IE for review, including name and current role in the company and bios and resumes. The teams appeared to be well qualified to effectively score the abstracts or proposals.
- PG&E provided score team training which familiarized reviewers with the components of the scorecard and RFA/RFP documents, goals and objectives of the solicitation, company procurement policies, and the third-party solicitation process and roles. Code of conduct rules were made clear to all scorers, particularly as it relates to their day to day communications with implementers of existing programs who are also bidding on new programs.
- RFP scoring prep included mock scoring and a mock calibration session that allowed the team to become familiar with the documents, practice applying the scoring methodology and build a shared understanding of the established scoring criteria.

For the RFA, PG&E recruited [redacted]. All scorers reviewed and scored the entire abstract. PG&E confirmed that scorers had no conflicts of interest, and there were no conflict of interest violations or issues during the scoring and calibration process.

[redacted]

For the RFP, PG&E [redacted]

[redacted]

4.4 Response to PRG and IE Advice

PG&E was open and responsive to PRG and IE advice regarding the scoring rubric and methodology in both the RFA and RFP. All IE and PRG recommendations were adopted.

Overall, the narrow focus on program design and bidder qualifications in the RFA appeared well aligned with CPUC's intent for lower complexity and effort in the first stage of solicitations. In the RFP, with the input of PRG and the IE, [redacted]

5. Bid Evaluation and Selection

5.1 Conformance with Established Evaluation Processes

PG&E conformed with planned and established evaluation processes for the RFA.

- PG&E screened non-conforming bids according to their established and published bid screening criteria. PG&E's overall position on screening out bids was inclusive, in bidders' favor, and if there was any doubt about eligibility, they chose to score bids. Bids screened out were clearly, unequivocally non-conforming according to the published General Instructions for the RFA. There were no bids screened out in the CC RFA.
- PG&E evaluated abstracts using the established scoring criteria and processes, with no deviations. The integrity of the process was upheld throughout the review and scoring phase.
- GWE observed that PG&E scorers demonstrated diligence and care in their assigned individual scoring responsibilities and calibration meetings.
- [redacted]
- [redacted]

5.2 Management of Deficient Bids

To ensure fairness, PG&E did not take any actions to rectify deficiencies associated with individual bids during the RFA evaluation process. Bids were screened out or scored based on what was submitted.

5.3 Shortlist and Final Selections

Conformance with Established Evaluation Processes

RFA

[redacted]

[redacted]

Response to PRG and IE Advice on Shortlists and Selection

RFA

There were no areas of disagreement between the IOU and the IE/PRG regarding RFA shortlist and bids selected to advance to RFP.

Great Work Energy's assessment of individual bids and merits of the proposed shortlists lined up with the outcomes of PG&E's scoring process and resulting recommendations. All abstracts recommended to advance to RFP have the potential to eventually succeed in the solicitation.

PG&E presented the draft RFA shortlist for the solicitation to PRG in June 2020.
The PRG and IE considered the RFA shortlist to be fairly and appropriately drawn. PRG members had no feedback or further questions about PG&E's selections following the meeting.

5.4 Affiliate Bids and Conflict of Interest

No affiliate bids were received in the solicitation. Bidders were required to identify if they were a PG&E affiliate in the Data Response Form. PG&E checked the information submitted as one of the bid screening criteria in the RFA.

There has been no conflict of interest identified with any PG&E employee involved in the solicitation to date. PG&E consistently communicated the definition and importance of this topic to score team members and other staff involved in the solicitation.

6. Assessment of Selected Bids

IE assessment of the selected bid or bids will be reported in a future SAR, after the negotiations and contracting phase of the solicitation is complete.

7. Reasonableness of Contracting Process

IE assessment of the reasonableness of the contracting process will be reported in a future SAR, after the negotiations and contracting phase of the solicitation is complete.

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Statewide Workforce Education and Training: Career and Workforce Readiness Solicitation

Reporting Period: April 2020 through September 2020

Prepared by:
Great Work Energy

Disclaimer: This report includes highly sensitive and confidential information.

Statewide Workforce Education & Training: Career and Workforce Readiness

1. Solicitation Overview

1.1 Overview

Scope of Solicitation

Bidders will design and propose to implement a statewide, non-resource WE&T Career and Workforce Readiness (CWR) program that provide DW in the California IOU service territories with support services and technical training to enter the EE workforce. Successful CWR program(s) resulting from the solicitation will partner with and leverage the efforts of workforce development organizations for social services and non-EE skills training. [redacted]

Objectives of Solicitation

Bidders are requested to employ innovative approaches and strategies in order to achieve program outcomes including:

- Targeted participants are DW;
- Participants learn about EE best practices that they will use on the job;
- Participants become aware of EE/energy education and career pathways;
- Participants are placed in jobs where:
- The employer is undertaking energy efficiency work and/or energy efficiency projects,
- The participant applies their EE training within the first 6 months, and
- Participants remain employed for at least 12 months;
- Workforce training programs introduce/expand EE content for their students;
- Partnering workforce development organizations' goals are met/supported;
- New collaborations are established between EE technical training organizations and organizations that provide case management and job placement services;
- Training provided is relevant, timely and practical for both current and near future industry needs;
- Participant awareness of and preparation for emerging opportunities in a more integrated industry.

Milestones in the Solicitation Process to Date

The CWR solicitation is being conducted in accordance with CPUC requirements as a two-stage (RFA/RFP) process, with robust IE engagement and regular coordination with the PRG on all aspects of the solicitation. During the period of focus for this semi-annual report, the RFA was published, abstracts were received, evaluated and shortlisted for participation in the RFP and RFP documents were developed and published.

- The **RFA process** [redacted]
- The **RFP process** began in July 2020 with development of the CWR RFP documents and forms. The RFP was published on September 3rd and bidder proposals are due on October 2nd.

1.2 Timing

Timing of the key milestones throughout the solicitation process has been in alignment with PRG Solicitation Guidelines and is consistent with the shared IOU Dynamic Schedule that is posted on PEPMA and linked through CAECC.

PG&E originally hoped that release of the RFP could occur simultaneously with bidder notification regarding RFA selection. This attempt to speed up the two-stage solicitation process would have required development of the RFP package concurrent with evaluation of RFA bids. It became apparent in June that this would not be feasible, and PG&E revised the schedule to allow more time for thoughtful development of the RFP.

Table 1.1: Key Milestones		
Milestones	**Completion Date**	**Expected Completion Date**
RFA Stage		
RFA distributed to Bidders	April 6, 2020	April 6, 2020
Abstract submissions due	May 15, 2020	May 15, 2020
Notification to Bidders of advancement to RFP stage	July 2-3, 2020	July 8, 2020
RFP Stage		
RFP distributed to Bidders	September 4, 2020	July 8, 2020
Proposal submissions due	October 2, 2020	August 14, 2020
Notification to Bidders of advancement to negotiations		November 20, 2020
Contracting Stage		
Contract negotiation and		December 7, 2020 – Feb 4, 2021

Table 1.1: Key Milestones		
Milestones	**Completion Date**	**Expected Completion Date**
development		
Final award, contract signed		April 8, 2021
Submit Advice Letter		April 15, 2021

1.3 Key Observations

Table 1.2: Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	In RFP, request bidders provide samples reflective of proposed platforms, curriculum.	PG&E agreed and included recommendation in the final RFP package and scorecard.

Table 1.2: Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
[redacted]			

2. Solicitation Outreach and Bidder Response

2.1 Bidder Outreach and Response to Solicitation

The Career and Workforce Readiness program is fairly specialized, and new. In addition to providing energy education and job placement for DW, CWR is intended to leverage and engage workforce development partners who may not be aware of EE solicitation opportunities. Due to this, PG&E expected a successful CWR RFA [redacted].

To meet or exceed these expectations, PG&E took actions to notify potential bidders. PG&E published the solicitation and all associated materials on the PG&E solicitations webpage and in PowerAdvocate. PG&E also sent out notice of the solicitation to their supplier diversity service list and to a CPUC service list with wide distribution.

In addition to these standard outreach practices, WE&T staff worked with their peers from the other IOUs to develop a list of WE&T-specific organizations and contacts who received email notification about the RFA from PG&E Sourcing. The list included both organizations that might be potential bidders as well as entities that could further distribute information about the solicitation to potential bidders.

Responses exceeded IOU expectations for participation, as shown in the table below.

Table 2.1: Solicitation Response	
Career and Workforce Readiness	No.
Abstracts Expected	[redacted]

Table 2.1: Solicitation Response	
Career and Workforce Readiness	**No.**
Abstracts Received	[redacted]
Abstracts Disqualified	
Abstracts Shortlisted	
Proposals Received	

2.2 Bidder's Conference & Q&A

PG&E hosted bidders conferences within 1-2 weeks of posting the RFA and RFP solicitations, which were well attended and effectively facilitated. PG&E answered bidder questions received before, during and after these events quickly and accurately. PG&E solicited IE review and addressed feedback on answers prior to posting.

Each bidders conference addressed both of the statewide WE&T solicitations that are in process (CWR and the Career Connections solicitation). Since there were some bidders and questions in common between the two solicitations, data reported in the table below reflect the combined totals.

Table 2.2: Bidders Conferences	
RFA Bidders conference date	April 17, 2020
Number of attendees	[redacted]
Number of questions received	94
RFP Bidders conference date	September 9, 2020
Number of Attendees	[redacted]
Number of questions received	47

2.3 Solicitation Design Assessment

The solicitation has been designed to effectively source a statewide CWR program that will meet the needs laid out in PG&E's approved Business Plan and contribute to meeting WE&T overarching goals and metrics.

As planned and executed to date, the solicitation process will be in accordance with CPUC-adopted IOU Solicitation Plan, including using a two-stage RFA/RFP process and allowing IE/PRG oversight of all aspects of the solicitation.

3. RFA and RFP Design and Materials Assessment

3.1 RFA Design Requirements and Materials

RFA documents were thoughtfully designed to strike an appropriate balance of gathering information that is essential for assessing abstracts, while not requesting the more detailed information that will be needed at the RFP stage. [redacted] Information requested from bidders in the Narrative and Data Forms they submit is narrowly constrained just to those items needed to assess if the abstract describes a program design, team and scale of effort (cost) that has the potential for success.

3.2 RFP Design Requirements and Materials

The IE actively monitored PG&E's RFP development process, participating in internal and external meetings and providing real time feedback as documents were developed.

- The PMO team effectively engaged PG&E's internal WE&T team in detailed review and solicited their expert input on General Instructions, the Narrative Response Form and Data Response Form for both RFPs.
- PG&E solicited feedback on the full RFP packages from WE&T leads at the other IOUs in mid-August. IOUs all responded with no comments or concerns.

GWE provided final review and confirmed that PG&E had addressed all outstanding, tracked comments on solicitation documents. Because of the collaborative development process, there were very few issues or tracked comments noted in IE review of the full RFP package. The documents directly address information needs that were noted following scoring of the WE&T RFAs (listed in Table 87: Issues and Observations), incorporate lessons learned from prior solicitations and are well-designed to support effective scoring and selection.

3.3 Response to PRG and IE Advice

RFA

The IE, PRG and the other IOUs provided feedback and advice, which was incorporated as appropriate into the final RFA design and materials. There were no areas of disagreement, and PG&E adopted all recommendations.

RFP

Great Work Energy reviewed documents against the new PRG Checklist for RFPs and confirmed that the most current PRG guidelines had been appropriately addressed within the RFP packages.

As was noted and discussed at the RFA stage of these solicitations, some of the PRG guidelines are not directly applicable for non-resource programs as written. For these items, PG&E

consistently carried through decisions made at the RFA stage about how best to apply the guideline to these solicitations, and these were clearly identified for PRG in the RFP checklist. [redacted] The importance of these topics has not been diminished, but they were tuned to better fit these particular solicitations. PG&E was thoughtful in this effort, and the PRG reviewed and confirmed that all items has been addressed effectively.

Following the PRG in August at which the RFP materials were presented, PG&E received two questions/concerns regarding the RFPs from PRG. In response to this feedback, PG&E made edits to RFP documents, including:

- Informing bidders that Business Plans would be updated in late 2021, but that changes were not expected to affect the overall vision, strategy or metrics for the WE&T programs.
- Adding a question about scalability of program design and outcomes to the Budget section of the Narrative Response Form.

PG&E adopted all recommendations, PRG had no further feedback or comments, and the RFP materials were posted to Power Advocate on September 3, 2020.

4. Bid Evaluation Methodology

4.1 Bid Screening Process

The RFA General Instructions state that "abstracts will be disqualified for failure to comply with RFA instructions including, but not limited to:

- The abstract is substantively incomplete, does not follow formatting requirements or exceeds length limitations;
- The Abstract is not responsive to the objectives and requirements of this RFA;
- PG&E determines that a conflict of interest exists."

The RFP General Instructions state that "proposals will be disqualified for failure to comply with these RFP instructions which include, but are not limited to:

- The proposal was not invited to participate in the RFP by PG&E after having been selected in the Request for Abstract stage of the solicitation.
- The proposed program is materially different from what was described in the abstract selected, without explanation and justification.
- The proposal is substantively incomplete, does not follow formatting requirements or exceeds length limitations.
- The Proposal is not responsive to the objectives and requirements of this RFP.
- PG&E determines that a conflict of interest exists."

4.2 Scoring Rubric Design

RFA

[redacted]

Tier 1 Criteria	Tier 2 Criteria	Description	Tier 1 %	Tier 2 %	MAX Points
Program Concept	Alignment with Scope	Program aligns with the CWR/CC desired outcomes and aligns with future portfolio vision laid out in the IOUs' Business Plans and metrics.	45%	25.0%	11.25
	Program Design	Abstract provides a clear and comprehensive description of the program design and program theory. Abstract includes statewide geographic reach and statewide approach, includes market insights and understanding, incorporates IDSM, and serves target audience specified in the General Instructions in all IOUs' territories.		50.0%	22.50
	Innovation	Abstract includes innovative program design elements that will support program effectiveness. If the proposal includes innovative features, the approach and rationale are included.		25.0%	11.25
Organization, Experience & Qualifications	Team Composition and Responsibilities	Abstract describes the organization structure (organization chart) required to implement the proposed program and identifies key roles and responsibilities of each role. Abstract identifies any external leveraged roles necessary to deliver program logic. Abstract identifies a team along with any partnerships and/or key subcontractors with capabilities essential for program execution.	45%	50%	22.50
	Prior Program Implementation Experience	Abstract demonstrates a successful non-resource program implementation track record relevant to WE&T and the CA EE market and/or relevant experience with energy education and training for K-12 students and/or curriculum design in English language development, mathematics, science, energy and career literacy and/or career-technical curriculum with demonstrated ability to support CDE Content Standards.		50%	22.50
Cost	Program Budget	Program budget provided includes total program budget, annual budget estimates, and breakdown between curriculum development, delivery, marketing and outreach, supplies, and administration. Program budget aligns with proposed scope of program and with budget available.	10%	50%	5.0
	Payment Structure	Payment structure is provided that provides distribution for how contract funds will be allocated across payment categories.		50%	5.0
TOTAL SCORE			100%		100

[redacted]

PG&E presented a draft of the RFA scoring criteria to PRG in January and received feedback stressing the importance of measurable outcomes and indicators to the success of this type of non-resource program. To reinforce that bidders should be designing programs to achieve measurable outcomes, PG&E edited the RFA instructions in multiple places to emphasize this need and requested that this information be provided as part of the program logic (outputs and outcomes) requested, which is scored under Program Design. [redacted]

RFP

[redacted]

[redacted]

[redacted]

Tier-1 Criteria	Tier-2 Criteria	Scale	Tier 1 %	Tier 2 %	MAX Points
Program Design	Innovation	1 - 5	25%	5%	5
	Marketing, Outreach and the Participant Experience	1 - 5		5%	5
	EE Career Pathways	1 - 5		5%	5
	Curriculum & Training Materials	1 - 5		5%	5
	In-kind and/or leveraged resources	1 - 5		5%	5
Program Feasibility	Schedule & Key Milestones	1 - 5	30%	5%	5
	Staffing & Management	1 - 5		5%	5
	Commitment and clarity of role of Partners in proposed program	1 - 5		5%	5
	Risk mitigation strategy / Responsibility mapping	1 - 5		5%	5
	Evaluability and KPIs	1 - 5		10%	10
Performance & Cost	Program Budget & Costs	1 - 5	35%	10%	10
	Quantifiable Outcomes	1 - 5		15%	15
	Compensation structure & risk	1 - 5		10%	10
Supply Chain Responsibility	Diverse Supplier (includes SBE)	1 - 5	10%	10%	10
TOTAL SCORE			100%	100%	100

4.3 Evaluation Team Profile

For both the RFA and RFP, PG&E followed similar processes to recruit and effectively train qualified scorers.

- PG&E provided information about the qualifications for scoring team members to the IE for review, including name and current role in the company and bios and resumes. The teams appeared to be well qualified to effectively score the abstracts or proposals.
- PG&E provided score team training which familiarized reviewers with the components of the scorecard and RFA/RFP documents, goals and objectives of the solicitation, company procurement policies, and the third-party solicitation process and roles. Code of conduct rules were made clear to all scorers, particularly as it relates to their day to day communications with implementers of existing programs who are also bidding on new programs.
- RFP scoring prep included mock scoring and a mock calibration session that allowed the team to become familiar with the documents, practice applying the scoring methodology and build a shared understanding of the established scoring criteria.

For the RFA, PG&E [redacted]. PG&E confirmed that scorers had no conflicts of interest, and there were no conflict of interest violations or issues during the scoring and calibration process.

Table 4.1: [redacted]		
Position Title	Position Role	Area Scored
[redacted]		

For the RFP, PG&E [redacted] In addition, PG&E recruited [redacted] using their standard methodology.

[redacted]

4.4 Response to PRG and IE Advice

As described above, PG&E was open and responsive to PRG and IE advice regarding the scoring rubric and methodology in both the RFA and RFP. All IE and PRG recommendations were adopted.

Overall, the narrow focus on program design and bidder qualifications in the RFA appeared well aligned with CPUC's intent for lower complexity and effort in the first stage of solicitations. In the RFP, PG&E [redacted].

5. Bid Evaluation and Selection

5.1 Conformance with Established Evaluation Processes

PG&E conformed with planned and established evaluation processes for the RFA.

- PG&E screened non-conforming bids according to their established and published bid screening criteria. PG&E's overall position on screening out bids was inclusive, in bidders' favor, and if there was any doubt about eligibility, they chose to score bids. Bids screened out were clearly, unequivocally non-conforming according to the published General Instructions for the RFA. One abstract submitted was determined to be ineligible in the CWR RFA, which is addressed in more detail below.

- PG&E evaluated [redacted]
- GWE observed that PG&E scorers demonstrated diligence and care in their assigned individual scoring responsibilities and calibration meetings.
- [redacted]
- [redacted]

[redacted] At PG&E's request, GWE performed further review and consideration of the solicitation general instructions and the submitted abstract. [redacted] PG&E agreed with and adopted this recommendation.

5.2 Management of Deficient Bids

To ensure fairness, PG&E did not take any actions to rectify deficiencies associated with individual bids during the RFA evaluation process. Bids were screened out or scored based on what was submitted.

5.3 Shortlist and Final Selections

Conformance with Established Evaluation Processes

RFA

[redacted] These were in alignment with the individual scorer's evaluations of the bids, so the outcomes made sense to all reviewers. No adjustments were proposed or made; the shortlists proposed were simply based on the ranking of bids. [redacted] were selected to participate in the RFP.

Response to PRG and IE Advice on Shortlists and Selection

RFA

There were no areas of disagreement between the IOU and the IE/PRG regarding RFA shortlist and bids selected to advance to RFP.

Great Work Energy's assessment of individual bids and merits of the proposed shortlists lined up with the outcomes of PG&E's scoring process and resulting recommendations. All abstracts recommended to advance to RFP have the potential to eventually succeed in the solicitation. The PRG and IE considered the RFA shortlist to be fairly and appropriately drawn. PRG members had no feedback or further questions about PG&E's selections following the meeting.

5.4 Affiliate Bids and Conflict of Interest

No affiliate bids were received in the solicitation. Bidders were required to identify if they were a PG&E affiliate in the Data Response Form. PG&E checked the information submitted as one of the bid screening criteria in the RFA.

There has been no conflict of interest identified with any PG&E employee involved in the solicitation to date. PG&E consistently communicated the definition and importance of this topic to score team members and other staff involved in the solicitation.

6. Assessment of Selected Bids

IE assessment of the selected bid or bids will be reported in a future SAR, after the negotiations and contracting phase of the solicitation is complete.

7. Reasonableness of Contracting Process

IE assessment of the reasonableness of the contracting process will be reported in a future SAR, after the negotiations and contracting phase of the solicitation is complete.

Energy Efficiency Independent Evaluators' Semi-Annual Report on the

Statewide California Partnership Solicitation

Reporting Period: April 2020 through September 2020

Prepared by:
Don Arambula Consulting

Disclaimer: This report includes highly sensitive and confidential information.

Statewide California Partnership

1. Solicitation Overview

1.1 Overview

Scope

PG&E, on behalf of the funding California investor-owned utilities, is soliciting for innovative energy efficiency resource program(s) that achieve immediate and long-term, persistent, and comprehensive energy savings for California State Agencies, supporting the state's goals to deliver significant decarbonization in its operations and facilities. These sustainability goals are outlined in California's Executive Order B-18-12, including a target of achieving zero-net energy in 50 percent of the square footage area of the existing state-owned buildings by 2025.[159, 160]

The proposed program outcomes should also be considered in the broader context of California's decarbonization and building-sector goals, as defined in Senate Bill (SB) 350, SB 100, SB 1477, and Assembly Bill (AB) 3232. Proposed programs may target multiple or individual state agencies (e.g., California Department of Corrections and Rehabilitation or Department of General Services) but should address the wide variety of facility types owned and operated by state agencies.

Historically, programs involving California State Agencies have fallen under two categories:

- California Department of Corrections and Rehabilitation (CDCR): These projects are typically larger, multi-year engagements, bid to and implemented by Energy Services Companies (ESCOs).
- Department of General Services (DGS) and other State Agencies: These projects tend to range in size and type depending on the size of the facility, and have been a mix of ESCO implemented projects, bundled programs, turnkey on-bill financing, and direct install.

The IOUs wish to build on existing relationships with state agencies and departments to deliver cost-effective energy savings to state-owned and operated facilities and help State Agency facility managers increase their capacity to act on energy efficiency projects.

Objectives

Proposals are expected to reflect the urgency of meeting the state's decarbonization goals through energy efficiency projects at its own facilities and include solutions for known market and industry barriers to State Agency customer participation. The bidder should demonstrate the flexibility needed to address climate zones, varying agency procurement and budgeting constraints, and variety of facility types within the scope of the proposal. [redacted]

159 Governor Brown's Executive Order B-18-12: https://green.ca.gov/Buildings/resources/executiveOrder/

160 California Department of Corrections and Rehabilitation Sustainability Roadmap 2018-2019:
h 9_Consolidated_CDCR_SustainabilityRoadmap.pdf

[redacted] principles described in CPUC's Decision 18-05-041[161] on including EE/DR integration opportunities. Bidders may also consider the CPUC's Decision 19-08-009 Modifying the Energy Efficiency Three-Prong Test Related to Fuel Substitution, as it relates to the ability to meet the objectives of this solicitation.

1.2 Timing

The LGP program solicitation schedule is consistent with the joint IOU program solicitation schedule presented on the CAEECC website. The RFA was released in May 2020 and the RFP was released in September 2020. Contract negotiations and contract execution are planned for Quarter 1 of 2021. The timing of these major milestones is consistent with the current joint IOU dynamic schedule presented on the CAEECC website.[162] A list of key solicitation milestones and expected completion dates are presented in the table below. Unless otherwise noted, all milestone dates as of this Report were met or on schedule.

Table 1.2: Key Milestones	
Milestones	**Completion Date**
RFA Stage	
RFA distributed to Bidders	May 13, 2020
Bidders Conference (webinar only)	May 21, 2020
Deadline to submit written questions to PG&E *	May 27, 2020
PG&E Response to Bidder Questions *	June 1, 2020
Abstract submissions due in PowerAdvocate	June 24, 2020
RFA selection and notification to Bidder advancing to RFP stage	July 31, 2020
RFP Stage	
RFP distributed to Bidders	September 6, 2020
Bidders Conference (optional, via webinar)	September 21, 2020
Deadline to submit written questions to PG&E	September 25, 2020
PG&E Response to Bidder Questions	September 30, 2020
Proposal submissions due in PowerAdvocate	October 21, 2020
Selections & Contracting Stage	
PG&E shortlist selections and notification to respondents	November 30, 2020
Contract negotiations	December - January 2021
PG&E final selections	January 2021

161 FOF 3 and 9 and COL 9, pp. 29-37.

162 Third-Party Solicitation Information, https://www.caeecc.org/third-party-solicitation-process

Table 1.2: Key Milestones	
Milestones	**Completion Date**
Program Launch	Q3 2021
* - PG&E extended deadline due technical issues accessing PowerAdvocate.	

1.3 Key Observations

Table 93 presents key observations made by the IE during the solicitation during this reporting period (May through September 2020). The IE shared these key recommendations and others with the IOU and PRG throughout the reporting period. The IOU was provided an opportunity to review, consider, and accept or reject these recommendations.

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
RFA			
[redacted]			
Solicitation Budget	[redacted]		

Table 1.3: Key Issues and Observations			
Topic	**Observation**	**IE Recommendation(s)**	**Outcome (IOU Action/Response)**
	[redacted]		
RFP			
IOU Account Mgmt. Support	IOU customer account mgmt. support has been an integral component in prior SW CAP offerings. The RFP does not list standard or optional IOU support services available to the bidders nor any cost.	[redacted]	
Contract Negotiations			
[redacted]			

2. Solicitation Outreach and Bidder Response

2.1 Bidder Response to Solicitation

Overall, the solicitation received strong interest from the targeted potential bidder pool. PG&E's active communications to all existing Partners for many months leading up to the solicitation appeared to help generate bidder participation.

Table 2.1: Solicitation Response	
	No.
Abstracts Expected	[redacted]
Abstracts Received	
Abstracts Disqualified	
Proposals Expected	
Proposals Received	
Proposals Disqualified	

2.2 Bidder's Conference and Q&A

Table 2.2: Bidder Conferences	
RFA Bidder Conference Date	May 21, 2020
No. of Attendees	[redacted]
No. of Q&A Received	23
RFP Bidder Conference Date	September 6, 2020
No. of Attendees	[redacted]
No. of Q&A Received	25

RFA

PG&E held an RFA Bidders' Conference on May 21, 2020. Potential bidders had ample time during the conference to ask questions. Bidders were also provided an opportunity after the conference to provide written questions. PG&E extended the deadline to submit questions to June 1, 2020 because a bidder had technical issues with PG&E's online solicitation platform, PowerAdvocate. The IOU conferred with the IE prior to extending the deadline.

PG&E received 23 questions covering an array of topics including: contract length, coordination with Regional Energy Networks, access to customer's building energy usage data, targeted customer, and general RFA instructions such as license requirements and access to PG&E's PowerAdvocate solicitation system. The IE was provided an opportunity to review PG&E's draft response to each question prior to its release to the bidders. The responses were complete and accurate. The IE recommended minor adjustments to a few draft responses and PG&E accepted the IE's recommendations. PG&E provided responses to all bidder questions by June 3, 2020 which was within the acceptable parameters recommended by the PRG.

RFP

PG&E held an RFP Bidders' Conference on September 21, 2020. As with the prior bidders' conference, invited bidders had ample time during the conference to ask questions. Bidders were also provided an opportunity after the conference to provide written questions. Bidder questions were due on September 25, 2020. PG&E received 25 questions covering an array of topics including: number of bidders, disadvantage communities, IOU program governance, funding levels, on-bill financing funding source, IOU account management cost, KPIs, program launch date, and general RFP instructions such as license requirements. The IE was provided an opportunity to review PG&E's draft response to each question prior to release to bidders. The responses were complete and accurate. The IE recommended minor adjustments to a few draft responses, and PG&E accepted the IE's recommendations. PG&E provided responses to all bidder questions by September 30, 2020.

2.3 Solicitation Design Assessment

The solicitation design met PG&E's intended need to procure a program to deliver the Statewide California Partnership that directly supports an increase in energy efficiency adoption for the state of California.

PG&E's Statewide California Partnership solicitation generally conforms with the CPUC requirements for a competitive, two-stage solicitation with oversight from its PRG and active monitoring of all solicitation activities by the IE. [redacted][163] [redacted], PG&E clearly identified to potential bidders that final selections would be based on competitive contract negotiations.[164]

3. RFA and RFP Design and Materials Assessment

3.1 RFA Design Requirements and Materials

PG&E's RFA design balanced the need for information to evaluate bidder abstracts and the resource burden on the bidder in responding to the RFA.

PG&E, in collaboration with the IE, reduced the RFA [redacted] Bidders responded to 18 questions with preset word limitations for each question. The focused abstract requirements allowed the bidders to concisely present their program concept and the IOU to evaluate the bids efficiently and effectively. Under a two-stage solicitation approach, abstract requirements focused on the most important program design elements, which should be the norm for all future solicitations.

The IE provided 22 discrete comments to PG&E on its draft RFA materials including the evaluation scoring rubric. All recommendations were accepted by PG&E.

163 Pacific Gas and Electric Company (U 39-M) Third Party Solicitation Process Proposal, dated August 7, 2017, Section VI.B, pp. 21-22.

164 RFA, Section 4, p. 21.

3.2 RFP Design Requirements and Materials

Overall, the RFP did not impose excessive requirements upon the bidder. Consistent with PG&E's RFA design, the RFP balanced the need for information to evaluate bidder proposals and the burden on the bidder in responding to the RFP. The RFP included general instructions and a Response Form (narrative and data), along with the applicable CPUC standard and modifiable contract terms and conditions. PG&E also presented its proposed Company-specific terms and conditions for bidder consideration. PG&E asked bidders to provide responses to 34 questions and to populate program-related estimates in a workbook template. The RFP imposed reasonable word-limits that allowed ample opportunity to provide a clear and complete response.

The IE provided 31 discrete comments and corresponding recommendations, all but 3 of which were all accepted by PG&E. The comments were primarily focused on improving the quality and compliance of the RFP's general instructions, narrative response form and the scoring framework.

3.3 Response to PRG and IE Advice

RFA and RFP

Overall, PG&E was very receptive to all input provided by the IE and the PRG throughout the development and implementation of the solicitation. Nearly all comments were accepted, and recommendations incorporated by the IOU.

One of the more significant recommendations accepted by the IOU was the request to increase the solicitation [redacted]. Specifically, the IE asked PG&E to revisit the Statewide CAP budget with the other IOUs during the annual budget advice filing process. The IE noted that it is likely other statewide EE programs may see a downward adjustment to their budgets (e.g., Statewide Lighting, Statewide Plug Load and Appliances) over the next few years in response to reductions to energy savings estimates presented in recent CPUC load impact studies. [redacted]

PG&E also responded to the PRG's recommendation to include disadvantaged communities.

Below is a list of recommendations that were not adopted by PG&E and its rationale for not doing so.

- [redacted]
- [redacted]

[redacted]

- [redacted]

4. Bid Evaluation Methodology Assessment

4.1 Bid Screening Process

RFA

PG&E screened all bids prior to scoring. The IE confirmed the IOU's process. PG&E screened abstracts for:

- The Abstract is substantively incomplete or exceeds page length limitations;
- The Abstract is not responsive to the objectives and requirements of this RFA; or
- PG&E determines that a conflict of interest exists.

RFP

Not applicable to this reporting period.

4.2 Scoring Rubric Design

RFA

[redacted]

[redacted]

RFP

The activities addressed in this section are pending and will be addressed in a future Semiannual Report.

4.3 Evaluation Team Profile

RFA

PG&E held a group training session for the scoring team prior to evaluating the abstracts. The training included an overview of the RFA, conformance with the Company's code of conduct including the conflict of interest policies, scoring criteria, and scorecard. There were no conflicts of interest reported by PG&E or its team members. Below was the make-up of PG&E's evaluation team.

Table 4.2: IOU Evaluation Team		
Position Title	**Position Role**	**Area Scored**
[redacted]		

RFP

The activities addressed in this section are pending and will be addressed in a future Semiannual Report.

4.4. Response to PRG and IE Advice

RFA

[redacted]

RFP

The activities addressed in this section are pending and will be addressed in a future Semiannual Report.

5. Bid Evaluation and Selection

5.1 Conformance with Established Evaluation Processes

RFA

The IE monitored the RFA evaluation process including the team calibration meeting. The calibration meeting is held to address any significant differences among scorers for discrete scoring elements. Team members are encouraged to share how they applied the scoring guidelines for a bidder response to a given scoring element. Data input errors can also be discovered at this time. Team members, at their own discretion, may adjust their initial score to correct for misapplication of the scoring guidelines or misunderstanding of the bidder's response. [redacted] The IE did not see any team member force their perspective onto others during the calibration. Discussions were well-reasoned, professional and at no time were any team members forced into changing their score. The IE had no significant disagreements with the score team's assessment of the abstract evaluated.

The IOU used the final aggregate team scores to rank abstracts. PG&E looked for natural breaks among scores to identify the bidder shortlist. PG&E's process was sound and reasonable and resulted in inviting those bidders who received the highest scores into the RFP stage.

The IOU presented its RFA shortlist selection to the PRG during the monthly PRG meeting. The IOU discussed the rationale of its selection and the IE confirmed that it had monitored all aspects of the evaluation process including attending PG&E's shortlist meeting. [redacted] Also, some PRG members encouraged PG&E to hold cost-effectiveness training as part of the RFP stage. The IOU indicated that it will provide feedback to the bidders on their cost-effectiveness showings during evaluation period. Ultimately, the PRG did support PG&E's final shortlist.

RFP

The activities addressed in this section are pending and will be addressed in a future Semi-Annual Report.

5.2 Management of Deficient Bids

PG&E received one deficient bid as part of the LGP RFA. [redacted] The IE supports the IOU's decision to not move that bid into the RFA evaluation phase.

5.3 Shortlist and Final Selections

The activities addressed in this section are pending and will be addressed in a future Semi-Annual Report.

5.4 Affiliate Bids and Conflict of Interest

The CPUC, in Decision 05-01-055, prohibits any transaction between a California IOU and any program implementer for EE that is a California affiliate of an IOU. PG&E required all bidders to acknowledge that they are not an affiliate of any IOU. There was no instance where a California IOU affiliate participated as a bidder in the solicitation.

Additionally, as part of PG&E's evaluation team instructions, PG&E directed each team member to identify any potential conflict of interest with participating bidders. None were identified as part of this solicitation.

6. Assessment of Selected Bids

The activities addressed in this section are pending and will be addressed in a future Semi-Annual Report.

7. Reasonableness of Contracting Process

The activities addressed in this section are pending and will be addressed in a future Semi-Annual Report.