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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking for Oversight of Energy Efficiency Portfolios, Policies, Programs, and Evaluation.	Rulemaking 25-04-010 (Filed April 24, 2025)

PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 M) ENERGY EFFICIENCY SEMI-ANNUAL INDEPENDENT EVALUATOR'S REPORT

PUBLIC VERSION

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Dated: June 27, 2025

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Pursuant to Decision (D.) 18-01-004, Ordering Paragraph (OP) 5, and on behalf of its independent evaluator (IE), 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 IEs are required by D.18-01-004, OP 5(c) to submit a semi-annual report on the overall third-party solicitation process for PG&E, Southern California Edison Company, San Diego Gas & Electric Company, 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

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

concerns PG&E's third-party solicitation process, PG&E provided minimal input in its preparation.

Respectfully Submitted,

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By: */s/ Eric Sezgen*
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Date: June 27, 2025

ATTACHMENT A

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

Energy Efficiency Independent Evaluators' Semiannual Report

Pacific Gas and Electric Company

Third-Party Energy Efficiency Program Solicitations

Reporting Period: October 2024 through March 2025

Prepared by:
Don Arambula Consulting
EAJ Energy Advisors, LLC
Great Work Energy
Tierra Resource Consulting

June 2025

Disclaimer: This Report includes sensitive and confidential information.

ENERGY EFFICIENCY INDEPENDENT EVALUATORS' SEMIANNUAL REPORT

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I. Overview

A. Purpose

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

Each 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). For the entire solicitation process, the IE serves as a consultant to the PRGs, participates in PRG meetings, and provides assessments of the overall third-party solicitation process and progress. The IEs are privy to viewing all submissions, 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 semiannual report on the overall process and conduct of the third-party solicitations be filed in the relevant EE rulemaking proceeding. This Report is provided in response to this requirement and represents an assessment of the program solicitation activities conducted from October 1, 2024, through March 31, 2025, unless otherwise indicated. This Report is intended to provide feedback to PG&E, the PRG, and other stakeholders on the progress of PG&E's EE program solicitations in compliance with this CPUC direction.

This Report identifies areas for improvement and highlights effective practices noted by the IEs based on PG&E's current program solicitations. The Report does not replace the required Final IE Solicitation Reports, which the assigned IE will provide to PG&E and its PRG after each solicitation. These reports will be filed periodically throughout PG&E's entire third-party solicitation process.

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.[1]

In January 2018, the CPUC adopted Decision 18-01-004 directing the four California IOUs, San Diego Gas & Electric (SDG&E), PG&E, Southern California Edison (SCE), and Southern California Gas Company (SoCalGas), to assemble an EE PRG.[2] The IOU's PRG, a CPUC-endorsed entity, is composed of non-financially-interested parties representing diverse stakeholder interests, as well as Commission staff, including CalPA. The PRG oversees the IOU's EE solicitation process (both local

[1] Decision 16-08-019, OP 10.
[2] Decision 18-01-004, OP 3.

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 periodically[3] throughout the process on topics including the development of Request for Abstract (RFA) and Request for Proposal (RFP) language, abstract and proposal evaluation, contract negotiations, and the development of the program's Implementation Plan.

Minimum Threshold Requirement for Third-party Programs

In Decision 18-01-004, the CPUC directed the IOUs to ensure their EE portfolios contain minimum percentages of third-party designed and implemented programs by predetermined dates.[4] In November 2019, the CPUC granted IOUs various extension requests to meet the CPUC's initial 25% threshold requirement [5]due to delays with the initial phases of the third-party solicitation efforts. Beginning December 31, 2022, the IOUs must maintain at least 60% of third-party programs within their EE portfolios. The IOUs are required to list their current third-party contracts, including an aggregate dollar value, in their Annual Energy Efficiency Reports on the CPUC's CEDARS reporting system.[6]

Guidance Letter from the Energy Division

On March 11, 2020, the Energy Division provided additional guidance to the IOUs in response to concerns raised during the semiannual CPUC-hosted public workshops about solicitation delays:

<u>Solicitation Schedules</u>

- 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 of bidders' invitation to contract negotiation.
- Execute the contract 12 weeks after the invitation to contract negotiation unless IOU conducts multiple negotiations within the same solicitation, the program is complex, or the agreement addresses challenging contract elements.
- Update the solicitation schedules in the next quarterly update.

<u>RFA Guidance</u>

- Adhere to the intent of the RFA stage explained in Decision 18-01-004.

[3] At monthly PRG meetings and off-cycle meetings as needed.
[4] Decision 18-01-004, OP 1.
[5] 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.
[6] Decision 18-01-004, OP 8.

- Refrain from requesting excessive detail in the RFA stage.

IOU Communication to Bidders

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

Energy Efficiency Portfolio Segments and Total System Benefits

In Decision 21-05-031, the CPUC approved significant changes to energy efficiency policy, most notably adopting a new metric for energy efficiency programs called Total System Benefit (TSB) and segmenting the energy efficiency portfolios into programs whose primary purpose are Resource Acquisition, Market Support, or Equity.[7] Program Administrators are required to apply the TSB metric to program years 2024 and beyond.[8] Generally, IOUs will conduct a solicitation for programs within one of these portfolio segments. A summary of the key objectives for each portfolio segment is presented below.

- **Resource Acquisition –** Programs with a primary purpose and a short-term ability to deliver cost-effective, avoided cost benefits to the electricity system. Short-term is defined as the period during which the budget period for the portfolio is approved. This segment should make up the bulk of savings to achieve Total System Benefits goals.
- **Market Support** – Programs with a primary objective of supporting the long-term success of the energy efficiency market by educating customers, training contractors, building partnerships, or moving beneficial technologies towards greater cost-effectiveness.
- **Equity**—Programs with a primary purpose of serving hard-to-reach or underserved customers and disadvantaged communities in advancing the Commission's Environmental and Social Justice Action Plan; the objectives of such programs may include increasing customer safety, comfort, resiliency, and/or reducing customers' energy bills.

[7] Decision 21-05-031, OP 2.
[8] Id, OP 1.

Single or Two-Stage Solicitation Approaches

- Effective February 3, 2023, the CPUC allows IOUs to launch either a single-stage or two-stage solicitation approach for soliciting third-party program design and implementation services as part of the EE portfolio. The IOU is required to provide its PRG with the rationale for conducting either a single-stage or two-stage solicitation.[9]

C. Overview of Solicitations

This Report represents a collection of individual IE assessments for each of PG&E's active program solicitations. 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 for ease of review. The Report does not address program solicitations that PG&E has yet to release.

Table C.1 provides a complete listing of PG&E's third-party solicitations, including the assigned IE and contract status.

Table C.1: PG&E Solicitations Overview

Solicitations		Assigned IEs	Solicitation Status
1.	Local Agriculture	Barakat Consulting, Inc.	Complete
	Local Commercial	EAJ Energy Advisors, LLC	
	Local Industrial	Great Work Energy	
	Local Public	Don Arambula Consulting	
	Local Residential	The Mendota Group, LLC	
2.	Statewide New Construction	The Mendota Group, LLC	Complete
		EAJ Energy Advisors, LLC	
		Barakat Consulting, Inc.[10]	
3.	Local Government Partnerships	Don Arambula Consulting	Complete
4.	Statewide Codes & Standards: Coordinator	Barakat Consulting, Inc.	Complete
5.	Statewide Codes & Standards: Title 20	Barakat Consulting, Inc.	Complete
6.	Statewide Codes & Standards: Federal	Barakat Consulting, Inc.	Complete
7.	Statewide WE&T: Career Connections K-12	Great Work Energy	Complete
8.	Statewide WE&T: Career and Workforce Readiness	Great Work Energy	Complete
9.	Statewide California Partnership	Don Arambula Consulting	Complete
10.	Local Micro- and Small Business EE Equity	Great Work Energy	Complete
11.	Local Codes & Standards Compliance Improvement	EAJ Energy Advisors, LLC	Complete
12.	Statewide Codes & Standards Advocacy	Don Arambula Consulting	Complete
13.	Local Residential Equity and Electrification	EAJ Energy Advisors, LLC	Complete
14.	Local C&S Code Readiness	EAJ Energy Advisors, LLC	Complete
15.	Local Residential Customer Energy Orchestration	Don Arambula Consulting	Complete
16.	Local Summer Reliability Platform Administrator	Great Work Energy	Complete
17.	Local Zonal Equity Electrification Pilot	Great Work Energy	Contract Executed

[9] Decision 23-02-002, OP 7.

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

Table C.1: PG&E Solicitations Overview			
Solicitations		Assigned IEs	Solicitation Status
18.	Local Commercial Strategic Energy Mgmt.	Great Work Energy	Contract Executed
19.	Local Res. Electrification Single Point of Contact	Tierra	Canceled

Legend
Pre-RFA: Activities conducted before RFA release.
RFA: Includes bid preparation and evaluation period.
Pre-RFP: Activities conducted before RFP release.
RFP: Includes bid preparation and evaluation period.
Contracting: Contract negotiations are being held.
Contract Executed: Both parties signed the Contract.
Complete: All solicitation activities have been concluded and reported.
Suspended: Solicitation held until a later date.
Canceled: Solicitation was withdrawn; scope may be included in a future solicitation.

Since starting the third-party solicitation process in late 2018, PG&E has executed the contracts listed in Table C.2. These executed contracts represent third-party programs that may be eligible towards PG&E's minimum third-party program threshold requirements as directed by the CPUC in Ordering Paragraph 4 of Decision 18-05-041.

Table C.2: Executed Third-Party EE Program Contracts					
Solicitation	Company	Program Name	Contract Agreement Signed	Contract Amount	DBE %[11]
Statewide Codes & Standards	Cohen Ventures	C&S Federal	January 29, 2020	$4,896,820	0%
		C&S Title 20	February 4, 2020	$4,896,820	0%
	2050 Partners	C&S Title 20	February 11, 2020	$4,900,077	0%
		C&S Federal	February 11, 2020	$4,899,619	0%
	Cohen Ventures	Program Coordinator	March 12, 2020	$960,000	0%
Local Government Partnerships	San Joaquin Valley Clean Energy Organization	Central California Energy Watch	June 8, 2020	$1,965,027	0%
	City and County Association of Governments	San Mateo County Energy Watch	June 9, 2020	$972,000	0%
	The Energy Coalition	Central Coast Leaders in Energy Action Program	June 9, 2020	$748,000	0%

[11] The Diverse Business Enterprise (DBE) spend is an estimate from the contracts to show the percentage of the contract amount expected to be contracted and/or subcontracted with DBE firms that are CPUC Supplier Clearinghouse certified. DBE with a contract amount of 100% indicates the prime contractor (Company) is a certified DBE. Actual DBE spend will be reported by the IOU per General Order 156.

Table C.2: Executed Third-Party EE Program Contracts					
Solicitation	Company	Program Name	Contract Agreement Signed	Contract Amount	DBE %[11]
	Redwood Coast Energy Authority	Redwood Coast Energy Watch	June 9, 2020	$765,727	0%
	Sierra Business Council	Sierra Nevada Energy Watch	June 10, 2020	$1,826,958	0%
	County of Marin-Community Development Agency	Marin County Energy Watch	June 16, 2020	$972,000	0%
	City and County of San Francisco	EnergyAccess SF	June 19, 2020	$2,450,262	0%
	Sonoma County	Sonoma Public Energy	June 19, 2020	$855,000	0%
Local Public	Willdan Energy Solutions	Government and K-12 Schools Program	June 19, 2020	$9,990,000	8%
	Alternative Energy Systems Consulting	RAPIDS Wastewater Optimization Program	June 19, 2020	$4,205,579	22%
Local Residential	TRC Solutions	Multifamily Energy Savings Program	June 20, 2020	$11,886,674	6%
Local Industrial	Cascade Energy	Industrial Systems Optimization Program	June 22, 2020	$15,316,931	0%
	CLEAResult	Business Energy Performance	June 24, 2020	$22,299,520	0%
Local Commercial	KW Engineering	Smart Labs Program	June 27, 2020	$4,378,800	0%
		Grocery Comprehensive Retrofit and Commissioning	June 27, 2020	$5,962,525	0%
	Ecology Action	NetOne	December 1, 2020	$17,203,245	0%
	Nexant	Healthcare Energy Fitness Initiative	December 1, 2020	$6,077,598	0%
		Advanced Energy Program for The High Tech & Biotech Industries	December 1, 2020	$7,187,397	1.5%
Local Agriculture	TRC Solutions	Agricultural Energy Savings Action Plan	June 27, 2020	$34,414,615	2%
Statewide New Construction - Commercial	Willdan Energy Solutions	Nonresidential New Construction (Mixed Fuel)	December 2, 2020	$60,164,150	3%
		Nonresidential New Construction (Electric only)	December 2, 2020	$39,796,892	4%
Local Residential	Oracle America	Continuous Energy Feedback Program	March 2, 2021	$47,326,436	0%
Statewide WE&T: Career Connections K-12	The Energy Coalition	Energy is Everything	May 18, 2021	$3,094,000	0%
Statewide WE&T: Career and	Strategic Energy Innovations	Energize Careers	May 21, 2021	$5,962,555	100%

Table C.2: Executed Third-Party EE Program Contracts					
Solicitation	Company	Program Name	Contract Agreement Signed	Contract Amount	DBE %[11]
Workforce Readiness					
Statewide California Partnership	Alternative Energy Systems Consulting	Statewide State of California Energy Strategy and Support	June 8, 2021	$18,883,821	15%
Statewide New Construction: Residential Sector	TRC Solutions	California Energy-Smart Homes – All-Electric	July 2, 2021	$39,593,669	3%
		California Energy-Smart Homes – Mixed-Fuel	July 6, 2021	$12,725,453	3%
Micro- and Small Business EE Equity	Resource Innovations	Simplified Savings	October 11, 2022	$9,992,829	17%
Statewide Codes & Standards Advocacy	McHugh Energy Consultants	State and National Building Codes Advocacy Support	May 15, 2023	$1,873,772	0%
	Cohen Ventures	State Appliance and National Codes Advocacy, Program Lead	August 9, 2023	$19,010,132	0%
	2050 Partners	State Appliance and National Codes Advocacy	July 28, 2023	$19,745,805	6.31%
	Frontier Energy	State Building Codes Advocacy	February 20, 2024	$3,378,000	0%
	2050 Partners		March 14, 2024	$9,500,260	5%
	Cohen Ventures		March 27, 2024	$10,196,570	0.4%
	TRC Solutions		March 28, 2024	$6,996,036	0%
Local Residential Equity and Electrification	Resource Innovations	Residential Equity Program	August 2, 2024	$8,983,134	19.2%
Local C&S Code Readiness	2050 Partners	Codes and Standards Code Readiness	June 6, 2024	$34,700,000	50%
Local Summer Reliability Platform Administrator	Alternative Energy Systems Consulting	Measured Savings Program for Summer Reliability	June 24, 2024	$30,000,000	1%
Local Zonal Electrification Equity	Resource Innovations	Powerful Neighborhoods	July 8, 2024	$6,138,708	27%
	QuEST	Sustainable Energy Home Improvement Program	August 23, 2024	$5,609,545	100%

Table C.2: Executed Third-Party EE Program Contracts					
Solicitation	Company	Program Name	Contract Agreement Signed	Contract Amount	DBE %[11]
Local Residential Customer Energy Orchestration	TRC, Inc.	Residential Customer Energy Orchestration Pilot	January 24, 2025	$5,700,000	2%
Local Commercial Strategic Energy Management	Stillwater Energy	Commercial SEM	January 30, 2025	$14,996,501	0%
Total				$580,020,662	16.3%

D. IE Assessment of Solicitations

Table D.1 reflects a detailed summary of IE recommendations and outcomes during the reporting period, gleaned from the individual IE reports on specific solicitations, as presented in Attachment II. It is important to note that the recommendations listed in Table D.1 may not reflect the opinions of all IEs. Refer to the individual IE reports for a complete list of all IE recommendations made during this reporting period.

Table D.1: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Timely Contract Negotiations	At the end of the extended 44-week negotiation period, the bidder expressed frustration regarding the length of the contract discussions and explained that staffing the negotiations had become very costly.	The IE recommends that PG&E reassess its internal contracting processes to identify ways to streamline and shorten the duration of contract negotiations using internal stakeholders. The examination should locate causes for delays and opportunities for greater efficiencies. IE suggestions include establishing a firm end date for negotiations, which may help parties focus on negotiations. The IE notes that conducting weekly meetings, expanding meetings to address multiple	PG&E is currently evaluating its contracting process to improve the timeliness of its operations.

Table D.1: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
		issues, involving the IOU program lead, creating detailed agendas, and requiring ongoing deliverables from both parties are helpful ways to enable timely negotiations. PG&E already includes many of these practices.	

E. IOU Emerging Effective Practices

While monitoring their assigned solicitations, IEs observed effective practices that made that solicitation process more effective, efficient, or transparent. The IEs want to acknowledge the IOU's successful effort and recommend that all the IOUs consider the practices identified in Table E.1 for their applicability to future EE solicitations.

Effective practices reported reflect individual IE assessments of their assigned solicitations and are not consensus recommendations of all IEs. Some apply only to certain types of solicitations (e.g., cost-effectiveness requirements are typically applicable to only resource acquisition solicitations) or were effective because of the circumstances of a particular solicitation. The IEs recommend all IOUs consider the applicability of these to their future solicitations. Where the practice reported has been proven to be broadly applicable and adopted by all IOUs, it has been added to the PRG Solicitation Guidelines, as noted.

Table E.1: Effective PG&E Solicitation Practices		
Effective Practice	IE Analysis	First Reported in Semiannual Report
Incorporating Stretch Targets and Bonus Compensation in Third-party Contracts	PG&E introduced a new concept: a stretch TSB target with an associated Implementer bonus. This new compensation element provides powerful motivation for the Implementer to exceed TSB targets, using a carrot instead of a stick approach to incentivize performance. For years, GWE and other PG&E IEs have recommended this as a preferred compensation approach to drive performance and enable implementers to exceed expectations.	December 2024

Table E.1: Effective PG&E Solicitation Practices		
Effective Practice	IE Analysis	First Reported in Semiannual Report
PG&E Pre-populated the Initial Draft Contract Based on the Bidder's Proposal	At the start of contract negotiations, PG&E pre-populated the initial contract template with the bidder's proposed scope of work to demonstrate where the content goes within PG&E's contract template. This enabled more efficient and timely progress during negotiations.	December 2024
SEM CET Presentation at Bidder Conference	PG&E provided an SEM CET presentation that can help with both bid preparation and evaluation of the submissions. PG&E reminded attendees about publicly available resources for general introductory CET information, which are also included in the RFP materials. The CET presentation focused on relevant reminders for the more advanced practitioners regarding common errors to avoid in SEM CET runs and the importance of documenting assumptions in their Narrative response. PG&E should repeat this presentation at future Bidders' Conferences for any solicitation that includes meter-based M&V. Little published information on this topic exists, so recording it and/or developing written materials that could be referenced in future RFPs for meter-based programs would also be helpful in the long term.	June 2024
Provide a Debrief to the Alternate Bidder Earlier	PG&E's flexible approach in this solicitation was more effective than its current standard practice of waiting until the conclusion of negotiations. Whether negotiations are successful is usually clear within the first two months. The PG&E solicitation lead should have the authority to decide when negotiations are on track for success and trigger the Alternate's dismissal and debrief at that time.	June 2024
Timely Debriefs	Providing debriefs immediately after notifying the unsuccessful bidder helps bidders apply what they have learned from the debriefing sooner.	June 2024
Timely Evaluations	PG&E conducts timely evaluations, usually within a 2-4 week period.	June 2024

Table E.1: Effective PG&E Solicitation Practices		
Effective Practice	**IE Analysis**	**First Reported in Semiannual Report**
Calibration Meeting Management	During the calibration meeting, PG&E reviewed scores across questions rather than by proposal. This approach enabled evaluators to calibrate scores for the same question across bidder proposals.	June 2024
Preparing the Score Team for Interviews	Before interviews with bidders, PG&E briefed all Score Team members on the process and protocols (Dos and Don'ts). All bidders received thoughtful, clarifying questions from Score Team members during the interviews. There were no awkward moments, missteps, or risks to fairness.	December 2023
Request for Information (RFI)	PG&E's decision to release an RFI before the RFP should be considered an effective practice when market input is needed to refine a solicitation's scope and gauge third-party interests.	December 2023
NMEC CET Information Provided at Bidder Conference	PG&E provided an NMEC CET presentation at the Bidder Conference focused on directly relevant reminders for the more advanced practitioners regarding common errors to avoid in NMEC CET runs and the importance of documenting assumptions in their Narrative response. This will help with bid preparation and PG&E evaluation of what is submitted.	December 2023
Eliminating Redundancy in RFA and RFP Scoring Criteria*	PG&E's new approach of testing discrete criteria in either the RFA or RFP stage, but not in both, reduced effort and time for all parties. This approach yielded shorter, more focused abstracts and proposals, and the time required to review and score them was cut in half. After the RFP, PG&E ranked the bids and developed the shortlist based on weighted scores from the combined RFA and RFP. This ensured that essential criteria tested only at the RFA stage (program design, innovation, and team qualifications) were appropriately incorporated into the final negotiations.	June 2022

Table E.1: Effective PG&E Solicitation Practices		
Effective Practice	**IE Analysis**	**First Reported in Semiannual Report**
Eliminating Delays Between Stages*	PG&E sped up the schedule for internal solicitation development steps to reduce the time between the RFA and RFP stages and between RFP selection and contracting/negotiations. PG&E successfully completed the development and revision of the RFP package in time to present it for PRG review, along with the RFA shortlist for the first time. Due to these efforts, there was no lag between the shortlist notification and the launch of the RFP. The contract templates were prepared and presented to PRG along with the RFP shortlist recommendation and are ready for distribution as negotiations begin. These efficiencies in the solicitation development and PRG review process reduced the overall solicitation timeline by two to three months compared to past practice.	June 2022
Provide Bidder Feedback After RFA Stage *	PG&E provided rapid feedback to all RFA bidders immediately following shortlist notification instead of waiting until after the solicitation was concluded many months later. This included providing feedback on abstracts to those advancing to RFP to support them in improving their bid between stages. In addition to directly answering the call for better and more timely feedback, PG&E's decision to provide an RFA debrief to advancing bidders appeared to yield better engagement and stronger proposals.	June 2022
Improved Project Management Practices Support Negotiations and Contracting	PG&E developed a matrix laying out the proposed schedule for bidders' and PG&E staff's review, revision, and completion of each contract document. The weekly negotiation meeting reviewed and updated the schedule for either party's turnaround of deliverables as needed. Bidders appreciated and actively used the information to manage their review and feedback to PG&E.	June 2021

Table E.1: Effective PG&E Solicitation Practices		
Effective Practice	IE Analysis	First Reported in Semiannual Report
Running Two Similar Solicitations in a Joint Process May Reduce Overall Solicitation Costs and Effort*	PG&E managed the two WE&T solicitations' processes behind the scenes as a single, joint process. This reduced complexity for bidders participating in solicitations and improved the quality and consistency of solicitation materials developed and evaluation processes. It also significantly reduced effort and time for PG&E staff, the assigned IE, and the PRG versus what may have been required if these two similar solicitations were run as separate processes.	June 2021
Evaluation Team Check-in Meetings *	PG&E's evaluation teams meet weekly during the evaluation period to provide updates on the progress of their reviews. These check-in meetings also allow evaluators to ask clarifying questions on properly applying the scorecard and ensure that evaluation team members follow protocols (such as not sharing bid information outside the evaluation team).	June 2021
Allow Bidders to Cure Cost-Effectiveness Showings	As the last step in its RFP process, PG&E provides bidders with feedback on their cost-effectiveness test submissions and allows them to cure identified issues. Bidders are not permitted to change budgets or program designs at this point.	June 2021
Providing Bidders a List of CPUC-Approved EE Measures	PG&E provides bidders with a list of CPUC-approved measures and corresponding assumptions (aka, Measure Picklist).	June 2021
IOU and IE Check-in Meetings *	PG&E held weekly check-in meetings with the evaluation team. These meetings encourage team members to manage their evaluations at a reasonable cadence throughout the review period. These check-in meetings also allowed evaluators to ask clarifying questions on the proper application of scoring criteria as they conducted their evaluations.	June 2021

Table E.1: Effective PG&E Solicitation Practices		
Effective Practice	IE Analysis	First Reported in Semiannual Report
Map CPUC Standard Contract Terms in the Final Contracts	PG&E integrates the IOU's proposed additional terms and conditions and the CPUC's terms and conditions into one contract template. Mapping the CPUC standard contract terms to the contract templates and final contracts makes it easier for IEs and the PRG to review and confirm the inclusion of the CPUC terms. This mapping process provides clear information about the starting point for negotiating these terms with bidders.	December 2020
Use Detailed Scoring Sheets for RFA and RFP Respondents	PG&E constructed detailed, three-layered scoring sheets with clear scoring criteria and weightings for evaluating responses. PG&E was very open in asking for and accepting input from in-house subject matter experts (SMEs) and IEs. These open dialogues led to a more objective and transparent scoring process and results. PG&E also developed a methodology for identifying when individual evaluators were outside consensus scores, leading to detailed discussions that led to further analyses of responses.	December 2020
User-Friendly Response Format for Qualitative Questions *	PG&E uses a Microsoft Word Word-based response format for qualitative bidder questions. The IEs and PRGs support this approach, which was later included in the PRG Guidelines.	December 2020
Contract Summary Presentations to the PRG	PG&E has developed an effective model for presenting contract summaries to the PRG, which is included in the PRG Guidelines. The PRG believes all IOUs should adopt this model.	December 2020
Request Bidder Questions Before Bidder Conference	Requesting bidders to submit questions before the Bidders' Conference allows PG&E to integrate information that responds to initial bidder questions into their Bidders' Conference.	December 2020
* - Indicates the Effective Practice is recommended by the PRG as presented in the PRG Guidelines.		

F. PRG Feedback

Individual IE reports reflect specific PRG feedback and the IOU's responses. For a greater discussion of the PRG and IE recommendations, refer to the individual IE solicitation reports in Attachment II.

G. Stakeholder Feedback from CPUC Workshops

Annual Stakeholder Workshop

The CPUC, in Decision 18-01-004, requires that its Energy Division host Semiannual workshops to "allow for information discussion and problem-solving among stakeholders about the progress of the third-party solicitations and for consideration of the Semiannual IE reports."[12] Decision 23-02-002 modified the requirement to at least once per year. The last stakeholder meeting was held on March 6, 2025, in Oakland, California, at PG&E's offices. It was an in-person/virtual meeting with 38 in-person and 107 virtual attendees.

The workshop provided an opportunity for stakeholders to ask questions, provide comments, and receive updates on past and future solicitations and the IOU solicitation plans moving forward. Participants included PRG members, IEs, CPUC Energy Division staff, IOUs, program implementers, prospective bidders in solicitations, and other stakeholders. The meeting presentations, agenda, and notes are available on the California Energy Efficiency Coordinating Committee's (CAEECC) website.[13]

The topics presented included the following:

- **Energy Efficiency Recent Policy Updates:** Energy Division staff provided an update on CPUC decisions and relevant EE policies and resources for Implementers. These included updates to the Avoided Cost Calculator, Potential and Goals Study, Database for Energy Efficiency Resources (DEER), Custom Review Process improvements, and opportunities for public input.
- **IE Presentation on the Semiannual Reports**: A representative from the IE pool presented effective practices noted from the most recent Semiannual Reports (October 2023 - September 2024).
- **IOU Portfolio Updates and Upcoming Solicitations**: Each of the four IOUs provided updates on executed contracts and how they fit into their portfolios, as well as reflections, including challenges and wins, during the five-plus years of the third-party solicitation process. In addition, several IOUs supported more targeted and smaller programs to engage small and new bidders (similar to SoCalGas's IDEEA 365), foster innovation, and, through increased competition, realize lower customer prices.
- **Implementer Panel**: A panel of three third-party program implementers, plus a third-party facilitator, used a survey of California Energy and Demand Management Council (CEDMC) members and their own experiences to discuss challenges and successes with the current solicitation process.

[12] Decision 18-01-004, OP 26.
[13] https://www.caeecc.org/cpuc-third-party-public-meetings

Successes described included the following:

- IOU marketing of solicitations
- Timing and strategies related to contract negotiations
- Openness of IOUs to milestone and deliverable payments
- Customer data access
- Willingness of IOUs to involve account managers in program implementation

Challenges shared by the panelists included the following:

- Length of contract negotiations to program launch
- Heavy implementer risk
- Consistency of the solicitation and negotiation process across IOUs
- Confusion on priority for balancing cost-effectiveness and total system benefit (TSB) in program design
- Consistency in policy application/interpretation
- Avenue to launch new ideas similar to IDEEA 365
- Expediting contract amendments

In addition, the panel identified broader topics that should be addressed at some point during the evaluation of the third-party solicitation process:

- Custom project review timelines
- Statewide program coordination and data sharing
- Net-to-gross and avoided cost calculator (ACC) updates
- Other cost-effectiveness metrics
- Lessons learned from other states

Independent Evaluator Panel: The Energy Division facilitated a panel to garner IE perspectives specifically on the market access program (MAP) model and the opportunities for companies to participate as aggregators in these programs, even if they are not the prime program implementers.

Open Discussion: Questions and recommendations from stakeholders and other attendees focused mainly on encouraging DBE/SBE involvement, including concerns about financial and insurance risks for smaller companies and a proposal to revisit the CET tool.

Post Workshop Survey

Twenty-three individuals participated in the post-event survey and were very supportive of the event and the information shared and learned. There was general support for each of the sessions and the time allocated for the event, focusing on providing more opportunities for stakeholder participation and discussion and possibly adding more time before and after the event. The next Stakeholder meeting is not currently scheduled.

Attachment II: Individual EE Independent Evaluators' Semiannual Reports

Energy Efficiency Independent Evaluator's Semiannual Report on the

Local Residential Equity and Electrification Solicitation

Reporting Period: October 2024 through March 2025

Prepared by:

EAJ Energy Advisors, LLC

Disclaimer: This report includes sensitive and confidential information.

Local Residential Equity and Electrification Solicitation

1. Solicitation Overview

The Residential Equity EE and Electrification Program (REEP) solicitation was initiated in the fourth quarter of 2022, prior to the current reporting period. At the beginning of the solicitation, The Mendota Group (TMG) was assigned as an Independent Evaluator. In late January 2023, TMG resigned as an IE for PG&E. Consequently, EAJ Energy Advisors (EAJ) was selected as the REEP solicitation's assigned IE.

- The RFA process was addressed in the October 2022 – March 2023 IE Semiannual Report.
- The RFP development process was addressed in the October 2022 – March 2023 IE Semiannual Report.

This Semiannual report addresses the program's final Implementation Plan.

1.1 Overview

The descriptions of the solicitation provided in the Overview section of this report are taken from PG&E's RFA and RFP General Instructions documents for the Local Residential Equity Program. The scope and objectives of the solicitation described below were communicated to potential bidders, the assigned IEs, TMG and EAJ Energy Advisors, and the PRG.

a. Scope

The CPUC, in Decision 21-05-031, adopted a new approach to partitioning the energy efficiency program portfolios into three program segments. The primary purpose for these segments can be one of the following:

- Resource acquisition.
- Market support; or
- Equity.

PG&E envisions the REEP as an Equity program.

b. Objectives

The primary objective of this solicitation is to increase customer participation in EE with a focus on building electrification. The program will target HTR, low-moderate income customers (collectively referred to as "underserved" customers), and DACs and provide targeted services to customers and regions that have not historically received these services in alignment with the ESJ Action Plan.

To effectively support PG&E's overall portfolio performance, it is vital that Bidders understand the

unique attributes of the Equity segment in their proposals to optimize a program whose primary purpose is to serve underserved and/or DAC residential customers.

The winning bidder(s) program(s) is(are) expected to address the following issues:

- To achieve the State's ambitious greenhouse gas (GHG) reduction policy goals, all customer groups must be engaged in efforts to reduce GHG emissions.
- Building electrification represents a critical strategy for reducing GHG emissions from buildings both in the near term and long term and can lead to consumer bill savings.
- Low-income customers are most financially vulnerable to rising gas rates in an unmanaged transition of the gas system.
- This challenge is exacerbated by the lack of access to EE (including building electrification) and economic barriers for underserved customers and DACs.
- The possibility of increased utility bills after building electrification is a major barrier to customers in general and a non-starter for underserved customers and DACs.
- The cost of building electrification exceeds underserved customers' financial ability to self-fund.
- Adoption of building electrification has been particularly slow for DAC, and direct support from utilities alone will not be enough to fund the pace and scale of building electrification needed in California.

1.2 Timing

The IE reported this solicitation activity in the Semiannual Report filed in June 2024.

After the release of the REEP RFP, the key milestones forward during the reporting period and beyond are reflected in Table 1.1 below:

Table 1.1: RFP Key Milestones

Key Events	Completion (Proposed) Dates	Weeks to Complete
RFA Stage		
Solicitation Launch	November 29, 2022	15 Weeks
Bidders' Conference	December 6, 2022	
Bidder's Questions Due	January 17, 2023	
PG&E Responses to Bidder Questions	January 24, 2023	
Offer Submittal Deadline	January 31, 2023	
Scoring Completion Deadline	February 2023	
Scoring Calibration Meeting	February 13, 2023	

Table 1.1: RFP Key Milestones		
Key Events	**Completion (Proposed) Dates**	**Weeks to Complete**
RFA Shortlist Presented to PRG	February 28, 2023	
Shortlisting Notification via Solicitation Portal	August 30, 2023	
RFP Stage		
RFP Launch	April 11, 2023	51 Weeks[14]
Bidders' Conference	April 18, 2023	
RFP Q&A Period	April 11 – May 9, 2023	
RFP Close	May 16, 2023	
Scoring and Shortlisting	May – June 2023	
Notify Bidders of Status	July 15, 2023	
Bidder Debriefs	July 31, 2023 – Dismissed Bidders	
Negotiations Bidder #1	Early August – October 2023 (Negotiations suspended January 2024)	
Negotiations Bidder #2	January 2024 – June 2024	
Contracting	July 2024 – August 2024	
Contract Executed	August 2, 2024	
File Advice Letter	August 10, 2024	
Advice Letter Approval	September 9, 2024	
Program Launch	January 2025	

1.3 Key Observations

The IE reported this solicitation activity in the Semiannual Report filed in June 2024.

2. RFA, Bidder Response and Selections

The IE reported this solicitation activity in the Semiannual Report filed in June 2023.

[14] The IP development and Stakeholder Webinar remain incomplete at the time of this report. Duration shown reflects elapsed time as of March 31, 2024 through September 30, 2024.

3. RFP, Bidder Response and Selections

The IE reported this solicitation activity in the Semiannual Reports filed in June 2023 and June 2024.

4. Contracting Process

The IE reported this solicitation activity in the Semiannual Report filed in December 2024.

5. Assessment of Final Contract

The IE reported this solicitation activity in the Semiannual Report filed in December 2024.

6. Overall Assessment of Solicitation

The IE reported this solicitation activity in the Semiannual Report filed in December 2024.

7. Implementation Plan Assessment

The preparation of the Implementation Plan (IP) was the final Residential Equity EE and Electrification Program (REEP) (a.k.a., EmPower My Home) solicitation activity completed during this reporting period.

A program Implementation Plan was developed by Resource Innovations and circulated for review and comment. A public IP program workshop was conducted in the previous reporting period. The final IP document was posted to the California Energy Data and Reporting System (CEDARS) by November 8, 2024.

The draft and final IP were reviewed by PG&E's program management team and EAJ Energy Advisors. EAJ's comments were submitted to PG&E for consideration prior to the final document. Resource Innovations' comprehensive plan contained all the PRG required elements and was consistent with the parties' executed contract.

In general, the IP was solid, providing enough detail for any reader to have a clear understanding of the program and its elements. There were, however, statements in the final IP draft that the IE felt should be noted, primarily regarding this pilot program's stated objective. In the IE's view, for "pilot programs", an installation goal is not the program's primary objective but rather an interim step in supporting program learnings. If installations were the benchmark, the program would spend significant ratepayer funds for minimal benefit. In the opinion of the IE, the more appropriate objective with respect to installations is to install enough units to provide sufficient data needed to conduct a robust analysis that supports the pilot's learnings for future electrification program designs.

There were a few additional areas that merit further attention. Given the complex and cutting-edge nature of the pilot, i.e., uncertainty, the IE believes there remains a need for a robust discussion regarding contingency planning where the plan was silent. In addition, there needed to be a discussion

regarding collaboration with an evaluation contractor or, at the very least, a discussion regarding self-evaluation and ongoing learning, including developing interim and final reports. At the time, PG&E was still developing an RFP to retain an evaluation contractor for REEP. Ideally, an evaluation contractor would have been secured prior to the implementation contractor. Perhaps an evaluation firm will be on board during the early stages of the program rollout.

Finally, a cautionary note regarding bill impacts and mitigation strategies is discussed in the IP. The IP discussion appears to rely on long-term theoretical counterfactual analysis, e.g., rising future natural gas prices driven by increasing numbers of more affluent customers electrifying, thereby stranding less affluent dual-fuel customers with rising fixed natural gas costs. A more relevant scenario would be eligible customers participating in the pilot program experiencing more immediate real-world impacts, e.g., potential bill increases due to electrification driven by actual electricity usage and rising electricity rates.

The PG&E program management team agreed that the IE's comments were valid. However, the team felt these comments would best be addressed in subsequent program management planning and ongoing contract management. The IE concurs so long as these discussions occur.

Energy Efficiency Independent Evaluator's Semiannual Report on the

Local Residential Customer Energy Orchestration Solicitation

Reporting Period: October 2024 through March 2025

Prepared by:

Don Arambula Consulting

Disclaimer: This report includes sensitive and confidential information.

Local Residential Customer Energy Orchestration Solicitation

1. Solicitation Overview

This report provides an update on the Local Residential Customer Energy Orchestration (CEO) solicitation from October 2024 to March 2025. During this period, PG&E completed the contract negotiation phase and executed a contract.

1.1 Overview

a. Scope

PG&E is conducting a one-stage solicitation that asks the third-party program provider community for pilot proposals that will focus on learning opportunities related to integrating and orchestrating novel combinations of EE measures with distributed energy resources (DER) and time-of-use rates to test the capability of a single program to provide multiple load-modifying grid services. PG&E points to the additional flexibility provided by the CPUC in Decision 23-06-055[15]allowing non-EE interventions to be funded within a single EE program, which is a critical improvement supporting the high degree of EE/DER integration desired within this pilot.

As a residential load management pilot in the market support portfolio segment, the focus is to move deployments of EE-integrated multi-DER technologies toward greater cost-effectiveness. The pilot is intended to inform the development of measurement and compensation protocols necessary to ensure that future payments for load management program performance reflect the full value of load flexibility, including reducing resource adequacy requirements, energy costs, and greenhouse gas emissions. This will set the foundation for long-term energy savings and allow this emerging class of load-modifying resource programs to scale and significantly contribute to California's energy and climate goals.

An overarching goal of this pilot program is to collect data and identify learnings about how to successfully scale future load management programs while providing new economic benefits to participating customers.

b. Background

In this solicitation, PG&E asked potential bidders to leverage the substantial historical investment that California has made in EE programs and explore new approaches for how EE can be integrated and effectively orchestrated with other DER technologies in a load management strategy. Historically, customer programs have evolved to predominantly provide load management functions separately in

[15] OP 29 and pp.77-80.

individual programs (i.e., EE programs that provide permanent load reductions separate from DR programs that provide peak load shedding[16]). This approach requires coordination across different program designs, which is challenging and provides a fragmented customer experience with programs that can seem to place the priorities of the grid above the needs of the customer. Through this solicitation, PG&E planned to experiment with a new load-modifying program model that can integrate EE with the deployment of other DERs and, through energy orchestration, provide multiple load management functions coordinated in a single comprehensive program to respond to grid needs while providing a holistic and satisfying customer experience.

c. Objectives

PG&E's primary objective was to identify and pilot a new comprehensive load-modifying customer program model to experiment with the integration of new EE/DER technology combinations, test the ability of various EE/DER orchestration approaches to deliver regular and consistent load reductions, collect data to inform the development of measurement and valuation methodologies, and ultimately position the EE market for long term success as a key participant/partner in future load modifying programs. The program should test and validate the:

- technical performance and effectiveness of utilizing various combinations of EE measures, time of use rates, and other DERs
- effectiveness of various energy orchestration strategies to provide permanent load reductions in conjunction with various ongoing load management functions such as load shaping, load shifting, and strategic load growth in a non-event-based program structure.
- limits within which energy orchestration strategies can honor a customer's health, safety, comfort, and productivity needs and keep energy orchestration activities "invisible" to the customer.
- drivers of what motivates customers to engage in a program, mitigate against "participation fatigue", and sustain their long-term participation.
- Approach to data collection to support the development of:
    - measurement approaches that capture and validate the ability of a comprehensive load management program to provide regular and consistent load reductions.
    - a resource adequacy valuation methodology that can translate and provide a value for converting measured load reductions into reduced resource adequacy requirements.

The total contract value that PG&E may award for this pilot program was $5.7 million, with an

[16] A strategy of temporarily reducing or curtailing a customer's energy use that is not offset by any corresponding increase in energy consumption at a different point in time. Peak load shedding is typically initiated or dispatched in response to a signaled event to provide peak load reductions in an emergency, reducing the area under the load curve.

anticipated term of 3 years, including 2 years of program implementation and up to 12 months for the performance period.

1.2 Timing

The one-stage solicitation was released on schedule, as previously indicated in the IOU's solicitation schedule shared with the bidder community via the CAEECC site. The posted schedule indicates that PG&E planned a two-stage CEO solicitation. PG&E should update its Joint IOU EE Solicitation Timeline on the CAEECC website.

Some potential bidders asked for more time to prepare and submit a proposal. In response, PG&E provided a two-week extension to potential bidders on October 4, 2023. The IE notes that PG&E notified registered bidders of the extension on the same day as the original proposal's due date. In the future, PG&E should provide such extensions well before the initial due date.

In early June 2024, PG&E identified two other potential PG&E pilot activities under consideration by PG&E for the California Energy Commission's Electric Program Investment Charge (EPIC) program[17] that propose investigating customer orchestration for distribution management purposes. To avoid potential overlap and identify synergies between the bidder's proposed CEO pilot and the possible EPIC pilots, PG&E delayed negotiations to examine the potential of the PG&E pilots. The bidder agreed to the pause in negotiations. On June 12, 2024, parties re-engaged in negotiations. PG&E shared its preliminary discoveries regarding the proposed pilots with the bidder and discussed possible leveraging opportunities.

Table 1.1 outlines the key milestones for the single-stage program solicitation, including the duration of each phase.

Table 1.1: Key Milestones

Milestones	Completion (Proposed) Date	Weeks to Complete
RFP Stage		
1. RFP Released	August 15, 2023	28 weeks
2. Optional Bidders' Conference	August 23, 2023	
3. Bidder Contact List Shared with Registrants	September 6, 2023	
4. Bidder Information Sharing Available (Optional)	September 8, 2023	
5. Bidder Questions Due	September 27, 2023	
6. Responses to Bidder Questions Due	October 3, 2023	
7. Bidder's Proposal Due	October 24, 2023 *	

[17] CEC EPIC Program

Table 1.1: Key Milestones		
Milestones	**Completion (Proposed) Date**	**Weeks to Complete**
8. Optional Bidder Interviews	December 6 and 11, 2024 *	
9. Notification Selection	February 27, 2024 *	
Selections & Contracting Stage		
1. Contract Negotiations Begin	March 20, 2024 *	44 weeks
2. Contract Execution Date	January 24, 2025 *	
Contract Approval & Program Rollout		
1. Company Advice Letter Filing	February 7, 2025 *	
2. CPUC Contract Approval	March 10, 2025 *	
3. Expected Program Launch	2Q 2025 *	
* - Delayed from the original schedule.		

1.3 Key Observations

PG&E's conduct in managing the energy efficiency program solicitation was fair, equitable, and transparent.

PG&E's solicitation successfully acquired a market support pilot that will examine the potential of a new program strategy, customer energy orchestration. The Residential CEO Pilot proposes to demonstrate the effectiveness of customer-directed load orchestration approaches through energy efficiency measures, distributed energy resource interventions, and time-of-use rates to efficiently address grid and customer dynamic energy needs. The Pilot expects to generate valuable data and insights that will inform the development of future measurement protocols, compensation methods, and enhanced customer experiences for demand-side energy orchestration programs.

PG&E permitted the IE to monitor the solicitation from PG&E's development of the initial RFP materials to the completion and execution of the contract negotiations. Throughout the solicitation, the IE offered feedback to the IOU on various activities, such as RFP development, bidder instructions, and evaluations. PG&E was responsive to the IE's feedback throughout the solicitation.

Table 1.2 presents key observations made by the IE during the solicitation. Unless otherwise noted, the IE shared these key and other recommendations with the IOU and PRG throughout the solicitation. The IOU had the opportunity to review, consider, accept, or reject them.

Table 1.2: Key Issues and Observations			
Topics	**Key Observations**	**IE Recommendations**	**Outcomes**
Negotiations and Contracting			
Timely Contract Negotiations	At the end of the extended 44-week negotiation period, the bidder expressed frustration regarding the length of the contract discussions. They explained that staffing the negotiations had become very costly.	The IE recommends that PG&E reassess its internal contracting processes to identify ways to streamline and shorten the duration of contract negotiations using internal stakeholders. The examination should locate causes for delays and opportunities for greater efficiencies. IE suggestions include establishing a firm end date for negotiations, which may help parties focus negotiations. The IE notes that conducting weekly meetings, expanding meetings to address multiple issues, involving the IOU program lead, creating detailed agendas, and requiring ongoing deliverables from both parties are useful in supporting timely negotiations. PG&E already includes many of these practices.	Under consideration.

Table 1.2: Key Issues and Observations			
Topics	**Key Observations**	**IE Recommendations**	**Outcomes**
Coordination with Statewide Initiatives to Assist with Customer Targeting	The bidder proposed leveraging prior customer participation lists from the TECH Clean California[18] program and other statewide initiatives to inform their customer targeting, as these customers will likely have all-electric homes. PG&E explained that it has no customer data-sharing agreement with these statewide efforts.	The IE recommends that PG&E assist the implementer as needed in sharing customer participation data from the statewide TECH Clean California program and other statewide initiatives. It is important to note that the IOUs hold contracts with many of these statewide initiatives, such as TECH Clean California.	New recommendation.

During the solicitation, the IE observed emerging effective practices being implemented by the IOU that enhanced the process in terms of effectiveness, efficiency, and transparency. The IE recommends that the IOU continue these practices, as outlined below, and share them with other IOUs for their consideration and potential adoption.

Table 1.3: Effective Practices	
Emerging Effective Practice	**IE Analysis**
Timely Evaluations	PG&E completed its initial evaluations over a three-week period. Given the complexities and number of proposals, PG&E's timely evaluation period was reasonable. The IE considers PG&E's timely evaluation is an effective practice.
Timely Debriefs	Providing debriefs immediately after notifying the unsuccessful bidder helps bidders apply what they have learned from the debriefing sooner. The timeliness of the debriefings is an effective practice.
Utilize an RFI to Inform the RFP Scope of Work	Given the complexities and newness of customer-side energy orchestration as a single integrated solution, PG&E's decision to release an RFI before the RFP appeared appropriate and should be considered an effective practice when gaining market input to refine a solicitation's scope.
Evaluation Team Scoring Instructions	PG&E developed comprehensive scoring instructions for evaluators to assess bidder responses based on specific criteria. These instructions benefited the team and should be regarded as best practice, as they established a consistent approach for scoring proposals across the evaluation team.

[18] TECH Clean California is a statewide initiative to accelerate the adoption of clean space and water heating technology across California homes in order to help California meet its goal of being carbon-neutral by 2045. The initiative provides market incentives and workforce education and training to make it easier for distributors and contractors to stock, sell, and install low-emissions heat pump technology for residential replacement projects. It was designed to support both existing programs through matched incentive funding, and to extend incentives statewide with an emphasis on access for low-income and disadvantaged communities.

Table 1.3: Effective Practices	
Emerging Effective Practice	IE Analysis
Promotion of Small Business Program Providers	PG&E's inclusion of the bidder's qualifying small business status in the evaluation process is a beneficial practice, particularly as it mostly aligns with the CPUC policy to promote increased participation of qualifying small businesses in energy efficiency solicitations.
Improved Calibration Process	PG&E implemented a new strategy of reviewing scores based on individual questions rather than by proposal. This approach enabled evaluators to align scores for the same question across different bidders' proposals, resulting in a more consistent scoring application by each evaluator.
Optional Bidder Interviews	Optional bidder interviews enable PG&E evaluators to clarify program proposals when necessary.
Debriefing Session Sharing	PG&E debriefing sessions explain to bidders how they performed on an absolute scale compared to the other proposals according to scoring criteria (such as program design, experience, etc.). By providing feedback relative to other proposals, PG&E offers valuable insights into each proposal's strengths and weaknesses.
Fostering A Collaborative Discussion on Program Enhancements	PG&E fosters a collaborative environment that improves the program design and delivery during negotiations; this approach is commendable and should be implemented in all future contract negotiations.

2. RFP, Bidder Response and Selections

This section of the Local Residential Customer Energy Orchestration solicitation was addressed in the June 2024 Semiannual Report.

3. Contracting Process

PG&E held contract negotiations with TRC as this bidder received the highest RFP score. TRC's Residential Customer Energy Orchestration Pilot Program fulfilled the solicitation objective of acquiring a market resource program that integrates and orchestrates novel combinations of EE with DER and time-of-use rates to test the capability of a single program to provide multiple load-modifying grid services.

3.1 Contract Negotiations

The negotiations between PG&E and TRC were very collaborative. Parties held several meetings during the negotiation phase, which began on March 20, 2024, and concluded on November 4, 2024. The CEO solicitation represented a new approach to energy efficiency by looking for innovative ways customers can orchestrate (manage) their behind-the-meter energy most efficiently. However, the contracting phase experienced delays as PG&E contemplated a potential negotiation interruption because of other similar PG&E pilot projects it planned to conduct through the CEC's Electric

Program Investment Charge (EPIC) program.[19] Also, PG&E proposed a new program agreement format to reduce the agreement's complexity, but redrafting its contract template required additional time.

At the end of the extended 44-week negotiation period, the bidder expressed frustration regarding the length of the contract discussions. They explained that staffing the negotiations had become very costly. TRC emphasized to PG&E the need to improve the timeliness of its negotiation process in the future. In response, PG&E acknowledged the concern and stated that it would work on enhancing its contracting phase. They also expressed their appreciation for TRC's patience throughout the process.

The IE acknowledges the difficulties in developing a new program strategy during negotiations. The parties addressed various program design and delivery issues unique to the new pilot objectives. PG&E fostered a collaborative environment that improved the program design and delivery during negotiations; this approach is commendable and should be implemented in all future contract negotiations.

Regarding the timeliness of the negotiations, the IE recommends that PG&E reassess its internal contracting processes to identify ways to streamline and shorten the duration of contract negotiations using internal stakeholders to examine its negotiation process to identify causes for delays and opportunities for greater efficiencies. Suggestions include establishing a firm end date for negotiations, conducting weekly meetings, expanding meetings to address multiple issues, involving the IOU program lead, creating detailed agendas, and requiring ongoing deliverables from both parties.

A. Collaboration on Final Program Design and Scope

After selecting the program, the CPUC allows the IOU and the chosen bidder to work together on the final program design, which a third party will implement.

This collaboration allows the IOU to share insights about its customers and previous program implementation experiences with the selected bidder, helping optimize the program offerings. Contract negotiations are also an opportunity for the bidder to provide more detailed information about the program and to address any concerns the IOU may have regarding the program's design and delivery.

PG&E and TRC discussed several contractual issues during negotiations. Table 4.1 lists the key topics covered in these discussions.

[19] The Electric Program Investment Charge program awards about $130 million annually for clean energy innovations and strategies that benefit the ratepayers of California's three largest electric investor-owned utilities – Pacific Gas and Electric, Southern California Edison, and San Diego Gas & Electric.

Table 4.1: Key Contract Negotiation Topics	
Topic	**Discussion and Agreement**
Overlapping Orchestration Programs	PG&E had identified two additional potential pilot activities under the EPIC program: 4.09 – ACDC & Modeling and 4.10 – Local DER Orchestration.[20] These pilots aim to evaluate and demonstrate the distribution mechanisms and technical capabilities needed to efficiently and reliably interact with distributed energy resources to manage local grid constraints. To avoid any potential overlap and identify synergies between TRC's CEO pilot and the proposed EPIC pilots, PG&E postponed negotiations by two weeks to conduct further research on these pilots. TRC agreed to this pause in discussions. The parties resumed negotiations on June 12, 2024. PG&E presented its preliminary findings regarding the proposed pilots to TRC and explored possible leveraging opportunities. The implementation timelines for the proposed EPIC pilots are similar to TRC's proposed program schedule, with one of the EPIC pilots potentially including a limited market deployment phase. [redacted] [redacted] The IE recommends that PG&E assist TRC, as necessary, with sharing customer participation data in the statewide TECH Clean California and other statewide

[20] The Electric Program Investment Charge 2021–2025 Investment Plan EPIC 4 Investment Plan, dated January 2023, proposes to advance the integration of DER into the distribution system, enhance cost and performance attributes, and realize the full range of benefits to customers and the grid.

[21] TECH Clean California is a statewide initiative to accelerate the adoption of clean space and water heating technology across California homes in order to help California meet its goal of being carbon-neutral by 2045. The initiative provides market incentives and workforce education and training to make it easier for distributors and contractors to stock, sell, and install low-emissions heat pump technology for residential replacement projects. It was designed to support both existing programs through matched incentive funding, and to extend incentives statewide with an emphasis on access for low-income and disadvantaged communities.

Table 4.1: Key Contract Negotiation Topics	
Topic	**Discussion and Agreement**
	initiatives. IOUs hold contracts with other statewide PAs, such as TECH Clean California.
Pilot Delivery Approach	PG&E explained that it would like a phased research and pilot deployment approach. Phase 1 - Research and Phase 2 - Operations. Parties agreed to a phased approach. Phase 1 includes the TAG development and implementation, market research and analysis, and detailed program design. Phase 2 provides program start-up activities (e.g., final Implementation Plan, detailed M&V plan, marketing plan, final program design, etc.) and pilot delivery.
Access to Customer Data	[redacted] PG&E explained that once the contract is in place, TRC can access PG&E customer data through the IOU's Share My Data portal without additional customer approval. TRC agreed to this approach.
On-site Field Inspections Frequency	[redacted]
Customer Incentives	Parties discussed customer incentives tied to purchasing and installing energy control technologies to orchestrate customer energy and usage. The program will finalize customer incentives and measures during the Phase 1 research and design phase.
Hard-to-Reach & Disadvantaged Communities	Given the pilot's focus on technology integration, parties agreed that HTR/DAC targeting would not be the pilot's objective.
Customer Contractors	The bidder clarified that it would not recommend specific installation contractors or equipment vendors to customer participants. The bidder explained that the Pilot aims to define equipment specs, not specific products. The parties agreed to revise the agreement to reflect this approach.
Program Management Meetings	Due to the uniqueness of the pilot approach, parties agreed to hold weekly program meetings between the Implementer and PG&E during the program ramp-up period and bi-weekly during program implementation.
M&V Plan	PG&E preferred flexibility in this agreement due to its pilot approach. PG&E strongly preferred a meter-based approach, either population, site, or hybrid. The bidder explained that with a small number of customers (~400 homes) participating during the pilot period, the population would be too small for NMEC due to the data noise. The bidder preferred to measure at the circuit level during the

Table 4.1: Key Contract Negotiation Topics	
Topic	**Discussion and Agreement**
	pilot. If the program is scaled to a larger customer population, then NMEC will be appropriate. The parties agreed to address this during the program's market research phase. The Implementer will develop a detailed M&V Plan in coordination with the IOU.
Technical Advisory Group	The bidder proposed a technical advisory group (TAG) composed of qualified professionals to provide strategic guidance on the initial pilot's final design. PG&E supported a TAG but required a deeper understanding of the TAG formation, purposes, activities, participants, and deliverables. PG&E also expressed a preference for the CEC to be a member. The parties agreed to the TAG design presented in the final agreement. The Implementer will confer with PG&E on TAG membership to confirm a well-balanced and complete membership.
EE/DER Framework	In Decision 23-06-055,[22] the CPUC invited PAs to submit a request, through an advice filing, to seek CPUC approval of EE/DER programs. In response, PG&E filed Advice 4876-G/7209-E seeking CPUC approval of the proposed multi-DER (MDER) program framework. The parties discussed the potential for additional funding in the future through PG&E's proposed MDER framework. They will discuss further opportunities in the Pilot's market research phase.

B. Fairness of Negotiations

Overall, the contract negotiations were fair and transparent. They resulted in a contract that resembled the bidder's proposed program design. The following are changes to the budget and expected performance due to the contract negotiations.

Table 4.2: Proposed vs. Final Agreement			
		[redacted]	Final
2025-2027 EE Budget			$5,700,000
2025-2027 DER Budget			$0
Total Budget			$5,700,000
TSB Forecast			n/a
Energy Savings, kWh, net			n/a
Demand Reduction, kW, net			n/a

[22] OP 28 states, "Portfolio administrators may propose processes for customers to implement multi-distributed energy resource projects and receive rebates or incentives for non-energy efficiency integrated demand-side management measures through their energy efficiency programs, by submitting Tier 3 advice letters no later than March 15, 2024. The advice letters shall include details of the use of non-energy efficiency funding, measurement approaches including any methods that will be used to ensure that impacts on consumption are not double-counted, and references to applicable rules and approved budgets from non-energy efficiency resource areas that will govern the distribution of those funds."

Table 4.2: Proposed vs. Final Agreement			Final
Energy Savings, therms, net		[redacted]	n/a
Total Resource Cost Test Ratio			n/a
DBE % of Non-Incentive Pgm. Budget			2%
n/a – not applicable. The Pilot is categorized as a Market Support program type.			

C. Changes to Contract Terms & Conditions

At the beginning of the contract negotiations, PG&E provided the bidder with standard and modifiable CPUC terms and conditions to comply with the CPUC directives.[23]

The IE reviewed all documents and confirmed that the contract includes the CPUC's standard terms and conditions. The IOU proposed additional terms and conditions. These additional terms do not conflict with the CPUC standard terms, as PG&E included a clause stating that the CPUC standard terms and conditions take precedence over any potentially conflicting terms in the agreement. Both the IOU and the bidder agreed to all terms and conditions. The IE also reviewed the contract against the PRG Contract Checklist and found no issues with the executed contract.

D. Conformance with CPUC Policies and Objectives

The table below summarizes how the program elements align with those CPUC policies and other PRG recommendations the contracted Program should support.

Table 4.3: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	**IE Response**
IOU should develop a standard contract template with CPUC standard terms to be compliant with applicable CPUC policies, decisions, or specific directives, consider PRG and IE feedback, and not use language/concepts that are inappropriate or typically not used in the EE industry. (PRG Guidance on Contracting, Section 6.1.1)	See Section 3.1.C.
The Contract must include all CPUC standard (non-modifiable) contract terms in the Contract (6.1.2)	See Section 3.1.C.
The Contract includes CPUC modifiable contract terms as a starting point. (6.1.3)	See Section 3.1.C.
Other aspects of the contract template do not	See Section 3.1.C.

[23] Decision 18-10-004, OP 7, states, "The utility program administrators (Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, Southern California Gas Company) shall, and other program administrators may, include as modifiable or negotiable contract terms for third parties bidding to design and/or deliver energy efficiency programs under the energy efficiency rolling portfolio, as required by Decision 18-01-004, the terms included in Attachment B to this decision. Other negotiable contract terms may also be included, but those in Attachment B are required as the starting point for negotiations. The modifiable terms in Attachment B to this decision and any others put forward by the utilities may only be modified by mutual agreement between the utility program administrator and the third-party bidder." [Emphasis added.]

Table 4.3: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	**IE Response**
conflict with CPUC terms and conditions, policies, decisions, or direction. (6.1.4/5)	
IE pool reviews the standard contract template and provides comments (6.1.6)	Confirmed. The IE reviewed the contract template.
IOU must present its contracting negotiation process to the IE/PRG for review (6.2.1)	Confirmed. The IOU informed the IE and PRG of the process and approach to the Contract.
IEs should monitor all bidder communications during the negotiation process (6.2.2)	Confirmed. The IE was included in all bidder communications and attended all negotiation meetings.
IOUs should explain their contracting process to selected bidders (6.2.3)	Confirmed. The IOU presented the contracting process to the bidder at the initial meeting.
Before execution, the assigned IE and PRG should review the final contracts for each program recommended for award. (6.3.1)	Confirmed. The IE and PRG reviewed the final contracts.
A reasonable number of KPIs.	Confirmed. Five KPIs address program performance, budget management, technology, and customer satisfaction.
KPIs make sense in terms of measuring, scale, and timeframe.	Confirmed.
The Contract includes appropriate performance issue remedies.	Confirmed. The Contract identifies the process to monitor program performance issues and corrective action if the Program is underperforming.
The Contract clearly addresses Support Services.	The Contract identifies IOU services limited to activities (e.g., review of marketing materials) expected in the Portfolio Administrator's role. The Implementer is not charged a fee for these standard services.
Innovative aspects of the program are retained.	Confirmed.
If applicable, IDSM components are included.	The Implementer will promote integration technologies that will encourage energy orchestration through a combination of customer EE and DERs.
If applicable, program considerations for Hard-to-Reach (HTR) and Disadvantaged Communities (DAC) are incorporated.	Not applicable. The Pilot will focus on customers with existing DERs residing in newer home stocks.
The changes proposed by the IOU and the Implementer were reasonable and fair.	Confirmed.

E. Uniformity of Contract Changes

The IOU negotiated only one Contract with one bidder in this solicitation.

3.2 Final Selection

PG&E made its final selection based on the outcome of its evaluation and ranking of all the proposals, which included a bidder interview process. Details of the proposal scoring process and final selections are presented in Section 2.4 of the Report.

3.3 Contract Execution

PG&E and TRC executed a complete and final agreement on January 24, 2025. Once the CPUC approves the completed contract, it will become effective. Following this approval, TRC will begin initial pilot tasks, including developing the program's initial Implementation Plan. PG&E anticipates that this initial Plan will be completed in the second quarter of 2025. The Implementation Plan will be updated in Phase 2 of the program delivery period to provide more detailed information on program design and delivery.

Table 4.4: Executed Contract		
Bidder	Contract Duration	Program Name
TRC Solutions	37 months (estimated)	Residential Customer Energy Orchestration Pilot

3.4 PRG and IE Feedback to Contracting

The IOU actively sought and considered feedback from the PRG and IE throughout the contracting process. As noted, PG&E's standard contract agreement incorporated the PRG's contracting recommendations. During this phase, the IE closely monitored all contract negotiations and discussed emerging contracting issues with the IOU. Section 3.1 of this report further explores many of these issues.

Throughout the contract negotiations, PG&E provided updates on the general status of these negotiations during the monthly PRG meetings. Additionally, the IE presented a comprehensive list of emerging issues to the PRG at these meetings.

Both the PRG and IE contributed input on the draft contract. Table 4.5.a outlines the PRG's recommendations along with PG&E's responses.

Table 4.5.a: PRG Contract Recommendations		
Topic	Comment	IOU Response
Total System Benefits Reporting	ED staff is interested in learning how the Residential CEO program calculates TSB outside the CET. The ED staff encourages PG&E to document these calculation methodologies and the numerical outputs of these calculations in the annual reports.	Agree.

Table 4.5.a: PRG Contract Recommendations		
Topic	Comment	IOU Response
Program Achievement Reporting	How will PG&E report the program's achievements to the CPUC, and what achievements will it report?	PG&E will report energy savings and TSB for any EE measures with an existing, active deemed measure packaged in eTRM in CEDARS. Because the CET does not emphasize load shifting at this time, PG&E and the Implementer will work together to calculate TSB separately (outside of the CET). The numerical output of load-shifting approaches applied during the pilot will be provided in the EE annual report.
Claimable TSB and Energy Savings	Will projects under this pilot enter into CEDARS claims?	All projects will be entered into Energy Insight and claimed in CEDARS. Projects not utilizing existing EE measure packages will have zero energy savings, and TSB will be claimed in CEDARS, but incentive/measure costs and participant info will be reported.

IE Contract Recommendations

The IE provided nine specific recommendations to PG&E regarding various topics such as IOU customer data sharing, the CPUC-adopted definition of Underserved, TAG's role, program double-dipping, CPUC pilot requirements, and contract dispute provisions. PG&E accepted these recommendations..

4. Assessment of Final Contract

The final Contract represents TRC's original program design for a market support program focused on identifying and demonstrating the effectiveness of customer-directed load orchestration approaches through energy efficiency measures, distributed energy resource interventions, and time-of-use rates to efficiently address grid and customer dynamic energy needs. Consistent with the CPUC's definition of a third-party program, TRC's Residential CEO Pilot should be considered proposed, designed, and delivered by a third party.

The Contract complies with all specific CPUC directives related to third-party contracts, including incorporating all standard CPUC terms and conditions without modification. The final KPIs and implementer compensation structure allow the IOU to monitor key program performance, budget management, technology, and customer satisfaction throughout the program implementation period.

4.1 Bid Selection Respond to Portfolio Needs

PG&E sought to acquire a pilot program that could focus on learning opportunities related to integrating and orchestrating novel combinations of EE measures with DER and time-of-use rates to test the capability of a single program to provide multiple load-modifying grid services.

4.2 Bid Selection Provides the Best Overall Value to Ratepayers

A. Introduction

TRC's proposal received the highest overall score in the competitive solicitation using PG&E's established scoring rubric. PG&E determined that TRC's proposal provided the best overall value to ratepayers. The IE monitored every solicitation aspect, including the IOU's evaluation, leading to PG&E's final selection. Based on this monitoring, the IE agrees with PG&E's decision that the Pilot provides the best value to the IOU's ratepayers among the proposals received in this solicitation.

B. Program Description

The CEO pilot program will identify and demonstrate successful energy efficiency and load management strategies in eligible residential single-family homes. The primary objective of the Pilot is to evaluate the effectiveness of various flexible load orchestration strategies in the residential single-family segment. This includes examining EE measures, customer DERs, and time-of-use rates. The program aims to generate data and insights that will assist PG&E in developing future measurement and compensation protocols for energy orchestration programs. Additionally, the program will explore the customer experience related to different orchestration approaches.

The target population for the Pilot includes property owners of existing single-family homes who have participated in PG&E's current and previous residential EE new construction programs. It also encompasses current and past participants of other PG&E, CEC, BayREN, and/or CCA residential programs within PG&E's service territory. Many of these homes already have heat pump space and/or water heating systems, DERs, and well-insulated, airtight building envelopes that require minimal to no additional EE treatments or equipment installations. This allows the Pilot program to concentrate its funding on load-shifting practices and technologies.

Specifically, the Pilot will target:

- Residential single-family homes receiving electric utility service from PG&E;
- Residential customers on the E-ELEC or EV2-A time-of-use electric rate, or have agreed to move to the E-ELEC or EV2-A rate;
- Customers with program-approved EE load shift equipment already installed or who have agreed to install one or more program-approved EE load shift equipment; and
- The customer must pay the electric PPP charge.

The pilot-specific offerings, design, and approach will be finalized as part of the Pilot's research and analysis phase, informed, in part, by a Technical Advisory Group. This initial phase will determine the combination of technologies, vendors, and platforms utilized for the Pilot. The analysis will determine if there is a need for customer incentives for EE upgrades or if the possible participant pool has sufficient homes with existing energy efficiency levels, so these incentives are unnecessary. The phase will also determine the need for rebates for control technology installation and the best means of administering those funds.

The Pilot plans to incentivize customers to participate in Pilot participant interviews and install permanent load-shifting technology. The Implementer will provide customer service to participants for all aspects of Program implementation, including:

- Providing a customer support platform;
- Providing information on other programs that offer rebates and installation of the prerequisite equipment;
- Assisting with participation in these programs;
- Assisting customers with technology selection. The Implementer will not be responsible for or engage in any trade ally networks, contractor selections or recommendations, bid negotiations, or Implementer-written agreements with installers;
- Educating participants on load-shifting behavior and technologies; and
- Supporting customers' questions/concerns throughout participation.

The Implementer will serve as the participants' main point of contact throughout Pilot preparation and participation.

C. Budget and Cost-Efficiency

The final budget shown in Table 5.1 aligns with the CPUC's cost category targets, except the Direct Implementation-Non-Incentive (DINI) cost category, which has a target of 20% for the IOU's third-party program portfolio. Considering the Program's unique pilot approach, which involves substantial research and design, the DINI budget appears justified.

Table 5.1: Program Budget by Cost Category

Cost Category	2025	2026	2027	2028	Total	% of Total
Administrative	$30,396	$32,225	$40,135	$15,705	$118,461	2%
Market & Outreach	$109,550	$175,010	$0	$0	$284,560	5%
Incentives	$212,750	$757,250	$430,000	$0	$1,400,000	25%
DINI	$626,567	$1,334,633	$1,587,547	$348,232	$3,896,979	68%
Total Budget	$979,263	$2,299,118	$2,057,682	$363,937	$5,700,000	100%

The Contract prohibits the Implementer from accessing budgets from previous or future program

years without written approval from PG&E, eliminating the need for a change order to the Agreement. This provision enables the Implementer to efficiently access and utilize budgets from prior and upcoming years without delays with PG&E's approval while allowing PG&E to closely monitor budget performance throughout the contract term. This process provides flexibility similar to what the CPUC has granted PG&E in managing its EE portfolio budget.[24]

D. Expected Program Performance

PG&E and the bidder established specific performance goals for the program. Given the pilot nature of the offering and the phased approach to program delivery, both parties agreed that the performance goals would be linked to customer enrollment and the integration of various energy management technologies with distributed energy resources. Table 5.2 outlines the annual performance goals for each program activity.

Table 5.2: Program Performance Goals

Program Goals	2025	2026	2027	2028	Total
No. of Customers Enrolled in the Program	30	370	0	0	400
No. of Load Flexible Technology Combinations Tested	2	13	0	0	15

E. Cost-Effectiveness

The Pilot program will be conducted and funded under PG&E's Market Support segment, while the details of the program delivery will be developed during the market research phase. As a result, this developing offering does not currently include a cost-effectiveness forecast. However, the Pilot will measure load impacts using a meter-based approach, which will help inform future customer orchestration program offerings. PG&E plans to categorize these future orchestration programs under its Resource Acquisition segment.

F. Integrated DSM

The Pilot will not utilize any integrated EE/Demand Response funding identified by the CPUC in Decision 18-05-041.[25] Instead, the program will integrate EE with customer DERs by design, consistent with the CPUC call in Decision 23-06-055, to further customer energy integration opportunities.[26] To be clear, the Pilot budget does not propose using additional funding sourced

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[24] Decision 21-05-031 states, "Furthermore, we will allow the annual budget forecasts to be fungible within the four-year application cycle. In other words, the program administrators are not limited to annual budgets, but can consider the budget to be spent at any time during the four-year period.", p. 31.

[25] CPUC states, "Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall set aside a minimum annual amount from each of their integrated demand side management budgets to test and deploy strategies for integration of energy efficiency and demand response as further directed in this decision, as follows: at least $1 million for the residential sector and a load-share-proportional amount of $20 million for the commercial sector.", OP 10.

[26] The concept would be to use an energy efficiency program delivery channel to integrate a comprehensive program strategy and allow a customer to install a multi-DER project, receiving incentives through one process….', pp. 77-78.

from an integrated DSM funding source as provided by the CPUC.[27]

G. Disadvantaged Communities and Hard-to-Reach Customers

This pilot program aims to test different technology combinations with customer energy efficiency (EE) and distributed energy resources (DER). While it does not specifically target residential single-family housing types or disadvantaged communities (DAC), customers from these groups are still welcome to participate. The program implementer will monitor and report any participation from households or communities that qualify as HTR or DAC to guide future program offerings.

H. Disadvantaged Worker Policy

Consistent with the CPUC's modifiable terms and conditions, the Implementer will comply with the CPUC Disadvantaged Worker requirements established in the Program's policies and procedures as appended to the final Implementation Plan[28], including reporting on any Disadvantaged Worker activities.

I. Workforce Standards Policy

The Implementer, its employees, agents, representatives, subcontractors, independent contractors, and all other persons performing the program services must comply with the workforce qualifications, certifications, standards, and requirements. The Workforce Standards will be included in the Implementer's final Implementation Plan.

J. Measurement and Verification Plan

The pilot will finalize the Measurement and Verification (M&V) plan as part of the market research and program design tasks. The parties have agreed to pursue meter-based energy consumption for participants during specified time periods to estimate the energy impacts of pilot participation across various technology combinations. The bidder preferred to measure at the circuit level during the pilot and indicated that if the program is scaled to a larger customer population, then NMEC will be appropriate. The final M&V plan will comply with the CPUC requirements, including data collection and reporting, ensuring that the reported energy savings are consistent with evaluation, measurement, and verification impact evaluations.[29]

K. Implementer Compensation

Table 5.3 outlines the compensation structure for the Implementer associated with the Pilot activities.

[redacted]

[27] Decision 23-06-055, OP 29 states, "Portfolio administrators (PAs) may set aside up to 2.5 percent, or $4 million, whichever is greater, up to a maximum of $15 million, from within their total budgets during 2024-2027 approved in this decision to fund innovative integrated demand-side management projects, including ongoing load-shifting that is not event-based. Energy efficiency funding shall not be used for rebating capital costs of non-efficiency technologies, except as already provided for electric panel upgrades in Decisions 19-08-009 and 23-04-035."

[28] CPUC Implementation Plan Template Guidance, Version 2.1, dated May 2020

[29] Rulebook for Programs and Projects Based on Normalized Metered Energy Consumption, Version 2.0, dated January 7, 2020

[redacted]

[redacted]

L. Insurance Requirements

After finalizing negotiations on the Contract's Statement of Work, PG&E reviewed the insurance requirements, including the types of insurance and the minimum coverage amounts. The parties agreed on these terms, ensuring the insurance requirements were consistent with the program's scope and budget.

M. Innovation

The Pilot plans to introduce customer energy orchestration to address peak demand in the system and help reduce customer energy costs. Energy orchestration involves managing and coordinating various energy resources and systems to enhance efficiency, reliability, and sustainability. This process includes integrating behind-the-meter (BTM) energy resources—such as solar panels, battery storage, and other distributed energy resources—into PG&E's power grid.

BTM systems are positioned on the customer's side of the electric meter and can supply energy directly to the property. By coordinating these resources, PG&E and its customers can more effectively manage energy demand, reduce peak load, and improve grid resilience. The Pilot will focus on:

- **Homes are pre-screened to identify existing equipment and advanced EE measures.** The Pilot's strategy for selecting and recruiting homes, combined with the cost savings from targeting homes that previously participated in PG&E's new residential construction programs, means that there will be little to no additional upgrades or installations for these homes to take part in. This approach allows more homes to participate with minimal upfront costs and effort from the participants. It enables the

selected homes to provide a diverse range of EE levels and electric equipment specifications for analysis.

- **Evaluation of multiple approaches.** The Pilot's strategy of offering both behavioral and technology-based cohorts, each with varying technology combinations and customer communication approaches, will allow a comparison of the two main cohorts to determine if one approach is more cost-effective and provides sustainable results while also evaluating various technology combinations and communication approaches across both cohorts. This analysis and comparison of the two approaches to achieve the same end goal can inform different future program approaches.

N. Key Performance Indicators

The KPIs will be the primary means of continuously assessing the program's performance. They will be tracked monthly, reviewed annually, and updated as necessary. Given the proposed program approach, the KPIs appear reasonable.

Table 5.4: KPIs

KPI	KPI Category	KPI Description	[E] KPI Target
Budget Forecast Accuracy	Program Operations	The average quarterly budget forecast variance - i.e., the variance between forecasted spending (payments + accruals) and actual spending (payments + accruals) for each quarter. The variance for an individual quarter is calculated by summing the monthly forecast for the entire quarter as submitted immediately before the start of that quarter and comparing it to the sum of monthly actuals for that quarter immediately following the end of that quarter. The average quarterly budget forecast variance is calculated by averaging the budget forecast variance for all quarters in the year.	2025/2026 <20% variance 2027/2028 <15% variance
Enrollment Forecast Accuracy	Program Operations	The average quarterly Enrollment forecast variance - i.e., the variance between forecasted achievements and actual achievements for each quarter. The variance for an individual quarter is calculated by summing the monthly forecast for an entire quarter as submitted immediately prior to the start of that quarter and comparing it to the sum of monthly actuals for that quarter immediately following the end of that quarter. The average quarterly Enrollment forecast variance is calculated by averaging the forecast variance for all quarters in the	2025 <25% variance 2026 <20% variance

Table 5.4: KPIs			
KPI	**KPI Category**	**KPI Description**	**[E] KPI Target**
		year.	
Project Close-Out Forecast Accuracy	Program Operations	The average quarterly Project Close Out forecast variance - i.e., the variance between forecasted achievements and actual achievements for each quarter. The variance for an individual quarter is calculated by summing the monthly forecast for the quarter as submitted immediately before the start of that quarter and comparing it to the sum of monthly actuals for that quarter immediately following the end of that quarter. The average quarterly Project Close Out forecast variance is calculated by averaging the forecast variance for all quarters in the year. (A project is considered closed out when all interviews have been completed, all incentives have been invoiced, and all data from the project collected.)	<10% variance
Customer Satisfaction	Customer Satisfaction	Measurement of Implementer's ability to respond to customer needs, number of complaints, resolution of complaints, flexibility, reporting accuracy, and timeliness.	≥4 Customer Satisfaction Rating
Number of Load flexible Technology Combinations Tested	Program Operations	Number of load flexible technology combinations tested compared to the number projected for the pilot.	<90%

5. Overall Assessment of Solicitation

PG&E's conduct during the residential customer energy orchestration solicitation was fair, equitable, and transparent.

As stated by the CPUC, in Rulemaking 21-06-017, "In the United States, DERs, including battery storage, customer-sited solar, demand-side management, and electric vehicle (EV) infrastructure are on track to reach 387 GW of cumulative installed capacity by 2025. By comparison, the current combined coal and nuclear power capacity in the United States is substantially less at about 330 GW. Customer-sited solar, residential load management potential, battery storage, and EV infrastructure are expected to account for more than 90 percent of DER capacity installed through 2025." The CEO solicitation recognizes that customer DERs, including EE, have the potential to benefit the grid and the customer.

To leverage this potential, PG&E sought qualified bidders to propose, design, implement, and deliver an innovative pilot that focused on integrating and orchestrating novel combinations of EE measures with DER and time-of-use rates to test the capability of a single program to provide multiple load-modifying grid services.

TRC's CEO Pilot will identify and demonstrate successful energy efficiency and load management strategies in eligible residential single-family homes. The primary objective of the Pilot is to evaluate the effectiveness of various flexible load orchestration strategies in the residential single-family segment. This includes examining EE measures, customer DERs, and time-of-use rates. The program aims to generate data and insights that will assist PG&E in developing future measurement and compensation protocols for energy orchestration programs. Additionally, the program will explore the customer experience related to different orchestration approaches. Timely implementation and program findings can help the IOU gauge the value of customer energy orchestration for the grid and the customer.

Timely Negotiations

At the end of the extended 44-week negotiation period, the bidder expressed frustration regarding the length of the contract discussions. They explained that staffing the negotiations had become very costly. TRC emphasized to PG&E the need to improve the timeliness of its negotiation process in the future. In response, PG&E acknowledged the concern and stated that it would work on enhancing its contracting phase. They also expressed their appreciation for TRC's patience throughout the process.

The IE acknowledges the difficulties in refining the new energy orchestration strategy during negotiations. The parties addressed various program design and delivery issues unique to the new pilot objectives. During these discussions, PG&E fostered a collaborative environment that improved the program design and delivery; this collaboration is commendable, and PG&E should continue this in all future contract negotiations.

Regarding the timeliness of the negotiations, the IE recommends that PG&E reassess its internal contracting processes to identify ways to streamline and shorten the duration of contract negotiations, using internal stakeholders to examine its negotiation process to identify causes for delays and opportunities for greater efficiencies. The IE suggests potential improvements, including establishing a firm end date for negotiations to focus both parties on the timely conclusion of negotiations.

6. Implementation Plan Assessment

As requested by the PRG, the IE's review of the Implementation Plan (IP) was limited to confirming the draft IP alignment with the CPUC-approved Contract. The IE review did not address whether the draft IP complied with the CPUC's IP requirement, as PG&E's process does not allow IE confirmation of the final IP.

The Implementation Plan assessment and public workshop were conducted in April 2025, slightly beyond the reporting period for this Semiannual Report. For efficiency and convenience, we are addressing these final solicitation activities in this Report.

6.1 Results of the Draft IP Review

The IE reviewed the draft IP to ensure consistency with the executed contract. Table 7.1 summarizes the results of the draft IP review compared to the standard PRG Checklist.

Table 7.1: Draft Implementation Plan Comparison with Executed Contract		
Topic	Consistent	IE Notes
Program Overview	Yes	
Program Summary (incl. budget, impacts, cost-effectiveness, sector, etc.)	Yes	
Program Delivery (incl. program offerings, target market)	Yes	
Program Design (incl. strategies, tools, methods, innovation, integrated demand side management, program logic model, etc.)	Yes	
Compliance (workforce standards, disadvantaged workers, etc.)	Yes	
Metrics	Yes	
Program Rules (incl. customer eligibility, contractor eligibility, eligible measures, QA/QC Plan, etc.)	Yes	
Program Logic Model	Yes	
Incentive Levels & Workpapers	Yes	
Workshop held on April 25, 2025	Yes	

6.2 Public Workshop Overview Summary

PG&E held a public workshop on the draft IP on April 25, 2025. The webinar was well-attended, with about 22 participants, including members of PG&E's PRG.

The Implementer, TRC, and their subcontractor, Mendota Group, LLC (MG), presented the Residential CEO Pilot program. The Pilot will investigate various combinations of load-shifting technologies, behavioral education, and prompts in conjunction with the above code energy efficiency measures. PG&E expects the Pilot to inform future load management approaches to help with grid and customer energy management.

TRC presented a program overview, including a target of 400 single-family homes participating in the pilot. The program process included a two-phased approach: market research and pilot deployment to test orchestration. The program will consist of a Technical Advisory Group, which will help inform the market research phase. The pilot will recruit single-family homes with existing equipment and advanced EE measures from PG&E's previous new construction programs. The pilot will evaluate both behavioral and technology-based cohorts to determine which approach is more cost-effective and sustainable.

The Implementer also presented a detailed program diagram showing the program's interaction with other programs and expected outputs. TRC also listed possible program outcomes, including cost-effective and scalable permanent load management across various technologies/ interventions, the effectiveness of various customer messaging, and the ability of the end-user to achieve sustained load shifts. The presentation also reviewed the customer eligibility requirements, which include residential single-family homes on specific all-electric rates and customers with program-approved load-shifting equipment.

The Implementer expects the program to launch in January 2026, with program closeout scheduled for the first quarter of 2028.

Workshop Questions

A stakeholder inquired about Pilot's approach to measuring energy savings and expectations regarding the expected percentage of behavioral savings. The Implementer explained that the Pilot would apply a metered savings approach, but the Pilot would determine how best to employ metering (at the meter or sub-meter level).

A participant also commented on the extended contract negotiation period and inquired if PG&E has improved its negotiation approach to improve its timeliness. PG&E explained it had examined these negotiations and determined it would be best to receive agreement on the program scope among its internal stakeholders before proceeding with a solicitation, especially when it involves a new program strategy that involves various non-EE stakeholders within PG&E.

Energy Efficiency Independent Evaluators' Semiannual Report on the

Local Zonal Equity Electrification Pilot Solicitation

Reporting Period: October 2024 through March 2025

Prepared by:
Great Work Energy LLC

Disclaimer: This report includes sensitive and confidential information.

Local Zonal Equity Electrification Pilot Solicitation

1. Solicitation Overview

1.1 Overview

The ZEEP solicitation was complete by the end of September 2024, prior to this reporting period. PG&E's ZEEP solicitation resulted in two executed contracts for two programs with third-party program implementers Resource Innovations (RI) and Quantum Energy Services and Technologies (QuEST). The assigned Independent Evaluator, Great Work Energy (GWE IE) reported in full on the fairness, transparency and efficacy of the solicitation process and resulting contract in prior public reports.

The RFP and bid evaluation process was addressed in the October 2022 – March 2023 and April 2023 – September 2023 IE Semiannual Reports.

The negotiations and contracting stage of the solicitation was addressed in the October 2023 – March 2024 and April 2024 – September 2024 IE Semiannual Reports.

The IE Final Solicitation Reports addressed the entire ZEEP solicitation process and outcomes. Two IE Final Reports were submitted as appendices with PG&E's two advice letter filings seeking contract approval for each Implementer's program on July 17, 2024 (RI) and August 27, 2024 (QuEST).

This Semiannual Report will only address the final task that PRG has requested IEs perform for their assigned solicitations: review of the program Implementation Plans (IP) to ensure alignment with the contract.

a. Scope

PG&E ran a single-stage solicitation seeking proposals from third-party Implementers for an EE equity program aimed at electrifying targeted zones in Disadvantaged Communities (DACs). The Zonal Equity Electrification pilot programs (ZEEP) will focus on driving small groups of residential and non-residential customers to electrify in pre-identified zones, allowing deferral of planned PG&E gas system infrastructure or maintenance costs associated with that zone to instead be leveraged as another source of EE project funding to support the zone's electrification.

The solicitation laid out a program budget of $10 million that could be available over a 3-year contract period to support zonal electrification in DACs.

b. Objectives

Key objectives for the new program include:

- Fully electrify all customers in the entire zone, to allow for decommissioning of associated gas infrastructure serving the zone.
- Reduce participant energy bills.
- Maximize leverage of external (non-program) funding as the primary source of project funds.

Lessons learned are captured and successes from the pilot can be scaled for more or different types of customers in the future.

1.2 Timing

The ZEEP solicitation was conducted in accordance with CPUC requirements as a one-stage (RFP only) process, with robust IE engagement and regular coordination with the PRG on all aspects of the solicitation. Key milestones in the solicitation's schedule are shown in Table 1.1.

Table 1.1: Solicitation Schedule

Milestones	Completion Date	Weeks to Complete
RFP Stage		
Solicitation Launch	April 18, 2023	23 weeks
Bidders' Conference	April 25, 2023	
Offer Submittal Deadline	June 29, 2023	
RFP Shortlist to PRG	September 18, 2023	
Bidder Notification	September 29, 2023	
Negotiations & Contracting – Resource Innovations		
Contracting and Negotiations Period	October 6, 2023 – May 29, 2024	39 weeks
Contracts Presented to PRG	May 28, 2024	
Contract Execution	July 8, 2024	
Negotiations & Contracting - QuEST		
Contracting and Negotiations Period	October 6, 2023 – July 9, 2024	44 weeks
Contracts Presented to PRG	July 23, 2024	
Contract Execution	August 23, 2024	

1.3 Key Observations

This topic was addressed in the April 2024 – September 2025 Semiannual Report.

2. RFP, Bidder Response and Selections

This topic was addressed in the April 2024 – September 2025 Semiannual Report.

3. Contracting Process

The IE and PRG review of the contract templates occurred in July 2023 and was addressed in the

April–September 2023 Semiannual Report, and all phases of the contracting process were addressed in the April 2024 – September 2024 Semiannual Report.

4. Assessment of Final Contract

This topic was addressed in the April 2024 – September 2024 Semiannual Report.

5. Overall Assessment of Solicitation

This topic was addressed in the April 2024 – September 2025 Semiannual Report.

6. Implementation Plan Assessment

Advice Letters were approved by CPUC on the schedules indicated in Table 6.1 below, triggering the contract start date and 60-day timeline for developing and posting each program's Implementation Plan to California Energy Data and Reporting System (CEDARS). The Implementers presented their draft IP to Stakeholders at public webinars before finalizing. PG&E uploaded the final Implementation Plans to CEDARS within 60 days of CPUC approval, as required.

Table 6.1: Implementation Plan Timeline

Implementer	Program Name	Contract Approval Date (CPUC-approved Advice Letter)	IP Stakeholder Meeting	IP Posted to CEDARS	IP posted within 60 days of contract approval?
Resource Innovations	Powerful Neighborhoods	August 16, 2024	September 30, 2024	October 15, 2024	yes
QuEST	Sustainable Energy Home Improvement (SEHI) Program	September 26, 2024	November 12, 2024	November 25, 2024	yes

Implementation Plan (IP) Review –Resource Innovations Powerful Neighborhoods
The first draft IP was received for IE review and feedback on September 12, 2024. GWE IE reviewed to assess alignment with the contract executed and that it was appropriately addressing the IP template requirements. Overarchingly, RI's first draft IP was very strong, with only a few low-level issues identified. Additionally, this first draft was missing the supporting document Program Manual entirely. GWE provided comments back to PG&E on September 16, 2024.

PG&E sent a revision of the IP on September 23, 2024 that effectively addressed and resolved all IE feedback on the first draft but was still missing the Program Manual. The Program Manual content was received for IE review on September 25, 2024. GWE conveyed that the Program Manual section was excellent, with strong, clear and compelling content addressing what it is supposed to in the IP.

Key findings from IE review of the draft IP and their resolution are summarized in the table below.

Table 6.2: Implementation Plan Consistency with Contract – Resource Innovations			
Topic	Consistent with Contract?	Material E Feedback	Resolution
Budget and Savings	Yes	No feedback, all information was aligned with contract.	No resolution needed.
IP Narrative	No	In addition to DAC, descriptions of the eligible customers being served by this equity program in first draft IP repeatedly referred to "HTR", "low-income households", "small businesses", etc. This was not consistent with the contract or how PG&E developed the list of eligible zones and premises, which is based on being either in DAC or in a low-income census tract. While some participants will likely also meet the definition of HTR and this will be reported if so, eligibility for this equity program is not tied to the individual characteristics of particular customers in a zone.	Revisions adopted in second draft and final IP.
Program Theory and Logic Model	Yes	Draft program theory and logic model clearly and accurately reflect contracted program design & strategies.	No resolution needed.
EM&V	Yes	No feedback, all information was well-aligned with contract, clear and complete.	No resolution needed.
Other	Unknown	First draft of Program Manual was not initially provided for IE review, but it was included appropriately in a later draft.	Included in final IP, and consistent with contract.

Outreach and Public Webinar

PG&E posted the second draft of the IP with the Program M&V Plan and public webinar information on the California Energy Efficiency Coordinating Committee (CAEECC) website on September 24, 2024 and informed the service list.

The public webinar to present the draft IP was held on September 30, 2024. The event was well attended, with ~ 28 attendees logged in, including attendees from local RENs, PRG members and CPUC staff. The information presented by Resource Innovations was clear, concise and accurate.

Many good, relevant questions were posed by attendees. Additionally, multiple REN representatives in attendance commented on the importance of coordination and conveyed their interest in doing so. All questions were effectively answered live by the Implementer and/or PG&E staff during the webinar, including:

- Is there a cap for the potential amount of co-pay (for Commercial participants)?
- What is the source of your statement that "natural gas is expected to increase two times faster than electricity"?
- How will you address customers that don't want to participate, but are in a zone?
- How will confirm that a zone is still eligible to secure the gas offset funding?
- Will you back out the savings attributed to this program from other CPUC resource programs?
- If TSB is not claimed, will it be reported separately? During implementation, could you provide feedback on if/ how TSB is relevant for this type of program, or whether/ how it could be?
- How are inspections and permitting handled for work requiring installation?
- How will you partner with other Program Administrators to ensure they aren't already being served by other PAs, e.g. CCAs, RENs?
- What will be the approach for avoiding unnecessary panel upgrades, via alternatives such as sub-panels, smart splitters, smart breakers and meter socket adapters?
- What's the data you need from PG&E to implement this program?
- Do all appliances need to be electrified within a home for it to be eligible, or would there be exceptions, for example, wouldn't need to do electric cooktops to participate?

Implementation Plan (IP) Review – QuEST SEHI

As a new Implementer for PG&E, QuEST reached out to PG&E proactively to request early review of a rough draft IP, to see if they were generally on track in terms of content and detail. PG&E provided this rough draft IP to GWE for IE input on October 17, 2024. GWE IE provided PG&E with feedback on the structure and content on October 19, 2024. IE comments focused on what was missing, drawing attention to key elements and aspects of the program as contracted that were missing or had not been adequately addressed in the rough draft IP. These included:

- The definition and role of "zones" list in ZEEP pilot.
- The requirement for full electrification of all premises within a zone.
- How the program will leverage deferred gas system maintenance funding, which was a basis for PG&E determination of the zones/ premises that are eligible.
- Strategies to reduce the need for behind-the-meter upgrades.
- Monitoring of post-bill impacts and the program's strategy for intervening if estimated bill savings are not realized.

- How the program will maximize leverage of external funding sources to fund projects.
- Confirming compliance with workforce standards where applicable.
- More clearly addressing all the pilot elements of the contract, i.e. what will be learned and reported on.

PG&E provided a full draft of the IP for IE review on October 28, 2024. GWE assessed alignment with the contract executed and that it was appropriately addressing the IP template requirements. GWE confirmed that IE comments on the rough draft (bullet list above) had been addressed and provided advice about redundancy of content and formatting issues. GWE provided feedback to PG&E on October 29, 2024, which PG&E passed along to QuEST. These comments were considered and addressed in a revised final draft IP. Key findings from IE review of the full draft IP and their resolution are summarized in the table below.

Table 6.3: Implementation Plan Consistency with Contract - QuEST

Topic	Consistent with Contract?	Material IE Feedback	Resolution
Budget and Savings	Yes	No feedback, information was aligned with contract.	No resolution needed.
IP Narrative	No	Pilot learning objectives/ scope from contract were only partially addressed, some were missing. Metrics section in IP Narrative should address and define the program's primary contracted metrics/ targets (zones and premises fully electrified, bill savings).	Pilot learning objectives listed were still only partial, did not adequately reflect the detailed list of what is being tested from contract. Metrics were appropriately defined/ described and aligned with contract.
Program Theory and Logic Model	Yes	No feedback, information was aligned with contract.	No resolution needed.
EM&V	Yes	No feedback, information was aligned with contract.	No resolution needed.
Other	No	Multiple sections of IP mischaracterized how PG&E selected eligible zones. Information on this topic was materially inaccurate.	These were updated appropriately throughout the document.

Outreach and Public Webinar

PG&E posted the revised final draft of the IP along with the public webinar information on the CAEECC website on November 4, 2024 and informed the service list.

The public webinar to present the draft IP was held on November 12, 2024. The event was well attended, with ~ 36 attendees logged in, including attendees from local RENs, PRG members and CPUC staff.

Due to a lack of clarity in some aspects of the presentation, stakeholders in attendance had a lot of basic, definitional questions about the program, such as "what is a zone?" and "what is this pilot testing? These questions were not all adequately addressed by the presenter during the webinar. Unfortunately, PG&E program staff did not step in to help by facilitating the Q&A, by restating a question where it was not being fully understood, or by supplementing or correcting answers provided where appropriate.

Over the following week, PG&E worked with the Implementer to prepare written answers to all questions received during the webinar. On November 19, 2024, Q&A was uploaded to the CAEECC "IP Plan Information – Market Rate" webpage, along with the webinar slide deck. PG&E notified the service list that had originally received the webinar notice that supplemental information had been posted.

Questions received during the webinar and addressed in the posted Q&A included:

- November 12: GWE IE reached out to PG&E staff immediately following the webinar to express concerns that many questions received had not been adequately or accurately answered, despite this information already being clearly documented in the IP and/or contract. GWE recommended that PG&E prepare and disseminate written Q&A as a follow-up to this webinar. PG&E was immediately responsive, as they had similar concerns and had met with QuEST immediately following the webinar to raise these. PG&E agreed with GWE's recommendation to publish written Q&A as a follow-up to the webinar.

- November 12: GWE also reached out to ED staff who had attended the webinar and asked some of the questions to inform them that this follow-up request had been made and that PG&E intended to act on it. ED staff agreed strongly that better answers to stakeholder questions should be disseminated, and expressed additional, valid concerns about some of the planned program's strategies and potential for success based on what had been conveyed in the webinar.

- November 13: GWE met with PG&E program staff and EE management to discuss specific concerns and provide advice. They understood and were seeking the best way to correct errors made during the presentation. This provided an opportunity to emphasize the need for PG&E to manage according to the contract terms, particularly pointing out the Pilot requirements/ scope, and raising the need to for PG&E to operationalize this with QuEST. PG&E will also be bringing in an embedded evaluator to work with both

ZEEP pilots during program set-up and implementation, which should help.

- November 15: PG&E provided draft written Q&A for GWE's review. GWE provided feedback on November 18. IE feedback was considered and appropriately addressed before finalizing.
- November 19: Q&A was uploaded to the CAEECC "IP Plan Information – Market Rate" webpage, along with the webinar slide deck. PG&E notified the service list that had originally received the webinar notice that supplemental information had been posted.

Questions received during the webinar and addressed in the posted Q&A included:

- Can you define a zone?
- It looks like some zones contain only 1 or 2 customers. Is that accurate?
- You select a zone (or zones) but then have to work with residents in that zone to convince all to participate before a project can move forward, correct? What's the expected timeframe to "close the deal" and convince all residents? When would you give up on one zone and move to another? For the projected number of projects in the plan, do those numbers assume that the zones identified first all say "yes"?
- Will this avoid planned gas utility infrastructure upgrades, so you need 100% participation in a customer zone by a certain time?
- Is there a dollar cap on how much you'll spend on a zone to get buy-in before you'll move to another zone?
- If some members of a zone decline to participate, will the other members be allowed to participate? If the costs can only be covered if all customers participate, will the customers know that?
- Do you have a target number of "zones" that are larger than one meter?
- What happens if the monthly bill is higher after the program?
- Will available appliances include heat pump HVAC for households that don't already have AC, which may lead to increased energy consumption and increased comfort?
- How did you arrive at the $162 in annual savings per residential participant?
- What are the IMC (incremental measure cost) and FMC (full measure cost) incentives?
- IMC and FMC were referenced in association with a "ZEEP workpaper". Is the workpaper available?
- Where will hourly gas and electric usage data come from?
- What type of coordination will there be with MCE and BayREN and the other Zonal Equity Programs, if relevant?

Energy Efficiency Independent Evaluators' Semiannual Report on the

Local Commercial Strategic Energy Management Solicitation

Reporting Period: October 2024 through March 2025

Prepared by:
Great Work Energy LLC

Disclaimer: This report includes sensitive and confidential information.

Local Commercial Strategic Energy Management Solicitation

1. Solicitation Overview

The Commercial SEM solicitation was almost complete by the end of September 2024, prior to this reporting period. PG&E's Commercial SEM solicitation resulted in an executed contract with third-party program implementer Stillwater Energy. The assigned Independent Evaluator, Great Work Energy (GWE IE) reported in full on the fairness, transparency and efficacy of the solicitation process and resulting contract in prior public reports.

- The RFP and bid evaluation processes were addressed in the October 2023 – March 2024 IE Semiannual Report.
- PG&E's shortlist recommendation, negotiations and contracting stage of the solicitation, final selection and IE analysis of the final contract were addressed in the April 2024 – September 2024 IE Semiannual Report.
- The IE Final Solicitation Report addressed the entire Commercial SEM solicitation process and outcomes. It was submitted as an appendix with PG&E's advice letter filing seeking contract approval for the program on December 20, 2024.

This Semiannual Report will only address the final task that PRG has requested IEs perform for their assigned solicitations: review of the program Implementation Plans (IP) to ensure alignment with the contract.

1.1 Overview

a. Scope

PG&E ran a single-stage solicitation seeking proposals from third-party Implementers to design and implement a local resource acquisition program for Commercial, Institutional and/or Public sector customers. The Commercial Strategic Energy Management (SEM) program will promote the establishment and maintenance of SEM practices in participant organizations and facilities to deliver program benefits and other objectives.

The solicitation lays out a program budget of $15 million that could be available over a 6-year contract period. Additional EE/DR funding is available and may optionally be proposed by bidders.

b. Objectives

The Commercial SEM program will promote the establishment and maintenance of SEM practices in participant organizations and facilities to deliver the following program objectives:

- Cost-effective energy savings that maximize TSB.

- Program design and M&V is aligned with the CA SEM Design and M&V Guides and receives associated SEM evaluation factors.
- Program collaborates with PG&E to provide insights, test, and/or appropriately modify elements of the CA SEM framework (initially developed for Industrial SEM) to optimize SEM delivery and outcomes for the Commercial sector.
- High customer satisfaction
- A deep and transformative customer experience:
    - Participants build their organization's internal capacity (knowledge, skills and resources) to manage their energy use and costs through their participation in the program.
    - Participants adopt and deepen their SEM practices throughout their enrollment and achieve measurable improvements in their energy performance.
    - Participants adopt and sustain energy management practices that persist beyond their enrollment in the program.

1.2 Timing

The Commercial SEM solicitation was conducted in accordance with CPUC requirements as a one-stage (RFP only) process, with robust IE engagement and regular coordination with the PRG on all aspects of the solicitation.

Key milestones in the solicitation's schedule are shown in Table 1.1. Future dates shown in parentheses reflect the expected schedule as of the end of this reporting period.

Table 1.1: Solicitation Schedule

Milestones	Completion (Proposed) Date	Weeks to Complete
RFP Stage		
Solicitation Launch	November 3, 2023	24 weeks
Bidders' Conference	November 9, 2023	
Offer Submittal Deadline	January 18, 2024	
RFP Shortlist to PRG	April 17, 2024	
Bidder Notification	April 23, 2024	
Negotiations & Contracting		
Contracting and Negotiations Period	Phase 1: May 2024 Phase 2: June 2024 – September 2024	As planned, ~ 32 weeks
Contracts Presented to PRG	September 18, 2024	
Contract Execution	January 30, 2025	

1.3 Key Observations

This topic was addressed in the April 2024 – September 2025 Semiannual Report.

2. RFP, Bidder Response and Selections

The RFP and bidder response activities were addressed in the October 2023 – March 2024 Semiannual Report. The proposals shortlist and bidder debriefings were addressed in the April 2024 – September 2025 Semiannual Report.

3. Contracting Process

This topic was addressed in the April 2024 – September 2025 Semiannual Report:

4. Assessment of Final Contract

This topic was addressed in the April 2024 – September 2025 Semiannual Report.

5. Overall Assessment of Solicitation

This topic was addressed in the April 2024 – September 2025 Semiannual Report:

6. Implementation Plan Assessment

.The Advice Letter was approved by CPUC on January 30, 2025, triggering the contract start date and 60-day timeline for developing and posting the program's Implementation Plan to California Energy Data and Reporting System (CEDARS). A public webinar was held to present the draft IP to Stakeholders before finalizing. PG&E uploaded the final Implementation Plan to CEDARS within 60 days of CPUC approval, as required.

Table 6.1: Implementation Plan Timeline

Implementer	Program Name	Contract Approval Date (CPUC-approved Advice Letter)	IP Stakeholder Meeting	IP Posted to CEDARS	IP posted within 60 days of contract approval?
Stillwater Energy	Commercial SEM	January 30, 2025	March 17, 2025	March 26, 2025	yes

Implementation Plan (IP) Review

PG&E staff planned well for effective development of the IP, including preparation of a detailed schedule that included both their reviews and IE review of Stillwater's draft and iterations. Recognizing that Stillwater is a new Implementer in California, PG&E staff proactively provided the

necessary information and support to ensure that the document and process would meet all expectations and requirements.

A preliminary draft IP was received for IE review and feedback on February 21, 2025. As PG&E had requested, GWE IE provided a brief review of this preliminary draft and provided feedback mostly focused on whether it was appropriately addressing all sections in the recently updated Implementation Plan Template Guidance (v3.0, March 2025). Overall, the draft was mostly on track and clear, especially the SEM-specific information.

GWE noted and clarified the following areas where the IP Template prompts had been misinterpreted in the rough draft. These sections of the IP template would benefit from additional clarification of instructions.

- **Table 1. Program Budget and Savings:** It was not intuitive to the Implementer that most numbers requested in this table come from the final CET run associated with their program. They needed to be directed to use the CET outputs to fill in fields that are not explicitly called out in their contract. (CO2, KW, PAC)
- **Section 2. Performance Tracking:** Because this is a resource program, the primary performance targets are already defined and included in Table 1. To avoid redundancy, Stillwater's draft provided their contractual KPIs in this section. GWE advised that they also address their contracted resource acquisition metrics here (TSB, TRC, kwh and therms), as this is the information the IP template section is seeking.

Additionally, GWE provided some feedback regarding missing or incomplete content:

- Because higher education is eligible for this program, IP should state that the program will coordinate with the Statewide Higher Education SEM program to avoid overlap.
- IP should address PG&E's role in creating continuity for customers who are only part way through the three-cycle SEM design when this contract with Stillwater ends.
- IP should mention PG&E's role in approving any future divergence from the CA SEM Program Design.
- Requested that customer eligibility information specifically address customer commitment, as evidenced by their willingness and ability to devote internal capacity to the SEM effort, i.e., Energy Champion, Energy Team, Executive Sponsor.
- Requested that planned timing of incentive payments to customers be addressed.
- Ensure that discussion of measure types does not only focus on BRO, but also capital measures that they are planning to claim through the SEM model.

PG&E sent a revision of the IP on March 3, 2025 that effectively addressed and resolved all IE feedback on the preliminary draft. Overarchingly, GWE thought that it was very strong: readable and

compelling, well-aligned with the contract and the California SEM framework, and meeting the expectations and requirements in the IP Template Guidance v 3.0. Only a few new comments and IE recommendations were provided in this second review:

- QA/QC section should include tracking cohort workshops (date, content, attendance, satisfaction), because CPUC evaluators will likely want to review this information as part of considering program alignment with the CA SEM Design.
- Measures and Incentives section should more clearly address the program's intention to claim savings from BRO and capital projects through the model, and to refer customers to other PG&E programs if higher incentives would be required for a capital project to move forward.

Table 6.2: Implementation Plan Consistency with Contract

Topic	Consistent with Contract?	Material E Feedback	Resolution
Budget and Savings	Yes	No feedback, all information was aligned with contract.	No resolution needed.
IP Narrative	Yes	No feedback, all information was aligned with contract.	No resolution needed.
Program Theory and Logic Model	Yes	Draft program theory and logic model clearly and accurately reflect contracted program design & strategies.	No resolution needed.
EM&V	Yes	QA/QC section was originally focused just on M&V of SEM models, but missing information regarding tracking workshops/ cohorts/ participation.	Additional information requested was incorporated in final draft IP.
Other: SEM Supplemental Information	Yes	All information provided was fully aligned with contract and appeared to be addressed completely and as expected as per the revised IP Template guidance 3.0.	No resolution needed.

Outreach and Public Webinar

PG&E posted the final draft of the IP and public webinar information on the California Energy Efficiency Coordinating Committee (CAEECC) website the week before the webinar and informed the service list and PRG members.

The public webinar to present the draft IP was held on March 17, 2025. The event was well attended, with ~ 30 attendees logged in, including attendees from RENs, other CA SEM Implementers, PRG members and CPUC staff. The information presented by Stillwater was clear, concise and accurate.

Good, relevant questions were posed by attendees, many focused on clarifying how this program will address some of the unique attributes of SEM programs as per the CA SEM Design Guide. Most questions were effectively answered live during the webinar, but for a few of the more complex questions, Stillwater and PG&E wanted to consider and provide written follow-up responses. They posted the slides and Q&A to the CAEECC website on March 24, 2025. Questions received from stakeholders during the webinar and addressed in the Q&A document include:

- Were there challenges or lessons learned from complying with PG&E and CPUC requirements in either the IP or the Program Design?

- How are you planning to track and measure "persistence", especially as it relates to customers continuing SEM practices after the intervention of the program?

- What is your plan to address fluctuations in customer engagement, such as if and when customers walk away and come back to the program at a later time?

- Does Stillwater have subcontractors to help focus on HTR/DAC customers? What objectives do you have for serving HTR/DAC customers?

- Are energy savings incentives issued for saving at the site level?

- Does the holistic energy plan in the innovations section include IDSM objectives?

- Will schools comprise the largest percentage of your recruiting?

- How does the program manage customer participation with existing SEM-based programs that are already serving PG&E customers? For example, you are targeting higher ed customers, which may already be served by the existing Higher Ed EE Program (HEEP).

- Are customer incentives based on TSB?

- Does the program intend to leverage PG&E account reps during recruitment? What is your approach there?

- Will PG&E consider extending the program beyond 6 years, and/or expanding the budget above $15 million?