

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



October 23, 2020

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
Energy Efficiency Procurement Manager
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
San Francisco, CA 94177

Dear Mr. Jacobson,

This disposition letter serves as a notice of partial approval of Pacific Gas and Electric Company's (PG&E) 2020 third-party advice letters for its local multi-sector solicitation (4278-G/5888-E, 4281-G/5891-E, 4282-G/5892-E, 4285-G/5895-E, 4284-G/5894-E, 4283-G/5893-E, 4280-G/5890-E, and 4279-G/5889-E), effective October 23, 2020. The proposition in Section 18.8: Order of Precedence, item (a) of these eight contracts, where precedence is given to Section 9: Dispute Resolution over Section 10: CPUC Non-Modifiable Dispute Resolution Process Provisions, is rejected due to a transcription error.

Background

Decision D.18-01-004, the Third-Party Solicitation Process Decision, requires the four California Investor-Owned Utilities (IOUs) to file a Tier 2 advice letter for each third-party contract, or batch of third-party contracts, that is valued at \$5 million or more and/or with a term of longer than three years, for commission review.¹ On July 18, 2020, PG&E filed advice letters 4278-G/5888-E, 4281-G/5891-E, 4282-G/5892-E, 4285-G/5895-E, 4284-G/5894-E, 4283-G/5893-E, 4280-G/5890-E, and 4279-G/5889-E as part of its local multi-sector solicitation.

In operationalizing the review of these third-party advice letters, EE Staff focused its review on the fairness of the solicitations process, size of contract budget and forecasted savings, and the contract's contribution to the portfolio-level cost-effectiveness requirements. Approval of these advice letters is not evidence of Commission approval of future program implementation. It is the IOU's responsibility to manage its portfolio to ensure it remains in compliance with its approved business plan and all Commission Decisions.

Rejected Contract Provision

These advice letters are approved with the exception of the proposition within Section 18.8(a) that gives precedence to Section 9: Dispute Resolution over Section 10: CPUC Non-Modifiable Dispute Resolution Process. Precedence must be given to the CPUC Standard Terms and Conditions defined in decision D.18-10-008, the decision that addresses third-party contract terms and conditions. PG&E must revise the eight third-party contracts and re-submit them in a Tier II advice letter for final

¹ D.18-01-004, pg. 57

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approval by December 4, 2020. The fact that the Commission has not rejected the advice letters in their entirety reflects the specific circumstances here; namely, that the issues in this contract are limited to a single typo.

Implementation Plan Development

Decision D.18-05-041, the Business Plan Decision, Ordering Paragraph 2 requires implementation plans to be posted within 60 days of contract execution, or within 60 days of Commission approval if the contract meets the advice letter threshold. In the interest of continuing to move these third-party programs forward, EE Staff will set the date of contract approval to be the date of this disposition, October 23, 2020, rather than continue to delay the process due to a typographical error. Therefore, with the issuance of this disposition, implementation plans for these programs are due to be posted no later than December 22, 2020.

Please direct any questions regarding Energy Division's findings in this non-standard disposition to Scott Kjorlien (scott.kjorlien@cpuc.ca.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "ERANDOLPH (for)".

Edward Randolph
Deputy Executive Director for Energy and Climate Policy/
Director, Energy Division

Cc: Service List R.13-11-005
Pete Skala, Energy Division
Jennifer Kalafut, Energy Division
Alison LaBonte, Energy Division
Scott Kjorlien, Energy Division
Cheryl Wynn, Energy Division
Lisa Paolo, Energy Division
Mona Dzvova, Energy Division
Robert Hansen, Energy Division
Sarah Lerhaupt, Energy Division

July 30, 2020

Advice 4284-G/5894-E

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

Subject: Advice Letter Submittal of Pacific Gas and Electric Company's Third-Party Solicitations resulting from its Local Multi-Sector Request for Proposal ("RFP") executed between Alternative Energy Systems Consulting and PG&E

Purpose

In compliance with Decision (D.) 18-01-004, Pacific Gas and Electric Company ("PG&E") hereby requests the California Public Utilities Commission ("Commission" or "CPUC") and requests approval of the Energy Efficiency ("EE") Program Implementation Agreement ("PIA" or "Contract") executed between PG&E and Alternative Energy Systems Consulting (AESC). This Contract results from PG&E's Local Multi-Sector Request for Proposal ("RFP") solicitation for local resource EE customer programs and will contribute towards meeting PG&E's 25 percent third-party outsourcing compliance requirement.

Background

In Decision (D.) 15-10-028, the Commission established and adopted the Rolling Portfolio process for regular review and revision of the EE program administrators' (PAs') portfolios. In August 2016, the Commission adopted D.16-08-019, which defined the terms and the requirements for the utility PAs to administer statewide and third-party programs.

Under the framework of the rolling portfolio, the Commission adopted D. 18-01-004 for procurement of EE programs through a solicitation process. That Decision directed the investor-owned utilities ("IOUs"), including PG&E, to meet specific third-party outsourcing targets by certain dates in order to transition to a majority third-party-implemented portfolio by 2023. Specifically, D. 18-01-004 and D. 18-05-041 ordered the IOUs to have at least 25 percent of their 2020 program budgets under contract for programs designed and implemented by third-party providers by December 19, 2019¹,

¹ D. 18-05-041 OP (4). PG&E was granted an extension to June 30, 2020.

at least 40 percent by December 31, 2020, and at least 60 percent by December 31, 2022. Additional details are provided in the Public Section of this Advice Letter.

Compliance Requirements

Per D.18-01-004, the IOUs are required to file a Tier 2 advice letter for each EE third-party contract that is valued at \$5 million or more and/or with a term longer than three years.

The Commission developed a template which outlines the required information and documentation for each third-party advice letter submission. The table below provides a list of the required content and indicates where PG&E is providing the content within this submission.

Table 1: Required Content for Advice Letter Submission

	Contents, Attachments, and Appendices	Part 1 Public	Part 2 Confidential
1	Introduction: Purpose and Subject (Summary of Contracts)	Part 1.1.A-1.1.B	Appendix D
2	Introduction: Solicitation Process Overview	Part 1.1.C	Appendix B
3	Transition Plan	Part 1.2	
4	Confidentiality	Part 1.3	
5	Final IE Report	Attachment A	Appendix A
6	Program-Level Measurement & Evaluation (M&V) Plan for NMEC programs seeking exceptions to the NMEC Rules	Attachment B	
7	Selection spreadsheet (in Excel)		Appendix C
8	Executed third-party contract		Appendix E

The public version of this advice letter is provided to the service lists for Rulemaking ("R.") 13-11-005. The confidential version of the advice letter is provided only to the Commission.

Protests

*****Due to the COVID-19 pandemic and the shelter at home orders, PG&E is currently unable to receive protests or comments to this advice letter via U.S. mail or fax. Please submit protests or comments to this advice letter to EDTariffUnit@cpuc.ca.gov and PGETariffs@pge.com*****

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than August 19, 2020, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division
ED Tariff Unit
505 Van Ness Avenue, 4th Floor
San Francisco, California 94102

Facsimile: (415) 703-2200
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson
Director, Regulatory Relations
c/o Megan Lawson
Pacific Gas and Electric Company
77 Beale Street, Mail Code B13U
P.O. Box 770000
San Francisco, California 94177

Facsimile: (415) 973-3582
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

Effective Date

Pursuant to General Order (GO) 96-B, Rule 5.2, and OP 2 of D.18-01-004, this advice letter is submitted with a Tier 2 designation. PG&E requests that this Tier 2 advice submittal become effective on regular notice, August 28, 2020 which is 30 calendar days after the date of submittal.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service list for R.13-11-005. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

_____/S/

Erik Jacobson
Director, Regulatory Relations

Attachments

cc: Service List R.13-11-005



ADVICE LETTER SUMMARY

ENERGY UTILITY



MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No.: Pacific Gas and Electric Company (ID U39 M)

Utility type:

☒ ELC ☒ GAS ☐ WATER
☐ PLC ☐ HEAT

Contact Person: Annie Ho

Phone #: (415) 973-8794

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: AMHP@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas WATER = Water
PLC = Pipeline HEAT = Heat

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 4284-G/5894-E

Tier Designation: 2

Subject of AL: Advice Letter Submittal of Pacific Gas and Electric Company's Third-Party Solicitations resulting from its Local Multi-Sector Request for Proposal ("RFP") executed between Alternative Energy Systems Consulting and PG&E

Keywords (choose from CPUC listing): Compliance,

AL Type: ☐ Monthly ☐ Quarterly ☐ Annual ☐ One-Time ☐ Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.18-01-004

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL:

Confidential treatment requested? ☒ Yes ☐ No

If yes, specification of confidential information: See the attached matrix that identifies all of the confidential info
Confidential information will be made available to appropriate parties who execute a
nondisclosure agreement. Name and contact information to request nondisclosure agreement/
access to confidential information: Matthew Braunwarth, 415-973-4058

Resolution required? ☐ Yes ☒ No

Requested effective date: 8/29/20

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected:

Service affected and changes proposed¹: N/A

Pending advice letters that revise the same tariff sheets: N/A

¹Discuss in AL if more space is needed.

Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:

CPUC, Energy Division
Attention: Tariff Unit
505 Van Ness Avenue
San Francisco, CA 94102
Email: EDTariffUnit@cpuc.ca.gov

Name: Erik Jacobson, c/o Megan Lawson
Title: Director, Regulatory Relations
Utility Name: Pacific Gas and Electric Company
Address: 77 Beale Street, Mail Code B13U
City: San Francisco, CA 94177
State: California Zip: 94177
Telephone (xxx) xxx-xxxx: (415)973-2093
Facsimile (xxx) xxx-xxxx: (415)973-3582
Email: PGETariffs@pge.com

Name:
Title:
Utility Name:
Address:
City:
State: District of Columbia Zip:
Telephone (xxx) xxx-xxxx:
Facsimile (xxx) xxx-xxxx:
Email:

Clear Form

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)

**DECLARATION OF MATTHEW BRAUNWARTH
SEEKING CONFIDENTIAL TREATMENT
FOR CERTAIN DATA AND INFORMATION
CONTAINED IN ADVICE LETTER 4284-G/5894-E**

I, Matthew Braunwarth, declare:

1. I am presently employed by Pacific Gas and Electric Company (“PG&E”) and have been an employee at PG&E since November 2010. I am the manager of Energy Efficiency Procurement department in PG&E’s Energy Efficiency organization. In this position, my responsibilities include managing the solicitation and finalization of the Program Implementation Agreement (“PIA”) submitted for approval in this Advice Letter. In carrying out these responsibilities, I have acquired confidential information related to offers received in this solicitation. Through this experience, I have become familiar with the type of information that could affect the negotiating position of energy efficiency sellers with respect to price and other terms, as well as with the type of information that such sellers consider confidential and proprietary.
2. Based on my knowledge and experience, and in accordance with (“D”) 06-06-066, 0804-023, and relevant Commission rules, I make this declaration seeking confidential treatment for certain data and information contained in the attachments to Advice Letter 4284-G/5894-E. 3.

Attached to this declaration is a matrix identifying the data and information for which PG&E is seeking confidential treatment. The matrix specifies that the material PG&E is seeking to protect constitutes confidential market sensitive data and information covered by the Public

- 1 - Utilities Codes section 454.5(g), D. 06-06-066, D.08-04-023 and/or relevant Commission rules. The matrix also specifies why confidential protection is justified. Further, the data and information: (1) is not already public; and (2) cannot be aggregated, redacted, summarized or otherwise protected in a way that allows partial disclosure. By this reference, I am incorporating into this declaration all of the explanatory text that is pertinent to my testimony in the attached matrix.

I declare under penalty of perjury, under the laws of the State of California, that the foregoing is true and correct.

Executed on July 30, 2020, at San Francisco, California.

/s/
Matthew Braunwarth

**PACIFIC GAS AND ELECTRIC COMPANY’S (U 39 M)
ADVICE LETTER 4284-G/5894-E
July 30, 2020**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order that Data Corresponds To	Justification for Confidential Treatment	Length of Time Date To Be Kept Confidential
Document: Advice Letter 4284-G/5894-E			
Confidential Appendix A: Independent Evaluator Report of:	<p>Item VIII) A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.</p> <p>Item VII) B) Contracts and power purchase agreements between utilities and non-affiliated third parties (non-RPS)</p> <p>Public Utilities Code section 454.5(g)</p>	<p>The purpose of the Independent Evaluator (“IE”) Report is to determine on the basis of bid information whether PG&E’s conduct of the EE local multi-sector program fulfilled Commission requirements. The IE Report relies extensively on confidential information for its analysis and findings, so to provide as much information about the local multi-sector as possible without divulging market sensitive information.</p> <p>This appendix discusses, analyzes, and/or evaluates the confidential terms of the non-RPS contracts and confidential negotiations between PG&E and the counterparty. Disclosure of this information will provide valuable market sensitive information to market participants. Release of this information could be damaging to future PG&E contract negotiations and ultimately detrimental to PG&E’s customers.</p> <p>PG&E has redacted confidential bid information and quantitative analysis involved in scoring and evaluating the bids from the IE Report. A public version of the IE report has been filed with the Advice Letter. PG&E has complied with the requirement to facilitate the public availability of its energy efficiency procurement information by masking its confidential data. Accordingly, the confidential version of the IE report should be protected from public disclosure.</p>	<p>3 years from July 28, 2020</p>

Confidential Appendix B: Solicitation Evaluation Criteria Scorecard and Program Savings Summary	VIII) A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids	Appendix B provides the RFA and RFP evaluation criteria with associated scorecard weightings for each criteria and sub-criteria for PG&E's 2018-2019 PG&E energy efficiency multi-sector RFA and RFP. Appendix B also includes summaries of program savings	Three years after CPUC approval
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**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 M)
ADVICE LETTER 4284-G/5894-E
July 30, 2020**

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order that Data Corresponds To	Justification for Confidential Treatment	Length of Time Date To Be Kept Confidential
– in its entirety		and cost-effectiveness. Disclosure of this information will provide valuable market sensitive information to market participants prior to the conclusion of ongoing negotiations. Release of this information could also provide sensitive solicitation strategy information and be damaging to future PG&E solicitations and ultimately detrimental to PG&E's customers.	
Appendix C: Multi-sector Solicitation selection spreadsheet – in its entirety	VIII) A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids Public Utilities Code section 454.5(g)	Appendix C provides a spreadsheet of all of the offers received in response to PG&E's 2018-2019 PG&E energy efficiency multisector RFA and RFP. Appendix C also identifies those offers that were selected for the shortlist, contract negotiations, and contract award. Disclosure of this information will provide valuable market sensitive information to market participants. Release of this information could be damaging to future PG&E solicitations and ultimately detrimental to PG&E's customers.	Three years after CPUC approval

<p>Appendix D:</p> <p>Contract and Contract Terms Summary – in its entirety</p>	<p>Item VII) B) Contracts and power purchase agreements between utilities and non-affiliated third parties (non-RPS)</p>	<p>These appendices contain the confidential contract summary and conditions of non-RPS contracts.</p> <p>Table 1: Table 1 includes the Confidential Summary Portion of the Bidders Proposed Compensation Type (Time and Materials, specific deliverables, quantity of installed measures, incremental savings payment, customer incentives and performance payments).</p> <p>Table 2: Table 2 includes the major contract provisions made to the standard form contract. The information contains confidential contract-related information exchanged between PG&E and the</p>	<p>Three years after CPUC approval</p>
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PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 M)
ADVICE LETTER 4284-G/5894-E
July 30, 2020

IDENTIFICATION OF CONFIDENTIAL INFORMATION

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order that Data Corresponds To	Justification for Confidential Treatment	Length of Time Date To Be Kept Confidential
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		<p>counterparty. Release of this market sensitive information could put PG&E at a competitive disadvantage with regard to other market participants and could detrimentally impact PG&E customers and/or may disclose confidential information provided in confidence by a third party to PG&E.</p> <p>Table 3: Table 3 includes the major contract provisions made to the modifiable form contract. The information contains confidential contract-related information exchanged between PG&E and the counterparty. Release of this market sensitive information could put PG&E at a competitive disadvantage with regard to other market participants and could detrimentally impact PG&E customers and/or may disclose confidential information provided in confidence by a third party to PG&E.</p> <p>Table B1: Table B1 contains program level cost effectiveness measures on an individual level. Releasing this market sensitive information could put PG&E at a competitive disadvantage with regard to other market participants and could detrimental impact PG&E customers.</p> <p>PG&E has redacted market sensitive information. A public version of the Table B1 has been filed with the Advice Letter. PG&E has complied with the requirement to facilitate the public availability of its energy efficiency procurement information by masking its confidential data. Accordingly, the confidential version of Table B1 should be protected from public disclosure.</p>	
<p align="center">PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 M) ADVICE LETTER 4284-G/5894-E July 30, 2020</p> <p align="center">IDENTIFICATION OF CONFIDENTIAL INFORMATION</p>			
Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order that Data Corresponds To	Justification for Confidential Treatment	Length of Time Date To Be Kept Confidential

<p>Appendix E:</p> <p>Executed Contracts</p>	<p>Item VII) B) Contracts and power purchase agreements between utilities and non-affiliated third parties (non-RPS)</p>	<p>These appendices contain the confidential terms and conditions of Third-Party Energy Efficiency Program Implementation Agreements. The information contains confidential contract-related information exchanged between PG&E and the counterparty. Release of this market sensitive information could put PG&E at a competitive disadvantage with regard to other market participants and could detrimentally impact PG&E customers and/or may disclose confidential information provided in confidence by a third party to PG&E.</p>	<p>Three years after CPUC approval</p>
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PACIFIC GAS AND ELECTRIC COMPANY

Approval of Alternative Energy Systems Consulting (AESC) Resulting from Multi- Sector Competitive Solicitation for Local Third-Party Energy Efficiency Customer Programs

PART 1 PUBLIC VERSION

July 30, 2020



Together, Building
a Better California

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ATTACHMENT A: Final IE Report (Public)

ATTACHMENT B: Program-Level Measurement & Verification Plan

ADVICE LETTER PART 1: PUBLIC SECTION

1. INTRODUCTION

A. Purpose

Pursuant to the California Public Utilities Commission (CPUC or the Commission) Decision (D.)18-05-041 – Decision Addressing Energy Efficiency Business Plans, and in accordance with the requirements and timeline described in D.18-01-004 – Decision Addressing Third Party Solicitation Process for Energy Efficiency (EE) Programs, Pacific Gas and Electric Company (PG&E) hereby submits this advice letter to seek Commission approval of the EE program implementation agreement (PIA or contract) between Alternative Energy Systems Consulting, Inc (AESC) and PG&E resulting from PG&E’s local multi-sector solicitation for local resource EE customer programs.

RAPIDS Wastewater Optimization Program proposes to serve the wastewater treatment customer segment within PG&E’s Public sector and is expected to contribute to PG&E’s portfolio savings goal over the life of the contract term. Furthermore, with a current total program budget of \$4.12¹ million across 3.5 years, RAPIDS Wastewater Optimization Program will fall within PG&E’s 2018-2025 Business Plan annual budget levels approved by the Commission in D. 18-05-041.² The contract between PG&E and Alternative Energy Systems Consulting, Inc. was fully executed on June 18, 2020 and contributes 0.55 percent towards meeting PG&E’s 25 percent third-party outsourcing compliance target.

I. Background

On August 18, 2016, the CPUC issued D.16-08-019 – Decision Providing Guidance for Initial Energy Efficiency Rolling Portfolio Business Plan Filings, which, for EE program purposes, defined the term “third-party program”³ and further defined the term “statewide”.⁴

Pursuant to the Commission’s April 14, 2017 Scoping Memo and Ruling,⁵ PG&E filed its

¹ The program budget number reflects the energy efficiency budget and excludes the IDSM budget of \$0.09. When accounting for IDSM, the contract value is \$4.21 million.

² PG&E’s 2018-2025 Business Plan annual budgets were approved via D.18-05-041, p.2. The business plan budgets set expectations for the total annual EE portfolio spending and cost recovery budgets that are requested via an Annual Budget Advice Letter (ABAL) filed in September of each year (see D.15-10-028 pp.43, 62, and OP 4, p.123). The ABAL requests CPUC authorization of PG&E’s total EE portfolio budget for spending and cost recovery in the upcoming program year, and the ABAL EE portfolio budget is comprised of individual program budgets forecasted for the upcoming program year. The EE portfolio budget spending request is generally capped at the approved business plan budget for that program year, however an ABAL budget can exceed the business plan budget in a given year as long as PG&E’s cumulative budget for 2018-2025 remains within the total approved cumulative budget for 2018-2025 (D.18-05-041 OP 45, p.192). PG&E will include the annual forecasted AESAP program budget in its upcoming ABAL portfolio budgets and expects these total ABAL portfolio budgets to fall within the current approved business plan annual portfolio budget caps.

³ D.16-08-019, p. 111, Ordering Paragraph (OP) 10.

⁴ D.16-08-019, p. 109, OP 5.

⁵ Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judges (April 14, 2017) p. 8 https://4930400d-24b5-474c-9a16-0109dd2d06d3.filesusr.com/ugd/0c9650_025db2dc8d354bb98df3cee59103a236.pdf

Solicitation Plan on August 4, 2017 which detailed the strategy and approach PG&E intended to implement for competitive solicitations and for building the new EE program portfolio.⁶ On January 11, 2018, the Commission issued D.18-01-004 – Decision Addressing 3P⁷ Solicitation Process EE Programs, which formalized the third-party solicitation process for EE programs and established key milestones on the path to maintaining a predominantly third-party implemented EE portfolio by 2023.

In D.18-05-041, the Commission approved PG&E’s EE Business Plan for 2018-2025. D.18-05-041 also extended the 25 percent third-party portfolio outsourcing deadline to December 19, 2019.

On August 15, 2019, the Commission issued D.19-08-034 – Decision Adopting Energy Efficiency Goals for 2020 – 2030. D.19-08-034 identified potential achievable cost-effective electricity and natural gas efficiency savings, “established efficiency targets” for investor-owned utilities to achieve, and significantly reduced the savings and budget targets from the levels identified in previous years.

In accordance with D.18-01-004,⁸ prior to launching any solicitations, PG&E first assembled a Procurement Review Group (PRG) composed of non-financially interested stakeholders to advise PG&E and provide oversight to all stages of the solicitation process. PG&E met with the PRG monthly to review solicitation progress. In accordance with D.18-01-004⁹ and in consultation with the PRG, PG&E also solicited for and established a pool of five Independent Evaluators (IEs) with specific EE subject matter expertise to monitor the solicitation process for fairness and transparency, support PRG oversight efforts, and provide additional feedback to the IOUs. The Energy Division (ED) of the CPUC approved PG&E’s IE pool via letter to PG&E on August 31, 2018.¹⁰

In the third quarter of 2018, PG&E began preparations for the third-party program solicitations. As described in PG&E’s Solicitation Plan, PG&E originally envisioned staging a cascade of more than 20 RFA and RFP solicitations focused on specific sub-sectors.¹¹ After considering stakeholder feedback, PG&E consolidated this cascading series of solicitations and instead issued a comprehensive solicitation that included all customer sectors in a large and coordinated process. While this approach added complexity to solicitation administration, the all-sector solicitation provided bidders with the maximum flexibility to exercise innovative program design. Another key benefit to the all-sector approach is that it

⁶ Pacific Gas and Electric Company Third Party Solicitation Proposal (August 4, 2017) p. 6 https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE_Third_Party_Solicitation_Process_Proposal.pdf

⁷ Third-Party.

⁸ D. 18-01-004, pgs. 61-62, OP 3-4.

⁹ D. 18-01-004, pgs. 62-63, OP 5.

¹⁰ Edward Randolph Letter to Erik B. Jacobson regarding “Approval of Energy Efficiency Independent Evaluators.” August 31, 2018.

¹¹ Pacific Gas and Electric Company Third Party Solicitation Proposal (August 4, 2017) p. 11. “Figure 3: PG&E’s 2017-2020 Solicitation Timeline”. https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE_Third_Party_Solicitation_Process_Proposal.pdf

enabled PG&E to build a refreshed and streamlined portfolio rather than merely recreating the current portfolio structure with third-party programs.

PG&E launched the Local Multi-Sector Request for Abstracts (RFA) in November 2018 with responses submitted and scored in early 2019. The Local Multi-Sector Request for Proposals (RFP) preparations began in Q1 2019, with responses submitted and scored in mid-2019. Throughout the solicitation process, PG&E worked closely with its PRG and its IEs to ensure fairness, transparency, and compliance with all Commission directives and program rules while driving towards the original December 19, 2019 deadline for twenty-five percent outsourcing requirement.

In November 2019, PG&E submitted a request for an extension of the twenty-five percent outsourcing requirement deadline to allow sufficient time for contract negotiations to complete.¹² On November 25, 2019, the CPUC's Executive Director granted the request and extended PG&E's twenty-five percent outsourcing requirement deadline to June 30, 2020.¹³ The November 25, 2019 letter further reiterated that the IOUs must meet the forty percent outsourcing requirement by December 31, 2020.

II. The Solicitation is in Conformance with PG&E's Business Plan Strategies

PG&E's revised portfolio structure, as described in PG&E's Business Plan,¹⁴ was informed by state policies including California State Senate Bill (SB) 350 and Assembly Bill (AB) 32. In support of these statewide policies, PG&E's EE Business Plan was built on three guiding principles:

- Scale EE cost-effectively by deploying innovative new program models that spur investment in deep and persistent energy savings, effectively target customers with high energy savings potential, focus on selective technology strategies, and lower the barriers of EE investments for customers.
- Streamline program offerings within the portfolio to improve the customer and market actor experience and make EE offerings easier for customers to access.
- Develop EE as a cost-effective grid resource that is integrated within PG&E with other distributed energy resources, enabling deeper savings, achieving greater market penetration, and producing more location-specific benefits for customers and the grid.

PG&E's Business Plan included a vision, goals, and associated intervention strategies

¹² Eric B. Jacobson – PG&E Letter to Alice Stebbins, Executive Director – CPUC regarding “Pacific Gas and Electric Company Request for Extension of Time to Comply with Ordering Paragraph 4 of Decision No. 18-05-041.” November 5, 2019.

¹³ Alice Stebbins, Executive Director – CPUC Letter to Eric B. Jacobson – PG&E. “Request for Extension of Time to Comply with Ordering Paragraph 4 of Decision 18-05-041”. November 25, 2019.

¹⁴ PG&E's Energy Efficiency Business Plan 2018-2025, p.1. Portfolio Overview.

https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE-Energy-Efficiency-Business-Plan-2018-2025.pdf

specific to each sector for bidders to consider when designing new programs.¹⁵ In its solicitation, PG&E sought programs that presented a high degree of innovation and creativity around program delivery and identified cost-effective approaches with the potential to capture deep, long-term energy savings for customers. PG&E worked collaboratively with the final contract awardees to ensure the proposed program would meet PG&E's portfolio needs, support key portfolio goals and metrics, and provide superior value to ratepayers while prudently managing/sharing program risk.

As presented in the Business Plan¹⁶, PG&E's goals for the public sector included saving energy and reducing customer demand of electricity, broadening customer program participation, and increasing the operational efficiencies of the sector overall. Based on prior program experience in the public sector, PG&E identified the following six strategic interventions to achieve public sector goals:

- **Strategic Partnerships** to provide tailored solutions and leverage cross-agency resources
- **Data Access** to increase customer awareness of energy use, and target high-potential opportunities
- **Data Analytics** to identify energy efficiency opportunities
- **Technical Assistance and Tools** to build energy efficiency capacity and knowledge
- **Loans, Rebates, and Incentives** to overcome constrained budgets and first-cost barriers
- **Outreach and Education** to reach public sector customer constituencies with the value of energy efficiency

AESC incorporated these intervention strategies into the RAPIDS Waste and Wastewater Optimization program design to align with PG&E's future portfolio vision and supports the public sector goals of saving energy, increasing customer participation, and improving the cost-effectiveness of the sector in the following ways:

Program Design: AESC's RAPIDS Program helps wastewater treatment plants eliminate energy waste in the treatment process while enhancing operational control and reliability. The program offers process engineering, option analysis, design assistance, and incentives/financing to address barriers and deliver comprehensive, persistent savings.

RAPIDS is designed to drive deep, persistent and long-lived energy savings. The program utilizes a strategy to capture the cascading effects of measures, including downstream

¹⁵ PG&E's Energy Efficiency Business Plan 2018-2020, page 6, Portfolio Overview.

https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE-Energy-Efficiency-Business-Plan-2018-2025.pdf

¹⁶ PG&E Energy Efficiency 2018-2025 Business Plan, Public Sector Chapter, Section F PG&E's Approach to Achieving Goals.

https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE-Energy-Efficiency-Business-Plan-2018-2025.pdf

energy, process, and operational implications. In addition, the team engages both decision makers and operators to ensure proper operation and persistence of energy measures and savings throughout the lifetime of each measure through monitoring and performance tracking. The high-touch nature of this program increases the willingness of customers to pursue energy projects, and the comprehensiveness of measures that are implemented.

RAPIDS will target WW treatment and collection systems ranging from 5 million gallons per day (MGD) to 100 MGD, throughout PG&E's service territory, ultimately engaging approximately 17 wastewater treatment plants.

RAPIDS will be delivered by a team of expert WW treatment professionals, process specialists and energy engineers at AESC and subcontractors. In some cases, RAPIDS may fund a customer's preferred design/engineering firm under design assistance incentives, when it is determined they can meet the objectives of the program.

The program is designed to mitigate and limit the overlap with a future statewide water and wastewater pumping program by focusing on wastewater process optimization. If the scope of the statewide program conflicts with the scope of the RAPIDS, AESC will work with stakeholders as needed on coordination protocols and adjust savings forecasts or goals accordingly.

Innovative Program Features: To improve program effectiveness and increase customer participation, AESC has proposed the following innovative features into RAPIDS Water and Wastewater Optimization Program.

- **Program Focus/Point of Entry** – By embedding energy optimization within resource management, asset performance reliability and infrastructure planning, RAPIDS overcomes a significant traditional market barrier to savings in the segment (e.g., EE is ancillary to, or poses a risk to regulatory compliance), and increases customer value and savings realization.
- **Comprehensive IDSM** - The integrated program approach considers and analyzes the full range of energy optimization strategies – EE, DR, DG and load management – to optimize customer and grid benefits.
- **Market Education and Awareness** – Beyond direct agency contact, RAPIDS will promote market education and market transformation through presenting innovative approaches at conferences and creating white papers, leading to program spillover.
- **Technical Services/Expertise** – RAPIDS offers the market technical process expertise to analyze options, such as consequence of failure analysis (COFA) and design assistance, to increase strategy adoption.
- **Incentive Design** – Financial incentives are designed to favor longer net lifecycle savings. Lower BRO incentives incent RCx strategies at the plant level, while higher capital project incentives improve project financials and overcome capital constraints.

IDSM / Grid Resource: IDSM – AESC proposed to incorporate an IDSM budget of \$ 88,000. The inclusion of IDSM program features within AESC will expand the adoption of IDSM within PG&E’s program portfolio and enable additional benefits and savings to accrue to PG&E customers through the following ways:

- An Integrated program approach considers and analyzes the full range of energy optimization strategies – EE, DR, DG and load management – to optimize customer and grid benefits.

B. Subject

Table A below lists the eight contract awards resulting from the initial round of negotiations following PG&E’s multi-sector solicitation. Per D.18-01-004, since all contracts to date resulting from this solicitation have terms longer than 36 months and/or are valued above \$5 million, each contract will require CPUC for approval via Tier 2 advice letter.¹⁷ PG&E has drafted separate advice letters for each contract. The subject of this advice letter is the Alternative Energy Systems Consulting, Inc. (AESC) – RAPIDS Wastewater Optimization Program contract which is proposing to serve customers in the Public sector.

Table A: Contracts Resulting From PG&E’s Local Multi-Sector Solicitation			
		Budget^(a) (\$M)	Duration (months)
Agricultural Sector			
1.1	TRC Solutions, Inc. Agricultural Energy Savings Action Plan (AESAP)	\$34.4M	54
Industrial Sector			
2.1	CLEAResult Consulting, Inc. Business Energy Performance (BEP) Program	\$22.3M	42
2.2	Cascade Energy Inc. Industrial Systems Optimization (ISOP) Program	\$15.3M	54
Commercial Sector			
3.1	kW Engineering Grocery Comprehensive Retrofit and Commissioning (GCRCx) Program	\$5.4M	54
3.2	kW Engineering Smart Labs	\$4.4M	54
Public Sector			
4.1	Willdan Energy Solutions Government and K-12 Comprehensive Programs	\$10.0M	54
4.2	Alternative Energy Systems Consulting, Inc. (AESC) RAPIDS Wastewater Optimization Program	\$4.2M	42

¹⁷ D. 18-01-004, p. 61, OP 2.

Table A: Contracts Resulting From PG&E's Local Multi-Sector Solicitation			
		Budget ^(a) (\$M)	Duration (months)
Residential Sector			
5.1	TRC Multifamily Energy Savings Program	\$11.9M	42

(a) Budget depicted is the total contract budget inclusive of IDSM funds.


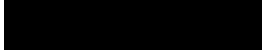
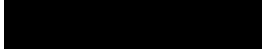
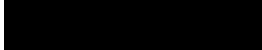
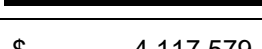




The following Table B provides a detailed contract summary for the contract that is the subject of this advice letter. Due to the ongoing negotiations, PG&E has included the contract sensitive information as part of the Confidential Section D.

Table B4.1 General Contract Summary – Alternative Energy Systems Consulting, Inc. (AESC) RAPIDS Wastewater Optimization Program		
1	Solicitation name	Local Multi-Sector RFA/RFP
2	Type of program: local, regional or statewide	Local
3	Delivery Type – specify the delivery type (i.e., direct install, upstream, midstream, or downstream)	Downstream
3.1	A. Direct Install/Downstream Customer Targeting (Yes or No)	Yes
3.2	B. Customer Targeting brief description, if applicable	N/A
3.3	C. Midstream/Upstream Market Actors receiving incentives (i.e., manufacturers, distributors, contractors, or other (specify).	N/A
4	Market/Sector(s)	Public
5	Customer Segment(s)	Wastewater Treatment
6	Third-Party Implementer/Subcontractor name	Alternative Energy Systems Consulting (AESC)
7	Name of program or service	RAPIDS Wastewater Optimization Program
8	Brief description of program or service (2-3 sentences)	RAPIDS Program helps wastewater treatment plants eliminate energy waste in the treatment process while enhancing operational control and reliability. The program offers process engineering, option analysis, design assistance, and incentives/financing to address barriers and deliver comprehensive, persistent savings.

**Table B4.1 General Contract Summary – Alternative Energy Systems Consulting, Inc. (AESC)
RAPIDS Wastewater Optimization Program**

9	Total kWh Energy Savings (First year, net)	[REDACTED]
10	Total MW Energy Savings (First year, net)	[REDACTED]
11	Total therms Energy Savings (First year, net)	[REDACTED]
12	Hard to Reach (HTR) Customers ¹ . Provide forecasted total number of HTR customer accounts (by customer segment) receiving program and total savings (net first year kWh, kW, and therms) to HTR customers from program over all years program in effect	[REDACTED]
13	Disadvantaged Community (DAC) ² Customers. Provide forecasted total number of DAC customer accounts (by customer segment) receiving program and total savings (net first year kWh, kW, and therms) to DAC customers from program over all years program in effect	[REDACTED]
14	Forecasted Number of Customers Served by Program Year	<div>[REDACTED]</div> <div> PY2020: [REDACTED] PY2021: [REDACTED] PY2022: [REDACTED] PY2023: [REDACTED] PY2024: [REDACTED] </div>
15	Area(s) Served (including service territory, climate zones, cities, and/or counties, as applicable)	PG&E Service Territory
16	Program TRC ratio (CET output)	[REDACTED]
17	Program PAC ratio (CET output)	[REDACTED]
18	Program \$/kWh (TRC levelized cost, CET output)*	[REDACTED]
19	Program \$/kWh (PAC levelized cost, CET output)*	[REDACTED]
20	Program \$/MW (TRC levelized cost, CET output)	[REDACTED]
21	Program \$/MW (PAC levelized cost, CET output)	[REDACTED]
22	Program \$/therm (TRC levelized cost, CET output)*	[REDACTED]
23	Program \$/therm (PAC levelized cost, CET output)*	[REDACTED]
24	Budget: Forecast budget by program year (PY) for each year contract in effect	<div> PY2020: [REDACTED] PY2021: [REDACTED] PY2022: [REDACTED] PY2023: [REDACTED] PY2024: [REDACTED] </div>

**Table B4.1 General Contract Summary – Alternative Energy Systems Consulting, Inc. (AESC)
RAPIDS Wastewater Optimization Program**

25	Budget: Forecast expenditures by program year (PY) for each year contract in effect	PY2020:  PY2021:  PY2022:  PY2023:  PY2024: 
26	Budget: Total Program Budget (include explanation for difference, if any, from total contract budget provided in Table A)	Total \$ 4,117,579 The difference in the total program budget excludes \$88,000 for IDSM. With IDSM the total contract budget is \$4,205,579.
27	Budget: If EE/DR component to the program, provide dollar amount and percent of total budget dedicated to EE/DR component	\$88,000 or 2% of total contract value
28	Measure(s)	
29	Savings Determination Type (i.e. custom, deemed, Net Metered Energy Consumption, or Randomized Control Trial)	
30	Savings Calculation Method(s) (Meter-Based, Deemed, Calculated, Multiple and/or Other) If Multiple or Other, please specify	
31	Contract start date and end date	10/01/2020* – 3/31/2024 *Estimated contract start date as CPUC approval required.
32	Program start date and end date. If program dates aren't defined by the period the program is open for customer participation, explain, and also include customer participation period.	

$$* \text{ Levelized TRC Cost (kWh)} = \frac{\sum_{i=1}^n (TRCCost_i * WeightedElecAlloc_i)}{\sum_{i=1}^n (DiscountedSavingsNetkWh_i)} \quad \text{Levelized TRC Cost (kWh)} = \frac{\sum_{i=1}^n (TRCCost_i * WeightedElecAlloc_i)}{\sum_{i=1}^n (DiscountedSavingsNetkWh_i)}$$

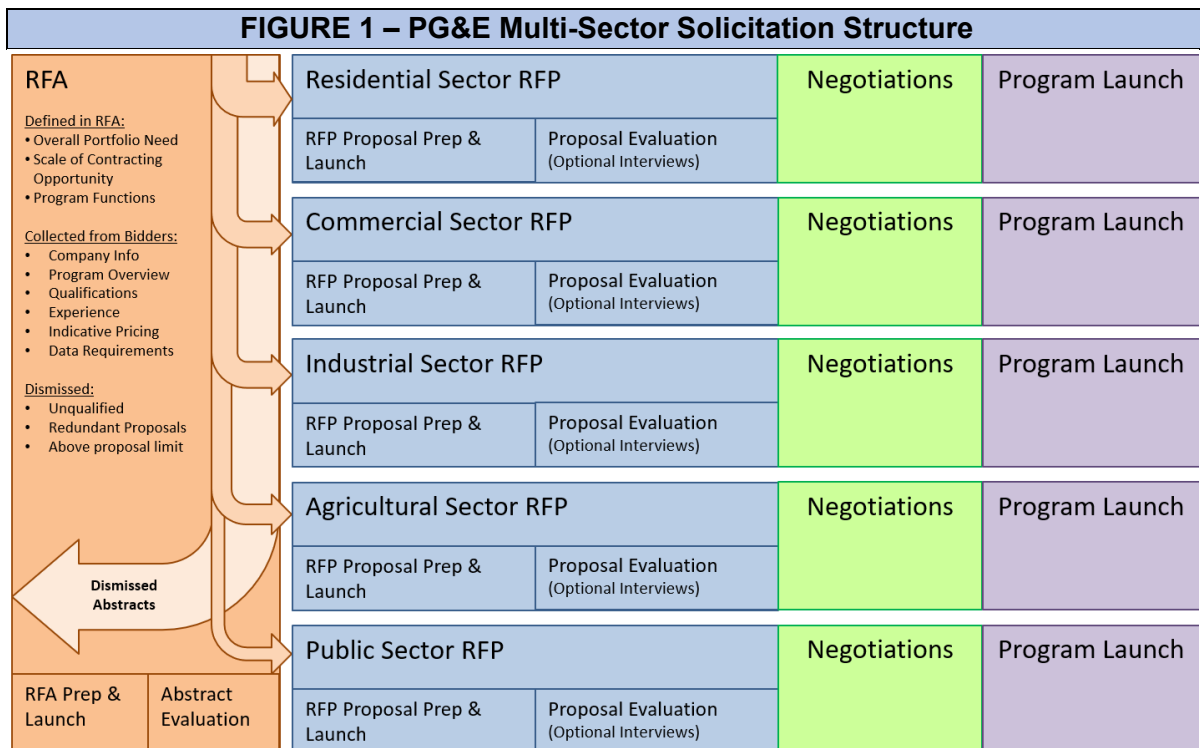
$$** \text{ Levelized PAC Cost (kWh)} = \frac{\sum_{i=1}^n (PACCost_i * WeightedElecAlloc_i)}{\sum_{i=1}^n (DiscountedSavingsNetkWh_i)} \quad \text{Levelized PAC Cost (Therm)} = \frac{\sum_{i=1}^n [PACCost_i * (1 - WeightedElecAlloc_i)]}{\sum_{i=1}^n (DiscountedSavingsNetThm_i)}$$

where: i is the CET output row and n is the number of rows in a CET output

C. Solicitation Process Overview

I. Solicitation Strategy & Design

As prescribed in D.18-01-004,¹⁸ PG&E designed a two-stage solicitation process that included an initial RFA solicitation stage followed by an RFP solicitation stage. To provide bidders with the maximum flexibility to design innovative programs, PG&E created a single comprehensive multi-sector solicitation that spanned the entirety of PG&E's resource program portfolio. The primary components of the solicitation process are depicted in *Figure 1 – PG&E Multi-Sector Solicitation Structure*.



Bidders shortlisted in the RFP were invited to participate in a round of competitive contract negotiations to determine final contract awards. The use of competitive negotiations was borrowed as a best practice from PG&E's Energy Supply all-source procurements where assembling a portfolio solution from dissimilar project technologies with high levels of complexity is common; a similar task to PG&E's multi-sector EE solicitation. All five IEs in PG&E's IE pool were assigned responsibility for a specific sector and deployed simultaneously to maximize the bandwidth to review the large number of submissions that were anticipated. Additional benefits of this approach included quickly and efficiently onboarding all IEs to the new process and reduced the risk of a single IE firm from PG&E's IE pool becoming overwhelmed and delaying the process. The IEs are listed below in *Figure*

¹⁸ D.18-01-004, p. 57, Conclusion of Law (COL) 5.

2 – PG&E EE Independent Evaluator Pool along with their assigned sector of responsibility in this solicitation. The meeting time and cadence between PG&E and the IE pool varied throughout the various stages of the solicitation process. A weekly check-in call with the IE pool to discuss issues was the typical baseline engagement.

FIGURE 2 – PG&E EE Independent Evaluator Pool		
Customer Sector	Organization / Company	Independent Evaluator
Residential	The Mendota Group, LLC	Grey Staples Rachel Sours-Page
Commercial	EAJ Energy Advisors	Steve McCarty Norm Stone Mike Alexander
Industrial	Great Work Energy	Kim Crossman
Agricultural	Barakat Consulting	Elizabeth Lowe Lynn Landry
Public	Don Arambula Consulting	Don Arambula

II. Solicitation Stage 1: Detailed RFA Overview

The purpose of the RFA was to collect, evaluate, and identify high potential program concepts and advance those program concepts to the RFP stage of the solicitation. The rest of this section describes in detail the execution of PG&E's multi-sector RFA process. A detailed RFA solicitation timeline can be found in *Figure 14 – RFA and RFP Solicitation Process Events*.

RFA Scope & Structure: PG&E streamlined its solicitation approach by utilizing a single RFA process to simultaneously collect local resource program concepts across its entire customer portfolio (including the residential, commercial, industrial, agricultural and public sectors). The RFA scope was intentionally broad to promote innovative cross-sector program concepts and bidders were provided the flexibility to utilize any combination of energy savings measurement platform (deemed, custom, NMEC). In alignment with PG&E's Solicitation Plan, PG&E promoted the inclusion of various strategic portfolio objectives by defining several specific program functions (e.g. disadvantaged communities (DAC), hard-to-reach (HTR) customers, Market Transformation, IDSM, and EE as a Grid Resource) within the solicitation instructions. These Program Functions gave bidders the option to specialize and selectively differentiate their program proposal to meet specific portfolio needs.

RFA Eligibility: PG&E desired broad participation in this RFA process and strived to lower barriers to participation by keeping eligibility requirements to a minimum. As this solicitation process focused on resource programs serving PG&E's customers, non-resource programs, statewide programs, and non-EE programs (i.e. demand response, distributed generation, etc.) were defined as ineligible. Bidders were allowed to submit an unlimited number of

program ideas. Each submission was limited in length to reduce the burden on solicitation participants to respond and also promote the efficient evaluation of a large number of program submissions.

RFA Submission Format: A complete RFA submission consisted of two documents; a Narrative Response Form which was provided as a pre-formatted Microsoft (MS) Word document collecting text question responses and a Program Data Response Form which was a pre-formatted MS Excel worksheet to collect numerical program information and facilitate automated data extraction for quantitative analysis. PG&E worked collaboratively with the IEs during RFA development to:

- Minimize the information requested in the RFA stage;
- Ensure that the information collected was utilized appropriately;
- Confirm that the instructions were clear; and
- Confirm the RFA forms were simple, understandable, and complete.

PG&E required bidders register and use the solicitation management platform Power Advocate when submitting documents or questions to PG&E.

RFA Evaluation Criteria: The RFA prompted bidders to provide descriptions of the proposed program design, innovative program features, any proposed strategic program functions, team qualifications and prior implementation experience. *Figure 3 – PG&E Multi-Sector RFA Evaluation Criteria* lists the various criteria and sub-criteria used to evaluate abstract submissions.

FIGURE 3 – PG&E Multi-Sector RFA Evaluation Criteria	
RFA Scoring Criteria	Sub-Criteria
Program Concept	Portfolio Alignment Assessment of Program Benefits Program Feasibility
Program Benefits	Team Composition & Qualifications Prior Program Implementation Experience
Program Innovation	Innovative Program Design Features

Each abstract submission received the same evaluation regardless of customer sector focus. Additional information such as indicative pricing, savings estimates, and supply chain responsibility were collected to broadly characterize the focus and scale of the proposed program but was not factored into the evaluation scoring at this stage. Following evaluation of the RFA, participants with sufficiently high scoring abstract submissions were notified that they were shortlisted in the RFA and advanced further in the solicitation process.

RFA Final Document Review: In the months leading up to RFA launch, PG&E presented to the PRG its multi-sector strategy, RFA structure, and evaluation approach for feedback. In

November 2018, PG&E presented to the PRG the completed RFA solicitation documents including the solicitation instructions, the scoring criteria, criteria weighting, and the two RFA response forms. During the final document review process PG&E collected a total of 268 comments and points of feedback from IEs and the PRG regarding the overall RFA process and the RFA solicitation documents. PG&E provided a response to each comment and explained what action, if any, it planned to take with each comment. A high-level summary of the feedback received from the PRG and IE pool during the RFA document review can be found in section 1.C.IX.

RFA Launch: PG&E issued its Local Multi-Sector RFA solicitation on November 28, 2018 as planned. PG&E uploaded all RFA solicitation documents to PG&E's EE Solicitations website where they were available for download without needing to register in Power Advocate. PG&E raised awareness of the solicitation launch by posting a Contract Opportunity Announcement (COA) to the California Statewide IOU and EE Proposal Evaluation & Proposal Management Application (PEPMA) website, the California Energy Efficiency Coordinating Committee (CAEECC) website, and relevant CPUC service lists.

RFA Bidders Conference: The RFA Bidders' Conference was held on December 10, 2018, in San Francisco at PG&E's Pacific Energy Center with 41 people attending in person and another 85 attending via the internet and/or by phone. IEs provided feedback on the presentation materials prior to the conference and monitored the discussion during the event for accuracy and fairness.

RFA Question and Answer Period: The deadline for bidders to submit written questions to PG&E via the Power Advocate platform was December 14, 2018. In total, PG&E received 153 questions from bidders. PG&E uploaded responses to questions in Power Advocate for all bidders to access on December 21, 2018. High level observations of the questions received can be found in section 1.C.VIII.

RFA Evaluation Team Training: The PG&E evaluation team was a committee composed of six manager-level evaluators who were key contributors to the PG&E Business Plan, had a broad understanding of EE programs and in-depth expertise across various customer sectors. Reviewers were screened for potential conflicts of interest before placement on the evaluation committee. Prior to receiving proposals for evaluation, PG&E conducted a training session with the evaluation team and IEs to provide an overview of the evaluation process steps, an orientation to the RFA scorecard, and guidance on how to apply the scoring criteria consistently and fairly. PG&E attempted to draft training materials to conduct a mock-scoring exercise, however the materials developed were not complete at the time of the training and not included.

RFA Submission and Validation: On January 14, 2019, PG&E received 170 Abstracts from 75 unique counterparties submitted through the PowerAdvocate platform. Prior to scoring, each Abstract was reviewed for conformance with solicitation eligibility requirements. PG&E eliminated 10 Abstracts due to missing/incomplete solicitation documents, providing duplicate document uploads, exceeding the page limit requirements,

or being outside the scope of this RFA and better suited for a different solicitation. A breakdown of the abstracts received by sector can be found below in *Figure 4 – Breakdown of Abstracts Received*. Abstracts were grouped by the primary customer sector they focused on. Programs that proposed to source more than 70 percent of savings from a single sector was assigned to that sector. The remaining submissions were grouped into a multi-sector category.

FIGURE 4 – Breakdown of Abstracts Received			
Customer Sectors	Abstracts Received	Non-Conforming	Abstracts Evaluated
Agricultural	12	1	11
Industrial	21	-	21
Public	15	1	14
Residential	43	4	39
Commercial	57	4	53
Multi-Sector	22	-	22
Total	170	10	160

RFA Evaluation: The abstract evaluation process started in mid-January and lasted for 4 weeks. Each Abstract was reviewed against the 6 evaluation criteria: portfolio alignment, assessment of benefits, program feasibility, team qualifications, implementation experience, and innovation in program design. For each abstract, PG&E evaluation team members individually assigned a preliminary score for each of the 6 evaluation criteria. IEs performed a parallel evaluation of each abstract.

Evaluator Removed: During the abstract review process, one of the PG&E evaluators informed the solicitation team that they were leaving PG&E to work at a company that, while not a Bidder in the solicitation, was active in the EE space and was a likely subcontractor for several program submissions. Upon learning of this news, the PG&E solicitation team conferred with the PG&E Sourcing Department and immediately cut off the access this individual had to any solicitation materials. No scores from this individual were accepted or utilized in any way during scoring and they were removed from any solicitation communications and discussions. The remaining five evaluation team members still represented all customer sectors in the solicitation, and it was decided that the remaining score team was adequate to proceed with evaluation. The IEs were informed of the actions taken to isolate this individual from the solicitation process and the PRG was informed at the following monthly meeting in February 2019.

RFA Calibration: After RFA evaluation, over two days, PG&E conducted calibration discussions across all scoring criteria and finalize abstract scores. Preliminary scores from the PG&E evaluation team members and the IEs were collected and compared. Calibration discussions were an opportunity to discuss points of disagreement observed in scoring and evaluation team members could adjust preliminary scores based on the insights shared by others. IEs participated in these calibration meetings and also monitored to ensure the

discussion did not impart unfair bias for/against any Bidder. The process prioritized discussions on criteria that exhibited high levels of disagreement and were limited to (a) abstracts with scores (including IE scores) with a range between the maximum and minimum score of 4, or (b) had a standard deviation of 1.2 and greater. While the outcome of scoring calibration did not yield any significant shifts in the overall lineup, the discussions proved quite valuable in sharing knowledge across different teams and also provided full transparency of the process to the IEs.

RFA Final Scores: After the calibration discussions concluded, any scoring adjustments were recorded, and final abstract scores were calculated. Final scores only considered PG&E evaluation team scores and did not include any IE scores in the calculation.

RFA Shortlist: PG&E presented the RFA evaluation process and discussed several shortlist options with the PRG at the regular monthly meeting in February 2019. The process for shortlisting proposals was straightforward. PG&E advanced the highest scoring abstracts within each sector. PG&E did not have a predetermined number of submissions to advance and instead looked for natural breaks in the scoring within each sector to determine the shortlist when possible. This resulted in slightly different passing scores in each sector. No clear break presented itself in the Commercial sector and as a result PG&E opted to extend the shortlist and allow additional participants to the Commercial RFP instead of drawing an arbitrary line between closely scored submissions. A breakdown of the shortlisted abstracts by sector can be found below in *Figure 5 – PG&E Multi-Sector RFA Shortlist*.

FIGURE 5 – PG&E Multi-Sector RFA Shortlist					
Customer Sectors	Abstracts Received	Non-Conforming	Abstracts Evaluated	Shortlisted in RFA	Advancing to RFP
Agricultural	12	1	11	10	11 ^(a)
Industrial	21	-	21	17	15 ^{(b)(c)}
Public	15	1	14	11	12 ^(c)
Residential	43	4	39	17	16 ^(e)
Commercial	57	4	53	27	33 ^{(b)(d)}
Multi-Sector	22	-	22	9	0 ^{(a)(d)(e)}
Total	170	10	160	91	87

(a) One program submission was reassigned from the Multi-Sector to the Agricultural sector.

(b) One program submission was reassigned from the Industrial sector to the Commercial sector.

(c) One program submission was reassigned from the Industrial sector to the Public sector.

(d) Five program submissions were reassigned from the Multi-Sector to the Commercial sector.

(e) One Residential and three Multi-Sector submissions were reviewed in a separate process as 'portfolio tools.'

PG&E dismissed 69 abstracts from the RFA and shortlisted 91 abstracts yielding an overall pass rate of 57% for the RFA. Ultimately PG&E invited 87 of those 91 abstracts to participate in the subsequent RFP stage and held the remaining 4 abstracts for further

review in a separate solicitation process.¹⁹ At the conclusion of the RFA, PG&E observed the evaluation of multi-sector programs within each sector was sufficient and did not justify the added complexity of a separate multi-sector category. PG&E eliminated the multi-sector category and assigned the remaining five submissions to the predominant sector featured in program. Finally, PG&E re-assigned three additional abstracts to different sectors that better aligned with the program focus.

III. Solicitation Stage 2: Detailed RFP Overview

The purpose of the RFP was to conduct a comprehensive evaluation of each program proposal and identify a shortlist to advance to contract negotiations. The rest of this section describes in detail the execution of PG&E's multi-sector RFP process. A detailed RFP solicitation timeline can be found in *Figure 14 – RFA and RFP Solicitation Process Events*.

RFP Scope & Structure: Following the RFA, PG&E structured separate RFP “tracks” for each customer sector and conducted the proposal review within each track in parallel. Doing so facilitated the review of programs that proposed to serve multiple customer sectors. PG&E opted to draft a single modular RFP structure that could account for multi-sector multi-function program designs in a single format as opposed to developing individual RFPs for each sector. PG&E also provided additional information and clarity on the HTR/DAC and Grid Resource program functions. Inclusion of either specialized program functionality was optional for bidders. The Market Transformation program function was dropped in the RFP due to very low response rate.

RFP Eligibility: Participation in the RFP was by invitation only and limited to bidders of the 87 abstracts shortlisted in the previous RFA stage. Additionally, bidders were required to submit a proposal that substantively aligned with the program design evaluated in the RFA stage. The intent was to ensure the program proposed in the RFP maintained a connection to the program characteristics upon which the RFA scoring was based. Additional eligibility requirements included disclosing any potential conflict of interest as an IOU affiliate or any involvement as a CA EM&V program evaluator.

RFP Submission Format: A complete RFP submission consisted of a Narrative Response Form which was provided as a pre-formatted MS Word document collecting text question responses, a Program Data Response Form which was a pre-formatted MS Excel worksheet to collect numerical program information and facilitated automated data extraction for quantitative analysis, a contract term sheet for bidders to propose contract term redlines,²⁰ a complete set of program Cost Effectiveness Tool (CET) output files, team

¹⁹ Following RFA evaluation, one Residential and three Multi-Sector abstract submissions were recharacterized as ‘portfolio tools’ as they did not directly generate savings and instead proposed to support or enhance all programs in the portfolio. The RFP developed for stage 2 of this solicitation was not equipped to properly evaluate these unique submissions and they were instead reviewed individually in a separate process outside of the RFP.

²⁰ At the launch of the RFP, PG&E's EE Third-Party Program Implementation Agreement was undergoing extensive revision and was not ready to include in its entirety at this stage of the solicitation. PG&E opted to provide a term sheet listing key contractual terms for bidders to review and propose redlines. While providing a full form contract is the ideal best practice, the

resumes, a transmittal letter, an Experience Modification Rate (EMR) Letter, a Supply Chain Responsibility Exhibit, a lastly the direct entry of Supply Chain Responsibility information into the Power Advocate platform.

RFP Evaluation Criteria: In the RFP, bidders were requested to submit a program proposal that provided a comprehensive understanding of the program including a detailed description of the program design and logic, program management practices, aspects of program innovation, analysis of program cost-effectiveness, proposed payment structures, key contract terms (via a term sheet), program compliance requirements, and information responding to supply chain responsibility (the “Proposal”). *Figure 6 – PG&E Multi-Sector RFP Evaluation Criteria* lists the various sub-criteria used to evaluate each proposal submission.

FIGURE 6 – PG&E Multi-Sector RFP Evaluation Criteria	
RFP Scoring Criteria	Sub-Criteria
Program Design	Program Design, Theory & Evaluability ^(a) Customer Acquisition & Outreach ^(a) IDSM Program Features Program Innovation
Program Benefits	Cost Effectiveness Energy Savings
Program Feasibility	Program Management & Risk Compensation & Performance Savings Measurement ^(b) Compliance Requirements
Company Qualifications	Implementer Team Qualifications ^(a) Prior Implementer Experience ^(a)
Supply Chain Responsibility	Diverse Supplier Sustainability Plan
Grid Resource Program (optional)	Grid Resource Program Design
HTR / DAC Design (optional)	HTR Program Design DAC Program Design

(a) For programs that proposed to serve multiple customer sectors, the noted evaluation criteria were reviewed and scored independently by each sector team to capture the unique attributes of each sector and inherent differences between sectors. A final composite score was developed based on the proportion of savings that the program would derive from each sector (e.g. a program deriving 80% of its savings from the Industrial sector and 20% from the Commercial sector would have certain criteria reviewed by both the Industrial and Commercial teams. The final composite score would be based 80% on the Industrial evaluation and 20% on the Commercial evaluation.

(b) Bidders were required to provide responses for any combination of energy savings measurement platform in their program design (deemed, custom, NMEC). Evaluation teams specific to each platform were formed to review all program submissions incorporating that platform. Similar to the multi-sector evaluation described above, a composite score was developed based on the proportion of savings that the program would derive from each platform (e.g. a program deriving 70% of its savings from the deemed platform, 20% from custom, and 10% from NMEC would have a final Savings Measurement composite score based 80% on the deemed evaluation, 20% on the custom evaluation, and 10% on the NMEC evaluation.

The scoring of the RFP was more robust than what was developed in the RFA. In addition to more evaluation criteria, several sub-criteria scores were developed as a composite of multiple review team contributions. This allowed the scoring to track with the changing program attributes and promoted fairness even across programs with different program characteristics. Multiple scorecards were also developed to calculate unique scoring for optional HTR / DAC and Grid Resource program functions. Ultimately these additional scorecards added to the complexity of the scoring calculations without providing much more value over directly calculating the program function component score. These additional HTR / DAC and Grid Resource scorecards ultimately were not used in practice.

RFP Final Document Review: In the months leading up to RFP launch, PG&E presented to the PRG the multi-sector RFP structure, refined program function detail, and RFP scoring methodology for early feedback. In May 2019, PG&E presented the completed RFP solicitation documents including the solicitation instructions, the scoring criteria and weighting, and the narrative and data response forms for PRG review. During the process PG&E collected a total of 173 comments and points of feedback from IEs and the PRG regarding the overall RFP process and the RFP documents. PG&E provided a response to each comment and explained what action, if any, it planned to take with each comment. A high-level summary of the feedback received from the PRG and IE pool during the RFP document review can be found in section 1.C.IX.

RFP Launch: PG&E issued the Local Multi-Sector RFP solicitation on June 13, 2019. Since participation in the RFP was by invitation only, PG&E notified bidders of the RFP directly via the Power Advocate platform and did not broadly circulate a contract opportunity announcement as was done for the RFA. As this was a 'closed' solicitation, PG&E provided all RFP solicitation documents to bidders through the Power Advocate only. At the conclusion of the RFP PG&E intends to post all solicitation documents provided as part of the RFP to the PG&E EE Solicitations website similar to the RFA materials.

RFP Bidders Conference: The RFP Bidders' Conference was held on June 21, 2019, in San Francisco at PG&E's Pacific Energy Center with 19 people attending in person and another 142 attending via the internet and/or by phone. IEs reviewed the presentation materials prior to the conference and monitored the discussion during the event for accuracy and fairness.

RFP Question and Answer Period: The deadline for bidders to submit written questions to PG&E via the Power Advocate platform was July 10, 2019. In total, PG&E received 280 questions from bidders. Due to the large volume of questions received, PG&E provided responses in batches as they were ready. PG&E uploaded the final Bidder Q&A Log to Power Advocate on July 25, 2019 for all bidders to access (one week beyond the planned deadline) after reviewing with the IEs. High level observations of the questions received can be found in section 1.C.VIII.

RFP Early CET Review: In this RFP, bidders were provided with the option to submit their program CET files to PG&E for an early analysis. The objective of this early review process

was to help reduce barriers for new entrants less familiar with the CET and improve the quality of bid information submitted. The scope of the review focused on quality control checking of errors including identification of incorrect or inapplicable values. IEs monitored all feedback provided to bidders to ensure the information provided was unbiased. Bidders could utilize this feedback to make adjustments before submitting their CET as part of their final RFP submission. PG&E also provided bidders with CET reference and training materials such as a CET input guide and a PG&E measure value picklist.

The deadline to submit early CET information to PG&E was July 5, 2019. PG&E received 34 program CET files for early review out of a possible 87. The early CET review required substantial input from PG&E subject matter experts (SMEs) with specialized skillsets and the intensity of the CET review proved time consuming. PG&E extended the deadline for PG&E to respond to bidders with CET feedback from July 17, 2019 to July 24, 2019.

RFP Evaluation Team Training: The PG&E RFP evaluation team was extensive and consisted of 9 sub-teams populated by 50 PG&E SMEs focused on the areas of program management in the Residential, Commercial, Industrial, Public and Agricultural sectors, program EM&V, CET modeling, IDSM, marketing and customer outreach, policy, energy savings platforms (deemed, custom, NMEC), PG&E Sourcing and Supply Chain Responsibility. Prior to receiving proposals for evaluation, PG&E conducted multiple training sessions with the evaluation teams and IEs to provide an overview of the evaluation process, orientation to the scorecard, and guidance on how to apply the scoring criteria consistently and fairly.

RFP Submission and Validation: PG&E extended the solicitation submission deadline from July 31, 2019 back several days to allow adequate time for bidders to incorporate the CET and Q&A information provided by PG&E. On August 2, 2019, PG&E received 77 proposals from 37 unique counterparties. Each proposal was reviewed for conformance with solicitation eligibility requirements prior to scoring. PG&E eliminated 3 proposals due to missing/incomplete solicitation documents, for providing information of a program not advanced from the RFA, and in one instance submitting a program proposal with significant program design changes from what was submitted in the RFA without explanation or justification for the changes. A breakdown of the proposals received by sector can be found below in *Figure 7 – Breakdown of Proposals Received*.

FIGURE 7 – Breakdown of Proposals Received					
Customer Sectors	Invited to RFP	No Bid Submitted	Proposals Received	Non-Conforming	Proposals Evaluated
Agricultural	11	2	9	-	9
Industrial	15	1	14	-	14
Public	12	3	9	-	9
Residential	16	1	15	1	14
Commercial	33	3	30	2	28
Total	87	10	77	3	74

RFP Evaluation: Individual scoring of proposals started in mid-August and lasted for 4 weeks. Each proposal was reviewed against the evaluation criteria and sub-criteria listed in *Figure 6 – PG&E Multi-Sector RFP Evaluation Criteria*. PG&E evaluation team members individually assigned a preliminary score for each sub-criterion within their area of specialization. Programs proposing to serve multiple sectors received multiple reviews from the perspective of each sector. IEs performed a parallel evaluation of each proposal within their assigned sectors and also provided reviews of multi-sector programs that proposed to serve any portion of their assigned sector. In total 74 program proposals from 37 individual bidders were evaluated in the RFP.

RFP Calibration: From September 10, 2019 through September 26, 2019 PG&E conducted calibration discussions across all scoring criteria and finalize proposal scores. Preliminary scores from the PG&E evaluation team members and the IEs were collected and compared. Calibration discussions were an opportunity to discuss points of disagreement observed in scoring and evaluation team members could adjust preliminary scores based on the insights shared by others. IEs participated in these calibration meetings and also monitored to ensure the discussion did not impart unfair bias for/against any Bidder. The process prioritized discussions on criteria that exhibited high levels of disagreement and were limited to proposals with sub criteria scores (including IE scores) with a range between the maximum and minimum score of 2 or greater. This lower threshold prompted significantly more calibration discussions than what was conducted in the RFA and accounts for the substantial increase in time devoted to RFP calibration.

While most calibration meetings raised no concerns, the Program Benefits calibration discussion focused on the CET review and raised concerns regarding the overall quality of CET data. PG&E considered the CET values to be unrealistic such that confidence in using the CET information proposed in the RFP as a basis for a future contract negotiation was low. The most common input errors observed included incorrect or unsubstantiated applications of measure codes, load shapes, climate zones, Effective Useful Life(EUL)/Remaining Useful Life (RUL), and baseline usage assumptions. PG&E first raised the issue with the PRG during its September monthly meeting and returned to the PRG the following October meeting with a proposed shortlist accompanied by a detailed proposal to modify the solicitation process and address the CET data issue going forward.

RFP Final Scores: After the calibration discussions concluded, any scoring adjustments from PG&E evaluation team members were recorded and final proposal scores were calculated. Final proposal scores only considered PG&E evaluation team scores and did not include any IE scores.

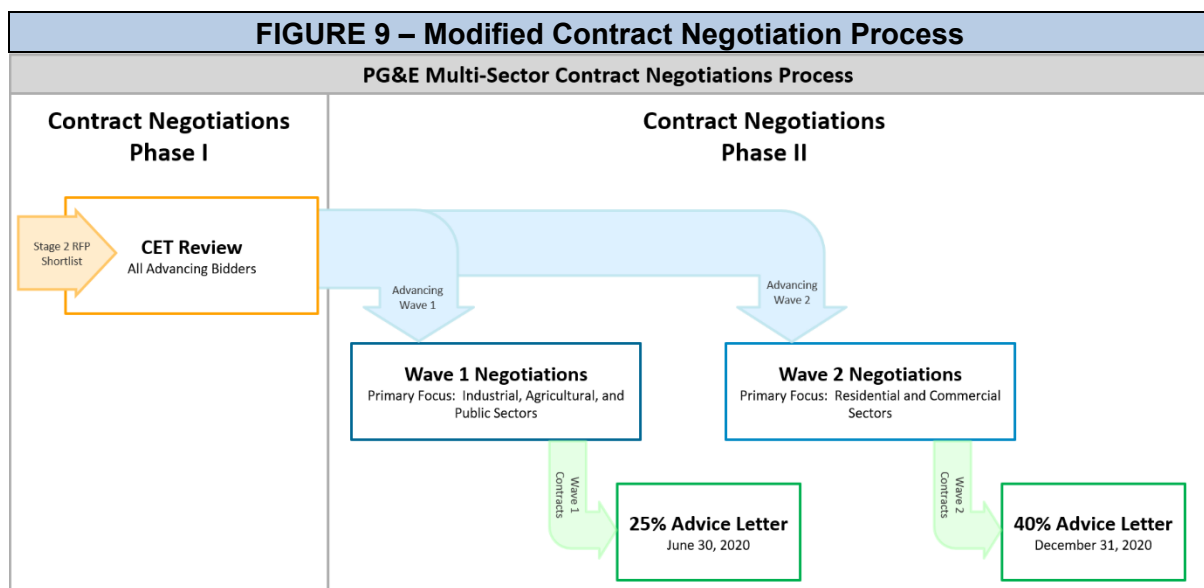
RFP Shortlist: In October 2019, PG&E presented the RFP evaluation process to the PRG and discussed several possible approaches to shortlisting proposals. In light of the concern over CET data, PG&E decided to draft a conservative RFP shortlist and then add an additional step to the contract negotiations process to provide a more in-depth CET review prior to detailed contract negotiations. Similar to the RFA, the process for shortlisting proposals in the RFP was straightforward. PG&E advanced the highest scoring proposals

from within each sector and again used natural breaks in the scoring to determine the shortlist. As a consequence of the CET data concerns, PG&E opted to advance the majority of proposals onward in the process and reduced the size of the field much less than originally anticipated. Proposals that were dismissed at this point in the process displayed material deficiencies in other categories such that even a favorable re-evaluation of the CET would unlikely make the proposal competitive. A breakdown of the shortlisted abstracts by sector can be found below in *Figure 8 – PG&E Multi-Sector RFP Shortlist*. PG&E dismissed 28 proposals from the RFP and shortlisted 46 proposals yielding an overall pass rate of 62% for the RFP.

FIGURE 8 – PG&E Multi-Sector RFP Shortlist				
Customer Sectors	Proposals Received	Non-Conforming	Proposals Evaluated	Advance to Negotiations
Agricultural	9	-	9	4
Industrial	14	-	14	11
Public	9	-	9	6
Residential	15	1	14	7
Commercial	30	2	28	18
Total	77	3	74	46

IV. Contract Negotiation Process Overview

In response to the CET data quality concerns observed during RFP evaluation, PG&E, after consultation with the PRG and the IEs, modified the solicitation process and conducted a detailed review of each program's CET submission before directly engaging in detailed contract negotiations. A diagram depicting the modified negotiation process steps is provided below in *Figure 9 – Modified Contract Negotiation Process*.



Additionally, during the course of administering this RFP, the 2019 Navigant EE Potential and Goals study published in July of 2019 profiled a sizeable reduction in EE potential and as a consequence the goals adopted by the Commission in D.19-08-034 were similarly reduced. PG&E subsequently adjusted future portfolio budgets in its 2020 ABAL from prior forecasts. A reduction of EE potential and portfolio budget of this magnitude was not anticipated at the outset of this solicitation, and program budgets originally proposed by the bidders were now noticeably oversized compared to the budget available in the portfolio and needed to be rescaled significantly. The need to revisit the CET data coupled with the need to rescale program scope and budget resulted in PG&E proposing to address both issues simultaneously in the additional step added to the solicitation process. This additional step was referred to as Phase 1 Negotiations.

Phase 1 Negotiations – CET Review: PG&E added Phase 1 Negotiations to the solicitation process to simultaneously rescale program contracting opportunities to align with new reduced budget levels and also conduct a focused review of program CETs before proposing further dismissals to the Bidder field. PG&E believed conducting this review as part of contract negotiations with IE monitoring would be more effective than attempting to repeat the CET review that was already performed during the RFP evaluation. The addition of this new process step created two distinct parts or ‘phases’ to negotiations. All 46 proposals shortlisted in the RFP were advanced to Phase 1 of negotiations. PG&E assembled an internal team to conduct the CET reviews and created a communications plan to explain the CET review process to bidders and communicate the rescaled budget targets in the portfolio. Similar to the early CET review process, PG&E provided bidders with a CET Input Guide, a pre-recorded CET webinar along other resources to help assist bidders.

PG&E hosted 60-90-minute information sessions with each bidder between December 2-16 (time varied to accommodate bidders with multiple proposals). Information sessions were focused on providing bidders with rescaled program budget information and bidder specific feedback on how to reduce input errors and improve the overall confidence of the CET evaluation. IEs monitored each information session to ensure fairness of the process and that any feedback provided was unbiased. During Phase 1 Negotiations, one Bidder notified PG&E that they were withdrawing their proposal from further consideration in the solicitation process.

Following the CET review, PG&E and IEs concurred that the extra CET review process was successful and sufficiently improved the CET data quality. PG&E observed improved documentation of assumptions and refinements in budget, net benefits, and TRC values to levels that PG&E believed realistically modeled the performance of the programs. Once the CET reviews were completed, the Program Benefits scoring criteria from the RFP was reevaluated and replaced with the updated scores. Low scoring proposals were dismissed with the remaining bidders advancing to contract negotiations.

FIGURE 10 – Breakdown of Phase 1 Negotiations			
Customer Sectors	Advanced to Phase 1	Dismissed Phase 1	Advanced to Phase 2

Agriculture	4	1	3
Industrial	11	1	11 ^(a)
Public	6	1	5
Residential	7	1	6
Commercial	18	3	15
Total	46	7	40

(a) PG&E's sequencing of negotiations had Industrial negotiations in Wave 1 and Commercial negotiations primarily in Wave 2. This required one submission proposing to comprehensively serve both the Commercial and Industrial sectors to negotiate each sector separately and effectively split the program. The Industrial half of the program was added to the Industrial sector total. The Commercial portion of the program will be negotiated as part of Wave 2.

Structure of Contract Negotiations: Due to the open scope and flexibility of PG&E's solicitation process, the programs under consideration at this point displayed considerable variation ranging from small programs targeted at niche customer segments to large comprehensive programs offering to serve entire sectors within PG&E's portfolio. To help classify program offerings and give structure to portfolio building, PG&E formed negotiation cohorts grouping together programs proposing to serve similar customer segments and offering similar scope. Cohorts were formed around programs targeting individual customer segments within a sector or around programs proposing to broadly serve all segments within a sector. Within each cohort, programs were ranked according to RFP score. PG&E used these negotiation cohorts to assemble different program combinations when considering various sector and portfolio scenarios.

Wave 1 vs. Wave 2: To prioritize the large number of contract negotiations required, PG&E divided the field into two "waves". Wave 1 included the entire Industrial, Agricultural, and Public sectors as well as Residential Multifamily and several small niche programs in the Commercial sector. All of the sectors in Wave 1 were planned to be included as part of PG&E's 25% outsourcing target due June 30, 2020. Of the 40 programs that advanced to Phase 2 Contact Negotiations, 23 were grouped into Wave 1, and the remaining 17 were included in Wave 2. Refer to *Figure 11 – Breakdown of Wave 1 and Wave 2 Negotiations* for sector level detail of each negotiation wave.

FIGURE 11 – Breakdown of Wave 1 and Wave 2 Negotiations			
Customer Sectors	Advanced to Phase 2	Included in Wave 1	Included in Wave 2
Agriculture	3	3	-
Industrial	11	11	-
Public	5	5	-
Residential	6	2	4
Commercial	15	2	13
Total	40	23	17

PG&E was strategic in how and when it utilized competitive negotiations. In areas where there was a clear high-scoring standout program offering, PG&E engaged that counterparty in contract discussions. The other programs in the cohort were retained as negotiation

alternatives. If the contract terms remained attractive and all parties could reach agreement, PG&E moved forward and did not engage other counterparties in contract discussions. If during negotiations the proposed terms appeared to diminish from the original proposal or PG&E observed other areas of concern with program implementation, PG&E would either expand negotiations and engage the next program in the cohort or reevaluate the approach to the sector.

For sectors that contained both segment-level and sector-level program options, PG&E had the option to consider either a single program implementer to serve the entire sector or negotiate multiple segment-level programs to collectively serve the sector. PG&E did not have a stated preference for either approach as both accomplished PG&E's EE Business Plan objective of streamlining the portfolio.²¹

Phase 2 Negotiations – Contracting: PG&E's EE Program Implementation Agreement (PIA) served as the starting point for negotiation of an executable agreement. This contract form was recently updated to include more flexible annual program realignment provisions and a new performance contract management framework. This contract was reviewed by IEs and presented to the PRG in the February and March monthly meetings. In contract negotiations, PG&E and bidders engaged in detailed discussions of pricing & compensation, performance contracting terms, key performance indicators (KPIs), program scope and budget adjustments, and other proposed changes to modifiable contract terms.

Final contract awards occurred when both parties were able to reach mutually agreeable terms and that agreement also provided the best overall available benefits to PG&E customers and the EE portfolio while effectively managing program delivery risk. PG&E holistically considered the proposed program benefits, overall program cost-effectiveness, adoption of performance contracting terms, the inclusion of program innovation, historical Bidder team experience, and overall risk mitigation approaches when making final contract award determinations.

Wave 1 – 25% Outsourcing: As Wave 1 negotiations were concluded, PG&E came to agreement on terms with 6 counterparties and executed 8 contracts for resource programs. All of the contracts included in Wave 1 negotiations were allocated to PG&E's 25% outsourcing compliance requirement ahead of the June 30, 2020 deadline.²² The agricultural, residential, and commercial sector negotiations were straightforward. Negotiations with the top bidder in each area were successful and negotiation discussions did not expand further. In the industrial and public sectors, PG&E considered both a comprehensive sector-level program option as well as creating a small portfolio of segment-level programs. Overall the efficiencies and flexibility of a single implementer was well

²¹ PG&E's Energy Efficiency Business Plan 2018-2025, pg.1, Portfolio Overview.

https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE-Energy-Efficiency-Business-Plan-2018-2025.pdf

²² D.18-01-004 p. 61 OP. 1a

received, but the approach also raised concerns as these sectors displayed an extreme degree of variety and specialization across all segments. Based on refreshed program data provided in negotiations, PG&E concluded the optimum approach to balance program implementation risk was to split the sectors in each contract award. Below *Figure 12 – Wave 1 Contract Awards* depicts the number of submissions in each sector that were included in Wave 1 negotiations, the number that were actively engaged in negotiation discussions, how many were held as negotiation alternatives, and how many contracts were ultimately awarded.

FIGURE 12 – Wave 1 Contract Awards					
Customer Sectors	Advance to Phase 2	Advance to Wave 1	Active Negotiations	Negotiation Alternative	Wave 1 Contract Awards
Agriculture	3	3	1	2	1
Industrial	11	11	9	2	2
Public	5	5	4	1	2
Residential	6	2	1	1	1
Commercial	15	2	2	-	2
Total	40	23	17	6	8

Wave 2 – 40% Outsourcing: Wave 2 of negotiations is ongoing and will focus on the remaining segments within the Residential and Commercial sectors. The contracts resulting from Wave 2 negotiations will be used to comply with PG&E’s 40% outsourcing compliance requirement due December 31, 2020.

V. Solicitation Timelines

The following table depicts the planned timeline of solicitation events for PG&E’s Multi-Sector RFA and RFP compared to the actual timeline with notes on when and why deviations occurred.

FIGURE 13 – RFA and RFP Solicitation Process Events			
Event	Planned Date	Actual Date	Notes
RFA Material Development Developed solicitation materials, evaluation criteria and definitions, and reviewed by IEs and PRG members.	Fall 2018	Fall 2018	
RFA Issued RFA documents were available to bidders on PG&E’s EE Solicitation Website as well	November 28, 2018	November 28, 2018	Week 1: Start multi-sector

FIGURE 13 – RFA and RFP Solicitation Process Events			
Event	Planned Date	Actual Date	Notes
as PowerAdvocate for download.			solicitation - Stage 1
RFA Pre-Bid Conference Conference made available both In-person and via online to all interested participants. Registration was not required to attend this event.	December 10, 2018	December 10, 2018	Week 2:
RFA Q&A Deadline Deadline to submit written questions to PG&E in PowerAdvocate.	December 14, 2018	December 14, 2018	Week 3:
PG&E Q&A Response Deadline Deadline to respond to bidders' questions. bidders had access to all written questions and to PG&E's responses in PowerAdvocate.	December 21, 2018	December 28, 2018	Week 4: PG&E responded to 143 questions from potential bidders.
Abstract Submission Deadline Abstract submission due date. Registration in PowerAdvocate was required to submit an Abstract to PG&E.	January 14, 2019	January 14, 2019	Week 7:
RFA Evaluation and Scoring Scoring and Calibration Screened 170 and scored 160 abstracts.	January 14 – February 11, 2019	January 14 – February 25, 2019	Week 7 – 13:
RFA Shortlist Finalized	February 11-13, 2019	February 25-26, 2019	Week 13:
RFA Shortlist Presented to PRG	February 26, 2019	February 26, 2019	Week 13:
RFA Shortlist Notification Bidders were notified whether their Abstract(s) were shortlisted through PowerAdvocate.	February / March 2019	March 29, 2019	Week 17: PG&E notified 76 bidders regarding the status of their Abstract(s).
RFP Material	April 2019	April 2019	Week 18-27:

FIGURE 13 – RFA and RFP Solicitation Process Events			
Event	Planned Date	Actual Date	Notes
Development Developed solicitation materials, scoring rubric, scoring elements and criteria and presented to and reviewed by IEs and PRG members.			
RFP Issued RFP documents were available to bidders in PowerAdvocate for download.	June 13, 2019	June 13, 2019	Week 28: Bidders were notified that the RFP was launched.
CET Review Support Available to Bidders Bidders can submit CET analysis to PG&E within PowerAdvocate for early review and feedback.	June 13, 2019	June 13, 2019	Week 29: PG&E prepared and provided CET reference training materials, and instructions on PowerAdvocate.
RFP Pre-Bid Conference In-person Pre-Bid Conference event registration and webinar access instructions available in PowerAdvocate.	June 21, 2019	June 21, 2019	Week 31: 19 people attending in person and another 142 people attending via the internet and/or by phone.
Early CET Review Deadline Deadline for bidders to submit CET analysis to PG&E within PowerAdvocate for early review and feedback.	July 5, 2019	July 5, 2019	Week 31: 34 of the total 87 proposals submitted CET files for PG&E's review.
RFP Q&A Deadline Written questions regarding the RFP were due to PG&E in PowerAdvocate.	July 10, 2019	July 10, 2019	Week 32: PG&E received 280 questions in total.
PG&E Q&A Response Deadline Bidders had access to review PG&E's responses to all written questions submitted in the RFP.	July 17, 2019	July 18, 2019	Week 34: PG&E responded to 274 questions. The response was released in batches and the final Q&A master was posted on July 18.
PG&E CET Response Deadline	July 17, 2019	July 24, 2019	Week 35:

FIGURE 13 – RFA and RFP Solicitation Process Events			
Event	Planned Date	Actual Date	Notes
Proposal Submission Deadline Bidders Proposals submission due date. Registration in PowerAdvocate was required to submit a Proposal.	July 31, 2019	August 2, 2019	Week 36: Deadline extended due to additional request for data
RFP Evaluation and Scoring	August 5 - September 27, 2019	August 5- September 23, 2019	Week 37-43: PG&E screened 77 Proposals and scored 74 Proposals
RFP Shortlist Finalized Shortlist to Phase I Negotiations	September 16-27, 2019	October 15, 2019	Week 47: 46 Proposals advanced to Phase 1 of negotiations.
RFP Shortlist Notification Bidders were notified whether their Proposal(s) were Advancing through PowerAdvocate	September 2019 (tentative date)	November 7-14, 2019	Week 50-51: Two phase approach: bidders that were advancing to Phase 1 were notified on November 7. The bidders that were not advancing were notified on November 12-14.
Phase 1 Contract Negotiations Rescaled budget and CET instructions were available in PowerAdvocate		November 22, 2019	Week: 52-53: PG&E 25% compliance target was extended to June 30, 2020. PG&E reassessed CET and budget.
Phase 2 Wave 1 Contract Negotiations Detailed contract discussions		February 2020-May 15, 2020	Week: 63-76: Negotiations concluded
Execute Agreements Parties negotiations and successful agreement with counterparties reflected in executed Agreements	October / November 2019	June 2020	Week: 79-83: PG&E executed eight contracts resulting from Wave 1 of the multi-sector RFP.
Advice Letter PG&E filed 5 Advice Letters by Sector	November / December 2019	July 28, 2020	Week 92: PG&E filed 1 Advice Letter for each contract (8 Advice Letters total)

VI. Solicitation Marketing Outreach

To generate awareness of upcoming solicitation contracting opportunities in advance of a solicitation, PG&E utilized the following information distribution channels:

- PG&E Bidding Opportunities website
- PG&E EE Third-Party Solicitations website
- California Statewide IOU Energy Efficiency Proposal Evaluation & Proposal Management Application (PEPMA) website
- California Energy Efficiency Coordinating Committee (CAEECC) website
- CPUC service lists (R. 13-11-005, A. 17-01-013, A.17-01-012)

PG&E also engaged in the following workshops and facilitated other activities to prepared and support potential bidders in preparation for the upcoming solicitations.

FIGURE 14 – Vendor Outreach Activities	
Event Date	Activity
June 16, 2017	CPUC Third-Party Solicitation Process Workshop (PG&E hosted)
September 18, 2017	Joint IOU Bidder Conference #1 (PG&E hosted)
November 2017	Joint IOU Bidder Conference #2 (SDG&E hosted)
January 31, 2018	Supplier Diversity Vendor Matchmaker Workshop (PG&E hosted)
March 6, 2018	Joint IOU Bidder Conference #3 (SCE hosted)
July 2018	PG&E hosted CET training Workshop
July 17, 2018	PG&E hosted Energy Savings Platforms Training

VII. Efforts to increase bidder's awareness of the process and the tools/platforms used to communicate this opportunity.

In addition to the outreach and education efforts discussed in section 1.C.VI, PG&E also strived to improve awareness and engagement with the solicitation process in the following ways:

- EE resources were provided on PG&E's EE Solicitations website "Resources" tab.

PG&E collected relevant EE reference materials on important CPUC Decisions, policies and other CA legislation, PG&E's EE Portfolio, PG&E's solicitation strategy, and PG&E's Energy Savings Platform Rulebook.

- RFA Solicitation documents posted to PG&E EE Solicitations website

PG&E made all RFA documents available on the PG&E EE Solicitations website when launching the RFA. This allowed any interested party to easily access and

review the solicitation documents without having to register within Power Advocate. Post materials outside of Power Advocate also make them visible in internet searches. PG&E will post original RFP documents to the EE Solicitation website after contracting is concluded similar to the RFA.

VIII. Communications with Bidders

Whenever possible, communications between PG&E and bidders was managed within the Power Advocate platform. Use of a single communications platform during a solicitation reduces the risk of conflicting information being shared in different venues, maintains a complete record of communications, and allows easy access for IEs to monitor discussion for bias. Communications with bidders in this process can broadly be categorized into two types: one-way communications and two-way communications. One-way communications were typically informational messages, instructions, or status updates from PG&E to the bidders that did not require a response beyond acknowledgement of receipt. Examples of one-way communications with bidders included mid-process status updates, and shortlist notifications. Two-way communications most often took the form of a question which required a response or a request for additional information. Most two-way communications occurred during the RFA Q&A period, the RFP Q&A period, the Early CET Review

(a) RFA Question Themes Observed

As the RFA was new solicitation process, PG&E observed that in addition to the typical expected questions regarding submission documents and format requirements, the majority of questions focused on novel and unique aspects of the RFA, the program function definitions, and areas of evolving EE policy. In particular, the following themes were observed by PG&E in the RFA questions:

- **Multi-Sector RFA Process:** Clarification of future solicitation process steps, overall scope and eligibility requirements of the RFA, and how multi-sector proposals will be treated;
- **Program Functions and IDSM:** Questions regarding the IDSM and the HTR/DAC and Grid Resource program functions requesting further information on requirements and how each would be treated in evaluation;
- **EE Portfolio:** Additional information on how and to what extent PG&E plans continue the existing program portfolio and manage the transition to the new program portfolio;
- **EE Policy:** Further definition of the scope and timing of other Statewide programs, portfolio metrics, how the workpaper development process intersects the solicitation process, and impacts of recent measure changes.

PG&E provided responses to these questions during the RFA drafting period and based on this data, significantly increased the level of information included in the RFP explaining

future process steps and program function requirements.

(b) RFP Question Themes Observed

In the RFP, PG&E observed the following question themes:

- **RFP Documents:** Clarifications of submission requirements, word limitations, acceptable formatting of forms;
- **Multi-Sector Process:** Treatment of multi-sector programs, solicitation communication channels, declaration of communications with other bidders in partnerships and joint proposals;
- **CET:** How the CET submissions will be evaluated, how to incorporate NMEC measures, how to include programs costs such as IDSM;
- **NMEC:** Clarity on policy limitations of NMEC in certain sectors, NMEC measures in the CET, BRO savings;
- **Program Budget:** More information on what activities to include in the program budget provided, what QA/QC costs to include, what EM&V costs to include;
- **Contract:** Questions on contract term, payment structure, KPIs, insurance levels and license requirements;
- **Customer Data:** Clarification of the availability of customer data to support programs and further detail on the requirements and process to secure data access.

PG&E provided responses to these questions during the RFP drafting period. It was also noted that several subject areas that received a large number of questions in the RFA (HTR/DAC programs, Grid Resource programs, and IDSM) received noticeably fewer questions in the RFP. This is presumably due to the substantially improved level of information PG&E incorporated into the RFP on each subject.

(c) Other Key Communication Points

PG&E would like to point out several other major topics that required a tailored communication approach:

Budget Reductions: As previously described, in the middle of the RFP process, the 2019 EE Potential and Goals study was published significantly reducing the estimated potential and consequently the available EE budget for PG&E's portfolio. A reduction this extreme was not contemplated at the outset of this process and was communicated to bidders as soon as the scale of the proposed reductions was understood.

Performance Contracting Framework: In parallel with this significant solicitation effort, PG&E was also giving its standard EE Contract a significant overhaul to address prior

known issues of vendor performance and accountability. Ideally the form of this contract would be included as part of the RFP, however, this work was still in process and PG&E opted to include a term sheet of key contractual terms for bidders to redline. This is a common and acceptable solicitation practice adopted from Energy Supply when a solicitation is under schedule pressure. The updated contract terms were shared with the IEs and the PRG in advance of detailed contract negotiations.

Significant time was taken during the initial negotiation kickoff meetings to walk bidders through the new proposed framework and PG&E provided detailed definitions and an excel tool to demonstrate how to model each term. While complex, several bidders thanked PG&E during negotiations for taking a reasonable approach to incorporating cost-effectiveness and performance terms into an EE contract.

IX. Independent Evaluators

PG&E engaged all five IEs from the Commission's approved list of IEs for this Multi-Sector RFA/RFP process. Each IE was assigned responsibility for a customer sector as outlined in *Figure 4 – PG&E EE Independent Evaluator Pool*. The unique approach of deploying multiple IEs simultaneously to a solicitation provided the following advantages:

- Documents were reviewed by all five IEs during drafting resulting in an extremely robust review process;
- IEs were able to meet collectively to discuss emerging issues and the feedback provided to PG&E included the full spectrum of available IE perspectives;
- Dividing the review responsibilities among all IEs reduced the risk of solicitation delays and mitigated against the risk of being dependent upon a single IE firm.
- All IEs were immediately engaged in the new process and were able to quickly establish a common baseline of activity for the IE role.

PG&E engaged the IE pool throughout the solicitation process. IE feedback was openly received, considered, and discussed. The principle areas of engagement with IEs included:

- Review of solicitation documentation before the solicitation was issued;
- Independent evaluation of the abstract and proposal submissions;
- Shortlist development;
- Monitoring communications, feedback calls, and contract negotiations with bidders;
- Reporting to the PRG and participation in monthly PRG meetings.

The final IE Contract Report²³ is provided as Public Attachment A, and the supplemental final IE Contract Report is provided as Confidential Appendix A.

(a) Summary of IE input in RFA

Throughout the development of the RFA solicitation materials and during the review of final solicitation documents, IEs recorded in a comment tracker all input and recommendations to: the general instructions and response forms; scoring criteria and weightings; alignment between the scoring criteria and solicitation documents; and attended the Pre-Bid conference; and monitored communications with bidders and PG&E responses to bidder questions. PG&E generally accepted or partially accepted IE and PRG feedback. A summary of overall IE observations that PG&E incorporated into the RFA process included the following:

- Increased emphasis of innovation in RFA general instructions;
- Increased emphasis on the importance of savings, cost, and increasing cost-effectiveness in RFA general instructions;
- Increased flexibility of PG&E program function descriptions in the RFA general instructions allowing bidders to select multiple functions in the single program;
- Collected and uploaded key CPUC/legislative decisions, references and definitions on the PG&E EE Solicitation webpage;
- Adjusted RFA scoring criteria allocating more weight to company experience, innovation, and compliance in RFA scoring.

Several IE expressed concerns that the scope and complexity required to execute a multi-sector solicitation. In response, PG&E simplified the process where possible but ultimately continued with the multi-sector RFA approach as originally planned.

(b) Summary of IE input in RFP

Throughout the development of the RFP solicitation materials and during the review of final solicitation documents, IEs recorded in a comment tracker all input and recommendations to: the general instructions and response forms; the contract term sheet, scoring criteria and weightings; alignment between the scoring criteria and solicitation documents; and attended the Pre-Bid conference; and monitored communications with bidders and PG&E responses to bidder questions. PG&E generally accepted or partially accepted IE and PRG feedback. A summary of overall IE observations that PG&E incorporated into the RFP process included the following:

- Extensive revisions to narrative and data response forms to improve clarity and

²³ "Given that we are not requiring that all third-party contracts be submitted for formal approval by the commission, we will require a formal IE report to accompany only those contracts required to be submitted via a Tier 2 advice letter." D. 18-01-004 p. 37.

completeness;

- Redrafted NMEC and Custom M&V instructions to align with latest CPUC guidance;
- Improved training of evaluation team members in advance of proposal scoring;
- Finalized and documents early CET review process providing bidders with a response template and helpful reference and training materials.

During the early CET review process, the IEs monitored PG&E's responses to bidders to ensure consistency, accuracy, and free of any bias.

(c) Summary of IE input in Negotiations

During the Phase 1 CET review, each IE monitored communications between PG&E and bidders within their assigned sector of responsibility. IEs also reviewed the draft contract forms prior to kicking off Phase 2 contract negotiations. The IEs also monitored communications between PG&E and bidders during Phase 2 Contract Negotiations to ensure discussions were conducted fairly.

2. TRANSITION PLAN FROM EXISTING TO NEW PROGRAM

PG&E summarizes the transition from similar existing programs serving the Industrial and Agricultural sectors to the new third party implemented program AESC RAPIDS in *Figure 15 – Transition Plan* below. While PG&E defines AESC RAPIDS program as serving the Public sector, the similar existing programs being replaced are in the Industrial and Agricultural sectors. For existing similar programs being fully replaced, the table defines the replacement programs, including; all new third party implemented programs and existing programs. The new third party implemented programs resulting from PG&E's local multisector solicitation that are identified in the transition plan table below are in **bold** text. There are no similar existing programs that will not transition, either in full or partially, to the new third party implemented programs.

Figure 15: Transition Plan from similar existing PG&E programs serving the Industrial and Agricultural sectors to the new third party implemented programs.

Figure 15 – Transition Plan				
Transition Plan to New 3P Program	EXISTING INDUSTRIAL PROGRAMS			
	PrgID	Program Name	Subprogram Name / Program Common Name	Subsector
Full Replacement by the following programs; Public sector will be served by new 3P Program in Public sector (AESC RAPIDS). Non-Public sector will be served by new 3P Program in Agricultural sector (TRC AESAP).	PGE210135	Water Infrastructure and System Efficiency	WISE	food processing / wineries & breweries / wastewater
Transition Plan to New 3P Program	EXISTING AGRICULTURAL PROGRAMS			

Figure 15 – Transition Plan				
	PrgID	Program Name	Subprogram Name / Program Common Name	Subsector
Full Replacement by the following programs; Public sector will be served by new 3P program in Public sector (AESC RAPIDS). Agricultural sector will be served by new 3P Program in Agricultural sector (TRC AESAP). Industrial sector will be served by new 3P program in Industrial sector (Cascade ISOP). Other sectors will be served by Core Calculated Program.	PGE210311	Process Wastewater Treatment EM Pgm for Ag Food Processing	Process Wastewater Treatment	other

3. CONFIDENTIALITY

In support of this advice letter, PG&E provides the following confidential information: executed Third-Party Implementer Energy Efficiency Program contracts, information about the participants and offers submitted in response to PG&E's local multi-sector RFP including the evaluation and analysis of the value of such offers, information and program metrics, financial and performance statistics of the parties, and the confidential results of the solicitation.

A Declaration Seeking Confidential Treatment is submitted in support of this advice letter, as required by D. 08-04-023, to demonstrate the confidentiality of material and to invoke the Commission's protection of confidential utility data and information provided under D.06-06-066 (see, Appendix 1, ("IOU Matrix")) and Appendix C D. 08-04-023 or General Order 66-D.

Confidential Attachments:

Confidential Appendix A: Independent Evaluator Report (Redacted version included with public submittal)

Confidential Appendix B: Solicitation Process Overview

Confidential Appendix C: Local Multi-Sector Selection

Confidential Appendix D: Third-Party Contract Summary

- a) Table 1 Contract Summary
- b) Table 2 and 3
- c) Table B1 (Redacted version included with public submittal)

Confidential Appendix E: Third-Party Contracts



FINAL INDEPENDENT EVALUATOR REPORT

PACIFIC GAS AND ELECTRIC COMPANY - THIRD PARTY ENERGY EFFICIENCY PROGRAM SOLICITATIONS

Local Public Sector - Contract

RAPIDS Program - Alternative Energy Systems Consulting, Inc.

July 20, 2020

Prepared by:

INDEPENDENT EVALUATOR
Don Arambula



FINAL INDEPENDENT EVALUATOR REPORT

Pacific Gas and Electric Company

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PG&E'S LOCAL PUBLIC SECTOR SOLICITATION

1. General Overview

The Final Independent Evaluators Report (Report) provides a final assessment of Pacific Gas and Electric Company's (PG&E) third-party energy efficiency (EE) program solicitation process and executed contract (Contract) between PG&E and the program implementer. The Report is provided by Don Arambula Consulting (DAC), Independent Evaluator assigned to the Public sector within PG&E's multi-sector EE solicitation. The Report addresses PG&E's contract (Contract) with Alternative Energy Systems Consulting, Inc. (AESC), the implementer for the RAPIDS Wastewater Optimization Program (RAPIDS).

RAPIDS PROGRAM SUMMARY

The implementer-designed Public sector program targets wastewater treatment facilities operated by local governments and special districts located within PG&E's service territory. AESC's RAPIDS Contract value is \$4,117,579 plus \$88,000 for an integrated demand-side management (IDSMD) offering, for a total of \$4,205,579 with a contract term length of 4 years.

The IE supports the Contract agreed to between PG&E and the proposed implementer. The RAPIDS program:

- Helps wastewater treatment plants, within in the Public sector, eliminate energy waste in the treatment process while enhancing operational control and reliability;
- Offers expert process engineering, option analysis, design assistance, and incentives/financing;
- Strives to transform the way that wastewater treatment plants consider energy impacts in the design and operation of their treatment and collection systems;
- Presents an opportunity for PG&E to greatly improve the cost-effectiveness showing of its energy efficiency portfolio;
- Connects energy efficiency with other demand-side management solutions for the individual customer under one offering; and
- Allows PG&E the ability to pursue additional cost-effective energy efficiency savings in wastewater treatment facilities.

The Report addresses each aspect of the solicitation from the initial RFA development through contract execution. The Table 2 lists key recommendations and observations made throughout Report. The recommendations include potential improvements to the solicitation process as well as recommendations that are intended to enhance the implementation of the Contract.

2. Background

An individual Report is required by the assigned Independent Evaluator (IE) on the solicitation process and submitted along with the investor-owned utility's (IOU) Tier 2 Advice Letter filing seeking California Public Utilities Commission (CPUC) review of the energy efficiency Contract. The Advice Letter process is required if the contract results in a value of \$5 million or greater in value and/or has a contract term longer than three years. Furthermore, the IE is always required to provide a Report to the IOU's Energy Efficiency Procurement Review Group (PRG).

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. In January 2018, the CPUC adopted Decision 18-01-004 directing the four California IOUs—PG&E, Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Southern California Gas Company (SoCalGas)—to ensure that their EE portfolios contain a minimum percentage of third-party designed and implemented programs by predetermined dates over the next three years. Further directions were included in Decision (D.)18-05-041, which states:

“The third-party requirements of Decision (D.)16-08-019 and D.18-01-004 are required to be applied to the business plans of the investor-owned utilities approved in this decision. All utility program administrators shall have at least 25 percent of their 2020 program year forecast budgets under contract for programs designed and implemented by third parties by no later than December 19, 2019.”¹

TWO STAGE SOLICITATION APPROACH

The IOUs are required by the CPUC to conduct a two-stage solicitation approach for soliciting third party program design and implementation services as part of the energy efficiency portfolio. All IOUs are required to conduct a Request for Abstract (RFA) solicitation, followed by a full Request for Proposal (RFP) stage.²

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

Each IOU is required to select and utilize a pool of EE IEs to serve as consultants to the PRG.³ The IEs are directed to observe and report on the IOU's entire solicitation process, preparation, evaluation, selection, and contracting process. The IEs review and monitor the IOU solicitation process, valuation methodologies, selection processes, and contracting to confirm that an unbiased, fair, and transparent competitive process is conducted that is devoid of market collusion or

¹ OP 4, pp. 182-183.

² Id, p. 2.

³ Id, OP 5, p. 62.

manipulation. The IEs are privy to viewing all submissions. The IEs are invited to participate in all the IOU's solicitation through selection-related discussions and are bound by confidentiality obligations.

EXTENSION REQUEST

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

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

TIMELY SOLICITATIONS

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

- 1) Delays in Schedules Guidance
 - Allocate up to 12 weeks from RFA release to notification of bidders of invitation to respond to RFP.
 - Allocate up to 15 weeks from RFP release to notification to bidders' invitation to contract negotiation.
 - Execute contract 12 weeks after invitation to contract negotiation unless IOU is conducting multiple negotiations within the same solicitation, the program is complex, or contract is addressing challenging contract elements.
 - Update the solicitation schedules in their next quarterly update.
- 2) RFA Guidance
 - Adhere to the intent of the RFA stage explained in Decision 18-01-004.
 - Refrain from requesting excessive detail in the RFA stage.
- 3) Bidder Communication
 - Notify bidders of the status of the solicitation throughout the entire process.
 - Provide better feedback to bidders by delivering on their commitments made in response to stakeholder requests.
 - Provide non-advancing bidders notification if their abstracts/proposals 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 are met, ED encourages the IOUs to make feedback available to bidders that they did not advance to the next stage of solicitations.

3. Solicitation Overview

3.1 Overview

PG&E utilized a single two-stage solicitation process for soliciting local third-party EE programs targeting the sectors of Residential, Commercial, Public, Industrial, and Agricultural customers (aka, multi-sector solicitation). The first stage was an RFA followed by a second stage RFP. As the CPUC directed, the first stage of the solicitation is a request for abstracts⁴ which PG&E correctly interpreted as short, high-level summaries of third-party program design concepts. In response to the multi-sector solicitation PG&E received 170 abstracts, and shortlisted 87 in the RFA Stage. On August 2, 2019, the invited bidders submitted 77 proposals in response to PG&E's RFP. Of the 77 proposals received, 46 were shortlisted at the conclusion of the RFP stage. PG&E opted to conduct competitive contract solicitations to make the final selections across the 46 shortlisted bids. Competitive contract negotiations began in November 2019. Contract negotiations included two phases.

PG&E submitted a formal request to the CPUC on November 5, 2019, for extension of the 25 percent third-party requirement. Given the extension request, the number and quality of bids proceeding to negotiations, and the reductions in budgets, the IEs agreed, with feedback from the PRG, that every effort should be made by PG&E to reach the 40 percent third party contracting target through this multi-sector solicitation along with other PG&E solicitations concluded in 2020. Due to the volume of proposals, a desire to improve the overall quality of submitted cost-effectiveness test (CETs) showings, the pending compliance deadline for meeting the 25 percent minimum threshold, and the need to communicate reduced sector-level budget targets, PG&E established a two-phase process for its competitive contract negotiations. In Phase 1, PG&E provided bidders reduced sector-level budget targets⁵ and feedback to bidders on ways to improve bidder CETs. Bidders then submitted revised CETs incorporating responses to PG&E's feedback and request to reduce budgets. In January 2020, PG&E [REDACTED] The selected shortlist was based on final proposal scores and the flexibility to create a program portfolio based on either a combination of segment-level programs or a single, all-sector level program.

During Phase 2 contract negotiations, bidders were initially tasked with changing their proposed compensation structures using PG&E's newly development performance compensation approach as a starting point. PG&E did not share this proposed performance approach with the bidders prior to the initial negotiation meeting. The IOU shared the draft performance approach to the IEs just prior to the beginning contract negotiations. The IEs made limited comments and the IOU adopted some of the IE recommendations. The IOU's proposed compensation structure includes four distinct performance payment components based on TRC ratio performance, energy savings goal achievement, key performance indicators progress, and installed energy savings. DAC indicated to PG&E that it had concerns about the IOU's performance compensation approach due to its complexity and the ongoing cost to maintain the quarterly and annual payment process by both the implementer and PG&E.

⁴ Id, Section 3.2, p. 31.

⁵ The reduced budgets presented by PG&E to bidders in the Public sector were much lower than those presented in PG&E's 2019 and 2020 Annual Budget Advice Letter filings.

Bidders were asked to provide necessary details regarding the timing and methodology for implementer compensation, customer incentives and other budget and performance aspects of their proposals based on PG&E's proposed compensation structure. Based on the bidder's response, PG&E further narrowed the field of bidders and began discussion on contract terms with selective bidders in each sector.

IE MONITORING CONTRACT NEGOTIATIONS

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

SOLICITATION SCOPE

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

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

OBJECTIVES

PG&E issued the RFA/RFP to solicit third-party program proposals from prospective bidders to establish a new portfolio of third-party programs according to the outsourcing compliance

requirement timeline set forth by the CPUC in Decision 18-01-004. The RFP collected program proposals for all five of PG&E's customer sectors, and those targeting multiple sectors. The negotiations and contracting process is intended to ensure that the final selections for each sector are in alignment with PG&E portfolio goals and that the solicitation results in contracts that maximize ratepayer value while appropriately balancing risk.

3.2 Timing

The timing of the solicitation process is shown in Table 1.

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

3.3 Key Observations

Key observations from the solicitation are shown in Table 2.

Table 2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
RFA			
Timing	PG&E's RFA development schedule did not provide IEs with adequate time for thorough review and thoughtful consideration of the RFA documents prior to their release.	Build enough time in future schedules to allow for thorough review.	PG&E worked hard to ensure that enough time was built into the schedule for thorough review of RFP materials.

Table 2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Scoring Rubric	PG&E developed the scoring rubric along with the RFA materials; however, the scorecard (with scoring elements and definitions) was produced after the RFA was released. This limited improvements to the scorecard as Bidder information was limited to the already-released RFA	Develop scorecard prior to RFA release and make sure that scoring aligns with questions to bidders	PG&E made improvements to this process in the RFP stage.
RFP			
Timing	IEs requested that PG&E update the solicitation schedule to include sufficient time for the PRG and IEs to respond to key tasks and milestones.	<p>Create and implement more realistic schedules that allow for all parties—PG&E, IEs, and PRG adequate time for review and incorporation of feedback. Start off each process with more realistic timelines based on lessons learned from past solicitations.</p> <p>Provide regular communication and updates on schedule. Provide frequent updates and ensure transparency for all solicitation schedules. Hold regular meetings even if the schedule is slipping.</p>	<p>PG&E continues to adjust schedules and has improved the process.</p> <p>PG&E also instituted regular weekly check in meetings with the IEs throughout the solicitation process.</p>

Table 2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Scorer Training	IEs requested that PG&E provide scoring team training to align reviewers (including IEs) and confirm reviewer understanding of scoring criteria and process. IEs recommend “mock scoring” exercise. Scoring training is important for scorers to get on the same page.	IEs requested that PG&E provide scoring team training to align reviewers (including IEs) and confirm reviewer understanding of the scoring criteria and process. IEs recommended including a “mock scoring” exercise.	PG&E held scoring training sessions that included an IE presence and “mock scoring” exercise. Afterwards, PG&E scorers identified the “mock scoring” exercise as high value preparation for individual scoring.
Measurement and Verification (M&V) (including Normalized Metered Energy Consumption [NMEC])	IE review of the first draft of 16 narrative questions about M&V identified many opportunities for improvement.	Request that bidders provide an NMEC M&V plan as per the definition provided in CPUC’s NMEC M&V Rulebook v2. For future solicitations, rework NMEC-related questions to reflect updated NMEC rules in coordination with PG&E subject matter experts (SMEs).	PG&E revised the NMEC M&V section, and asked bidders to provide an M&V plan as per the NMEC Rulebook definition. The final NMEC question set was effective, as bidder responses provided a reasonable basis to assess the feasibility of proposed NMEC M&V.
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Table 2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
	[REDACTED]	[REDACTED]	
Contracting Stage			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Table 2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changes to Modifiable and Nonmodifiable Terms and Conditions	The IEs reviewed and provided feedback on PG&E's proposed contract templates. The main remaining issue at the end of the reporting period was that PG&E had proposed clarifying changes to the nonmodifiable terms and conditions.	The IEs have asked PG&E to communicate to bidders that changes, including additions, to the CPUC modifiable Terms and Conditions must be agreed to by both parties consistent with D.18-10-004, OP 7.	PG&E made limited changes to the CPUC Standard Contract Terms and Conditions. PG&E agreed with the IE to include an additional provision that makes clear that the CPUC Standard Contract Terms and Conditions take precedence over all contract terms.
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Table 2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	
	[REDACTED]	[REDACTED]	
	[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
		[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Table 2: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

4. Solicitation Outreach and Bidder Response

4.1 Bidder Response to Solicitation

PG&E's outreach through traditional methods (e.g., Company website, California Energy Efficiency Coordinating Committee (CAEECC), PEPMA, etc.) resulted in a robust and competitive solicitation with multiple proposals within and across each of the sectors.

RFA

In response to the RFA, 170 program abstracts were submitted by 75 lead bidders. Ten were screened out due to duplicate uploads and/or non-conformance. Of the remaining 160 total, 14 abstracts were received that included the Public sector. The IEs tracked recommendations in a tracker sheet that was later used to share feedback with the PRG on PG&E's responses and actions to IE feedback. Although the timeline for review of materials was not ideal, PG&E was very

⁶ Implementation Plan Template, Appendices B and C, dated January 2020.

transparent in sharing of documents and held regular check-in meetings with the IEs. The IEs collaborated well in coordinating recommendations and feedback to PG&E.

Table 3: RFAs Submitted						
Sector	Total Count		100% Sector Focus		Primary Sector Focus (+70%)	
Residential	39	24%	36	92%	4	8%
Commercial	53	33%	30	57%	23	43%
Public	14	9%	13	93%	1	7%
Industrial	21	13%	15	71%	6	29%
Agriculture	11	7%	8	73%	3	27%
Cross-Sector	22	14%	-	-	-	-
TOTAL	160		102		37	

RFP

A total of 87 EE program abstracts were invited to participate in the Multi-Sector RFP. There were 11 abstracts that addressed the Public sector and 3 abstracts that addressed the Public sector in combination with other sectors as shown below. Bidders were allowed to propose any resource program that served any combination of customer sectors. The RFA to RFP shortlist by sector is shown below:⁷

FIGURE 1: RFP COUNT

Single Sector RFP	2-Sector RFP	3-Sector RFP	4-Sector RFP	TOTAL
RES 16				16
AGR 7	AGR + IND 4			11
IND 11	IND + COM 3	IND + COM + AGR 1		15
PUB 11	PUB + COM 1			12
COM 18	COM + IND 6	COM + IND + AGR 1	COM + PUB + IND + AGR 1	33
	COM + PUB 6		COM + PUB + IND + RES 1	1
TOOLS 4				4
				91

4.2 Bidders' Conference and Q&A

RFA QUESTIONS AND ANSWERS

The RFA Bidder's Conference was held on December 10, 2018 and included over 100 attendees and registered bidders from all sectors.

Table 4: RFA Bidders Conference	
RFP Bidder conference date	December 10, 2018
Number of attendees	41 in person, 85 online
Number of questions received	140+

⁷ Table from PG&E presentation, 2019.

Table 5: RFA Intent to Bid	
Sector	Registered Bidders
Residential	39
Agricultural	19
Commercial	66
Public	20
Industrial	34
Other	6

RFP QUESTIONS AND ANSWERS

PG&E received bidder questions from PowerAdvocate (from June 12 through July 10, 2019), the bidders conference (held on June 21, 2019), and the CET early review process. In all, more than 280 questions were received, including some repeated questions to which the bidders had not previously received a response.

The RFP stated that PG&E would respond to all bidder questions by July 17, 2019. To provide bidders the information as soon as possible, PG&E released batches of Question and Answer (Q&A) responses to bidders prior to this date (see below). PG&E posted the almost-final master Q&A, which addressed all but six of the 280 bidder questions received, on July 18, including additional supporting documents to address information gaps identified through the Q&A process. Receiving more than 280 questions did not seem excessive given that 87 abstracts were selected to participate in the RFP. An average of three questions per bidder seemed reasonable given the RFP's extensive requirements.

Table 6: Bidder Conferences	
RFP Bidder conference date	June 21, 2019
Number of attendees	19 in person, 142 online
Number of questions received	280

The IEs observed that some of the topics from the RFA stage did not draw many questions in the RFP stage. PG&E only received one question on workforce standards, four on grid resource functions and three on HTR functions sought. PG&E provided greatly improved detail on these topics in the RFP package, which may have reduced bidder confusion. IEs reviewed and commented on all of PG&E's draft responses. Themes in the types of questions received are described below.

- Process:** Approximately 50 submitted questions requested clarifications about the solicitation process or RFP documents and forms. For most of these, answers were readily available within the existing RFP package. In a few cases, these questions identified minor errors in the original bid package, such as referring bidders to use a document but referencing an incorrect file name. PG&E corrected these within the Q&A and also published a change log on PowerAdvocate that captured the few minor updates made to the RFP forms or documents. PG&E should incorporate these updates into future

RFA/RFPs.

- **Clarification About Multi-Sector Bids:** Nine of the process questions reflected common confusion about treatment of multi-sector bids within the PG&E solicitation. After deciding to assign multi-sector bids to a single sector RFP for administrative purposes, [REDACTED]
- **NMEC:** Nearly 40 program M&V-related questions were received. About two-thirds of these were NMEC questions with most related to three emergent themes:
 - **How NMEC-Based Forecasts Should Be Entered into the CET Tool.** Receiving these questions alerted PG&E and the IEs to information that was missing from the RFP packet.
 - **12- or 24-month Post-monitoring** for claiming NMEC savings, and how these relate to PG&E's request for proposers to bid a three-year program. PG&E answered this question quite simply for the RFP, by asking bidders to show any post-monitoring costs or lagging savings claims expected into the three-year budget framework for the RFP, but to identify their more realistic proposed timing for post-monitoring activities in the schedule.
 - **Industrial NMEC Clarification:** Lack of clarity around whether and how NMEC is allowed for Industrial customers, which was clarified by PG&E.
- **CET:** 45 CET-related questions were received, demonstrating a wide variability in level of bidder experience and expertise with the CET tool.

4.3 Solicitation Design Assessment

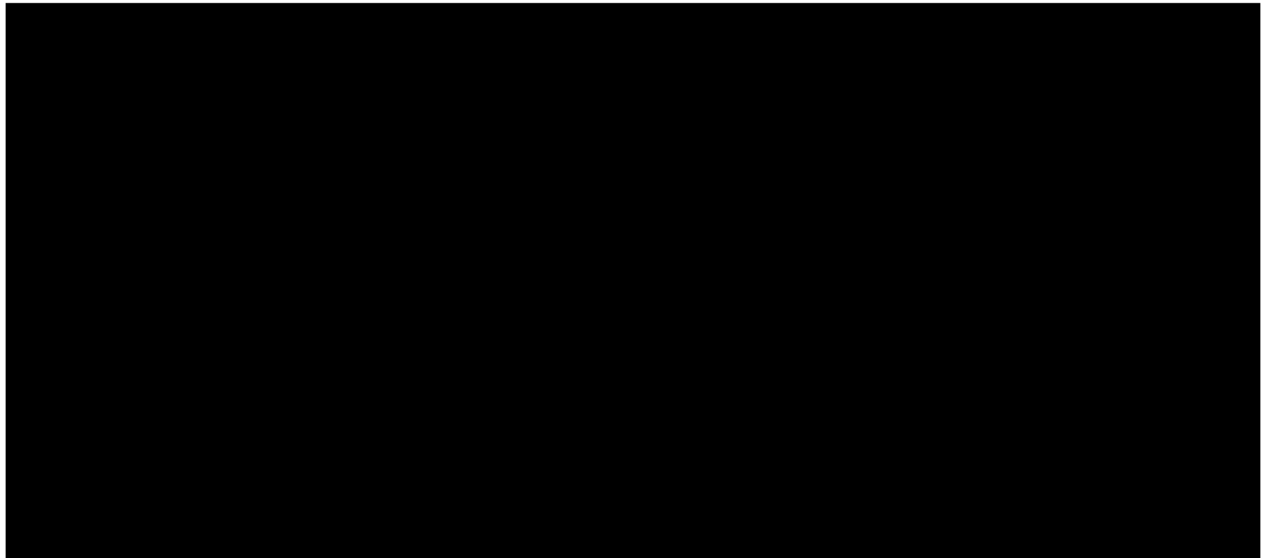
The multi-sector solicitation design met the program portfolio “need” as presented in the IOU-approved Business Plan, as well as EE energy savings goals, and applicable portfolio/sector metrics. The solicitation scope allowed the market to offer programs, budgets, and savings across single, multiple sectors, and/ or niche markets.

For the Public sector, the solicitation design resulted in a robust number of proposals that addressed all three targeted segments (i.e., local government, federal government, and K-12). In some instances, bids proposed to serve the Public as well as other sectors.

TWO STAGE SOLICITATION AND COMPETITIVE NEGOTIATIONS

At the onset, the IOU conducted a two-stage process, with robust IE engagement and regular coordination with the PRG on all aspects of the solicitation. The two-stages, RFA and RFP, were consistent with the PG&E's proposed Solicitation Plan.

[REDACTED]



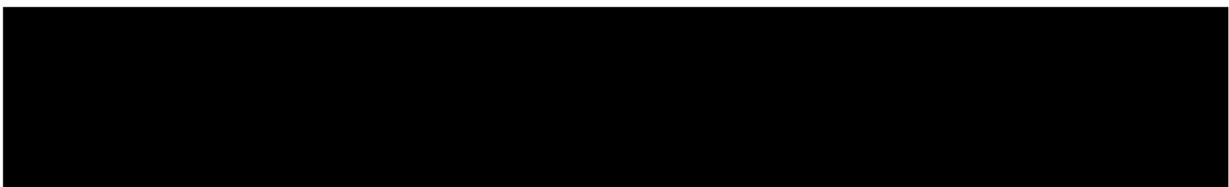
5. RFA and RFP Design and Materials Assessment

5.1 RFA Design Requirements and Materials

The broad approach taken with this solicitation was set during the RFA stage, when PG&E decided to include all customer sectors in a single local large solicitation to maximize the opportunity and market response. That decision in late 2018 largely dictated much of the RFP process in mid-2019, as the diversity of types of programs participating and sheer volume of proposals increased the complexity and workload associated with most steps.

The RFA was issued on November 28, 2018 after significant feedback from the IEs and PRG was incorporated into the final document. The IEs' overall observations on the process and suggested areas of improvement included the following:

- The RFA process was open and transparent throughout.
- The IEs participated in regular PG&E meetings throughout the process.



- IEs monitored PRG comments and tracked responses through a tracker (spreadsheet).
- IEs listened to and communicated any concerns from members of the PRG, and PG&E addressed IE and PRG issues.
- The interaction and coordination between the five IEs and PG&E worked well.
- PG&E listened and responded to IE recommendations regarding RFA general instructions.
- PG&E generally accepted IE recommendations on the main scoring criteria but further collaboration was needed for scorecard, scorer guidance, and preparing the scoring teams for reviews.
- PG&E's RFA development schedule did not provide IEs with adequate time for thorough review and thoughtful consideration of the RFA documents prior to their release.
- IEs felt that the RFA clearly articulated the purpose, goals, and requirements of the solicitation, with only a few minor reservations.
- PG&E developed the scoring rubric along with the RFA materials; however, the scorecard (with scoring elements and definitions) was produced after the RFA was released. This limited the ability of the IOU to make improvements to the scorecard since Bidder information was limited to the already-released RFA. For future solicitations, the scoring rubric and supporting scorecard should be developed concurrently with the RFA.

5.2 RFP Design Requirements and Materials

As with the RFA, the local multi-sector bid process was a significant undertaking and PG&E's overall management of the RFP is commendable. The solicitation documents were generally well-designed, and PG&E attempted to strike an appropriate balance between obtaining sufficient information while not overly burdening bidders.

PG&E worked with IEs and their internal technical leads to develop a process to help improve the quality of bidders' CET submissions and reduce expected bottlenecks in the bid evaluation process. PG&E finalized their approach to early CET review, drafted the bidder response template, and provided CET reference and training materials to bidders as part of the RFP package on PowerAdvocate. PG&E provided clear instructions on how to participate in the voluntary early CET review process and reference materials such as the CET input guide and a measure value picklist.

5.3 Response to PRG and IE Advice

RFA

In December 2018, the RFA instructions went through extensive revisions and the process was open and transparent. High level recommendations from the IE focused on things such as:

- Including more Statewide vision and context from PG&E's business plan.
- Including CPUC/legislative decisions, references and definitions.
- [REDACTED]
- Better emphasis on the importance of increased savings, cost, and cost-effectiveness.
- [REDACTED]

- Rephrasing RFA language to encourage bidders to be more innovative in their abstracts.
- Explaining the scoring process to bidders.
- Giving more weight to [REDACTED] in RFA scoring.

The majority of these recommendations were accepted by PG&E, which greatly improved the RFA design and gave more clarity to the bidders.

The RFA process was open and transparent. In addition to PG&E listening to and addressing the IEs' recommendations, [REDACTED]

[REDACTED] The team of IEs and PG&E worked well together as processes were established, despite tight timelines.

RFP

The RFP instructions and data response form went through extensive review and feedback between PG&E and the IEs in late May and June 2019. PG&E encouraged an ongoing feedback and response process. The PG&E held weekly meetings with the IEs to discuss progress in the development of the RFP materials. [REDACTED]

By June 2019, more than 180 IE comments and 15 PRG comments on the RFP materials were considered by PG&E. The PRG RFP Guidelines were published while the RFP package was in process, but still provided a good reference for assuring that PRG interests and concerns were addressed. Much of the feedback and PRG design recommendations were included in the final RFP materials, or had been adequately addressed in some alternative way by PG&E, to the satisfaction of IEs and PRG members.

6. Bid Evaluation Methodology Assessment

6.1 Bid Screening Process

PG&E evaluated all submitted bids for completeness and compliance with eligibility criteria as the first step of review. None of the Public sector bids were disqualified during either the RFA or RFP stages.

6.2 Scoring Rubric Design

RFA

The RFA scoring criteria is shown below with sub-criteria under Program Concept and Company Experience defined.

Table 7: RFA Scoring Criteria		
Criteria		
Program Concept		
Portfolio Alignment		

Table 7: RFA Scoring Criteria		
Criteria		
Assessment of Program Benefits		
Program Feasibility		
Company Experience and Qualifications		
Team Composition and Qualifications		
Prior Program Implementation Experience		
Innovation		
Program Design Features		
TOTAL SCORE		

RFP

PG&E's scoring rubric was broken down into several tiers. The Tier One criteria and Tier Two sub-criteria are shown in Table 8. In addition to the standard program function of energy savings acquisition, HTR/DAC and Grid Resource were optional program functions sought in the solicitation. Bids, including these optional functions, also received additional scores, with modified criteria weightings to reflect the merit of these proposals as HTR/DAC or Grid Resource programs.

Table 8: Scoring Rubric		
Tiers		
Tier 1 Criteria	Tier 2 Criteria	
Program Design	Design, Theory and Evaluability	
	Customer Acquisition and Outreach	
	Innovation	
	IDSMS Program Features	
Program Benefits	Cost Effectiveness	
	Energy Savings	
Program Feasibility	Program Management and Risk	
	Savings Measurement	
	Compensation and Performance	
	Compliance Requirements	
Grid Resource Design	Grid Resource Program Design	
HTR/DAC Design	HTR Program Design	
	DAC Program Design	
Company Qualifications	Implementer Team Qualifications	
	Prior Implementation Experience	
Supply Chain Responsibility	Diverse Supplier	
	Sustainability Plan	

The scoring rubric and weightings were carefully developed, reviewed and applied in the scoring and calibration process. The scorecard criteria and sub-criteria and weightings assigned balanced PG&E's needs with CPUC priorities and were in alignment with PRG guidelines.

While some IE and PRG recommendations suggesting reorganization of some of the scored sub-criteria or slightly altered weightings were not accepted by PG&E, there was general agreement that all relevant sub-criteria were considered appropriately and IE and PRG members agreed with

the final scorecard.

Responding to prior IE feedback from the RFA stage and their own continuous improvement efforts, PG&E developed most of the scoring rubric in parallel with the RFP materials. This ensured that nothing was requested from bidders that was not going to be evaluated. The IEs observed that, if anything, PG&E may not have requested enough information to effectively assess some criteria, and recommended requesting more detail on program budget, payment terms, and CET assumptions in negotiations and as part of the RFP in future solicitations.

PG&E designed the scoring rubric and methodology to enable consistent scoring of this multi-sector, multi-function RFP. The evaluation method worked equally well for all programs submitted, regardless of technologies, platforms, measure types, markets served or other unique program characteristics.

6.3 Evaluation Team Profile

RFA

The following is PG&E's evaluation team that reviewed and scored all abstracts in response to the multisector solicitation.

Table 9: IOU RFA Evaluation Team		
Position Title	Position Role	Area Scored

RFP

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

The roster of PG&E employees who scored was extensive. Program Leads focused on evaluating

proposals relevant to their sector across multiple criteria. In addition, criteria-specific subject matter experts reviewed every proposal submitted, but only scored the sections related to their area of expertise, e.g., IDSM, CET, NMEC, Custom, and Deemed. Code of conduct rules were made very clear to all scorers, particularly as it related to implementers of existing programs who are also bidding on new programs.

The process was complex [REDACTED]

[REDACTED] IEs observed that PG&E scorers demonstrated diligence and care in their assigned scoring and calibration meetings, and that scorers appreciated the approach taken, as it reduced their review time. [REDACTED]

[REDACTED]

Table 10: IOU RFP Evaluation Team

Position Title	Position Role	Area Scored
[REDACTED]		

Table 10: IOU RFP Evaluation Team		
Position Title	Position Role	Area Scored

Table 10: IOU RFP Evaluation Team		
Position Title	Position Role	Area Scored

6.4 Response to PRG and IE Advice

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

7. Final Bid Selection Assessment

7.1 Conformance with Established Evaluation Processes

As described previously, PG&E screened all submitted bids for completeness and compliance with eligibility criteria as the first step of review. Out of 77 bids submitted, 3 were disqualified prior to scoring due to unequivocal deficiencies (e.g. missing proposal documents).

PG&E’s position on screening out bids was inclusive, in bidders’ favor, and when in doubt about eligibility, they chose to score bids. While there was no issue in this outcome, in future solicitations, IEs recommend that screening criteria should be applied more rigorously and consistently. PG&E may need to reconsider what the screening criteria are and how it approaches performing the

screening of bids received to do so effectively. If bids will be accepted even if not compliant with instructions in the RFP, then the instructions should be changed. Ultimately, there were 74 conforming bids scored across multiple sectors.

Customer Sectors	RFA Shortlist	RFP Responses	Not Received	Screened Out	Response Rate	Total Conforming Bids	% by Sector
Agricultural	11	9	2	0	82%	9	12%
Industrial	15	14	1	0	93%	14	19%
Commercial	33	30	3	2	91%	28	38%
Public	12	9	3	0	75%	9	12%
Residential	16	15	1	1	94%	14	19%
TOTAL	87	77	10	3	89%	74	

PG&E conducted the evaluation and calibration process in conformance with its established criteria and process for the RFP. Scoring calibration meetings began during the week of September 9, 2019 and continued through the week of September 23, 2019. PG&E held separate calibration meetings by sector and scoring criteria category (e.g., Savings Platform, CET, M&V, etc.). The meetings involved relevant members of the PG&E scoring team and were well scheduled, coordinated and facilitated by PG&E staff. All IEs were invited to attend all meetings relevant to their assigned sectors.

CET REVIEW

A significant issue that surfaced during this process was the quality of the CET submissions from bidders. Despite the CET training and the inclusion of a voluntary CET Review process offered by PG&E, the overall quality of the CET submissions was inadequate. No bidder provided a CET that correctly applied all CPUC policies and assumptions. The most common bidder input errors included: incorrect measures codes, incorrect load shapes, incorrect climate zones, incorrect Effective Useful Life (EUL)/Remaining Useful Life (RUL), and incorrect baseline usage.



CPUC WORKFORCE AND DISADVANTAGED WORKER POLICIES

Review of workforce compliance and disadvantaged workers sections of the proposals showed that many bidders were unclear on applicability of these requirements to their proposed program, but most bidders indicated a willingness to do whatever was required.

7.2 Management of Deficient Bids

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

7.3 Shortlist and Final Selections

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

[REDACTED]

IEs monitored the notices sent to bidders and found them consistent with the communication plan. Bidders selected to advance to Phase 1 Negotiations were notified through Power Advocate in early November 2019. These notifications effectively summarized next steps for those advancing. Bidders not selected to advance received notice through Power Advocate between November 13 and 14, 2019.

The Phase 1 Negotiation process started in November 2019 with 46 proposals representing all customer segments and sectors.

[REDACTED]

In January 2020, PG&E selected a subset of bidders to advance to Phase 2 of competitive negotiations. PG&E considered the revised, more accurate CET outputs and portfolio fit at the sector level in its selection process.

[REDACTED]

The three rounds of selection that have occurred, as the final step of the RFA, RFP and Phase 1 and 2 of Negotiations, are reflected in Table 12 below.

Sector	Abstracts Received	RFA Shortlist	Proposals Received	Invited to Phase 1 Negotiations	Invited to Active Phase 2 Negotiations
Agricultural	12	11	9	4	1
Industrial	21	15	14	11	8
Commercial	56	33	30	18	7
Public	18	12	9	6**	2
Residential	41	16	14	7	2
Multi-Sector	22*				
Total	170	87	77	46	20

*After the RFA stage, Multi-Sector bids were classified within the dominant sector served, and those that proceeded are

included in the dominant sector's numbers. **1 bidder [REDACTED] was initially notified that it would be placed in Wave 2 of negotiations.

PG&E's approach was to keep negotiations competitive until final selections. While there are differences in the number of competing bids by sector, taking this approach means that final selection of winning bids is not made until the end of the competitive negotiations. Phase 2 Negotiations are now complete for the local Public sector.

A. CONFORMANCE WITH ESTABLISHED EVALUATION PROCESSES

[REDACTED]

B. PORTFOLIO FIT

Ultimately, PG&E selected the AESC's RAPIDS program which addresses a high consuming energy niche market in the local government segment of the Public Sector. RAPIDS was specifically designed by AESC to address the wastewater treatment plants. RAPIDS, a technically-focused offering, is better equipped to serve the targeted customer group than the all-sector program also selected by PG&E. [REDACTED]

Due to the longer-term customer engagement present in this niche market, [REDACTED]

C. RESPONSE TO PRG AND IE ADVICE

At the January 2020 PRG meeting, PG&E proposed to move into the first wave of Phase 2 Negotiations with bidders in the Industrial, Agricultural, and Public sectors. The IEs for these sectors were supportive of PG&E's Phase 2 shortlist selections and recommended next steps. Due to PG&E's competitive approach to negotiations, the IEs noted the need for information about how PG&E would be making final selection, which is discussed above.

PRG members generally agreed with IE advice on appropriateness of PG&E recommendations for advancing bidders into Phase 2 negotiations.

7.4 Affiliate Bids and Conflict of Interest

Decision 05-01-055 prohibits any transaction between a California IOU and any EE program implementer that is a California affiliate of an IOU. There was no instance where a California IOU affiliate participated as a bidder in the solicitation. Additionally, as part of PG&E's evaluation team, there was no conflict of interest identified in this solicitation. Note one member of the RFA

evaluation team left the Company to join a subcontractor. The subcontractor was a bidder in the solicitation. However, the employee departed PG&E before the RFA evaluation period began so, there was no apparent conflict.

8. Assessment of Selected Bids

8.1 Bid Selections Respond to Portfolio Needs

PG&E's multisector solicitation sought innovative programs that could produce cost-effective energy savings for its energy efficiency program portfolio. For the Public sector, at the end of Phase 1 Negotiations, PG&E shortlisted the following bids:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

MULTI-SECTOR PROPOSALS

[REDACTED]

STATEWIDE WATER/WASTEWATER PROGRAM

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

1) [REDACTED]

2) COST-EFFICIENCY

a) SIMPLE ACQUISITION COST

[REDACTED]

[REDACTED]

Table 14: Simple Acquisition Cost Comparison					
Simple Acquisition Cost	RAPIDS	2020 3rd Party Forecast - Public	%	Total Public Sector	%
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

b) **LIFECYCLE ACQUISITION COST (PAC LEVELIZED COST)**

[REDACTED]

Table 15: Lifecycle Acquisition Cost Comparison				
[REDACTED]		[REDACTED]		[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

3) **ALIGNMENT WITH CALIFORNIA’S ENERGY EFFICIENCY POLICES AND THE CPUC’S OVERARCHING SOLICITATION POLICY OBJECTIVES:**

a) **ACHIEVE ALL COST-EFFECTIVE ENERGY EFFICIENCY**

[REDACTED]

PG&E’s preference to lower the program budget directly stems from a reduction of the CPUC-assigned ten-year EE goals¹⁸ and belief that the Public sector energy savings are costlier than other sectors within their portfolio. The CPUC ten-year EE goals are reset beginning in 2020. Over the next three years, PG&E’s EE goals increase by additional 25 percent over 2020 levels.¹⁹ The CPUC should consider increasing the Contract value to provide flexibility to the IOU and implementer to accommodate the increase in EE goals over the life of the Contract, as appropriate. The program’s operational budget can be maintained at the proposed level.

b) **TRC**

RAPIDS forecasted TRC ratio showing is demonstrably better than PG&E’s 2020 program portfolio forecast as shown in the table below. Although the CPUC cost-effectiveness requirements are applied only at a portfolio level, on a prospective basis, this showing does support the CPUC’s

¹⁸ D.19-08-034, OP 1.

[REDACTED]

notion that third-party program implementers can help improve the cost effectiveness showing of the program portfolio. The cost effectiveness [REDACTED] was confirmed by PG&E's engineering and program staff. In contrast, PG&E's 2020 EE total portfolio forecasted a 0.75 TRC ratio.

Table 16: TRC Forecast Comparison	
Program	TRC Ratio
[REDACTED]	
PG&E 2020 Total Portfolio	0.75

c) INNOVATION AND IDSM

INNOVATION

To be “innovative,” the RFA and RFP instructed bidders that their proposal must demonstrate that the program will ultimately increase the uptake of cost-effective energy efficiency by advancing a technology, marketing strategy, or delivery approach in a manner different from previous efforts. The RAPIDS program proposes to deliver on all three dimensions of the IOUs innovation definition through new approaches to program delivery and marketing strategies as well as a promotion of a new technology. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

IDS

RAPIDS also integrated demand side management (IDS) into its technical analysis, optimization, planning and procurement of EE and DR measures.

To support this unique opportunity, the AESC contract also includes an additional \$88,000 dedicated to an integrated EE and demand response offering.

d) HARD-TO-REACH MARKETS (HTR), DISADVANTAGED COMMUNITIES (DAC), DISADVANTAGED WORKERS, AND WORKFORCE STANDARDS HTR/DAC CUSTOMERS

The RAPIDS program, as negotiated, does not have a focus on facilities in Disadvantaged Communities (DAC) or hard-to-reach (HTR) customers. The program is focused on 17 of the larger wastewater facilities in PG&E's service territory as these provide the greatest opportunity for energy savings.

The program is not focused on HTR customers as these large public customer facilities do not fall within the CPUC's HTR definition.²⁴

DISADVANTAGED WORKER POLICY

As for supporting Disadvantaged Workers (DW), AESC has agreed to comply with disadvantaged worker requirements presented in the final Implementation Plan (IP). Since the Implementation

Plan will be drafted only after CPUC contract approval, it is important to monitor the development of the specific DW requirements that will be included in the final IP. No other related contractual obligations are included in the Contract.

WORKFORCE STANDARDS POLICY

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

e) DEEP & PERSISTENT ENERGY SAVINGS

[REDACTED]

In a customer segment where trust is forged over multiple years between an implementer and a customer, it is essential for the program to prove its value. The behavioral and operational energy savings are key to demonstrating immediate energy and cost savings to the customer.

[REDACTED]

The Contract does not have any condition (e.g., KPI) that requires a minimum number of long-lived measures. The deep retrofits that can be achieved in this sub-segment could be served by creating a KPI tied to maintaining a certain level of long-lived measures especially in the later years of the program.

f) BALANCE OF RISK AMONG PROGRAM ADMINISTRATOR, IMPLEMENTER, CUSTOMER AND RATEPAYER

i) COMPENSATION STRUCTURE

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

APPLICABLE TO EE ACTIVITIES ONLY:

[REDACTED]

[REDACTED]

- [REDACTED]

²⁶ Attachment 1, Section 4.9.

[REDACTED]

- [REDACTED]

- [REDACTED]

OVERALL ASSESSMENT OF COMPENSATION

[REDACTED]

Given the multi-year customer engagement required to support long-lived EE projects in this niche market, the compensation structure fairly balances the risk of non-performance with need to compensate the implementer for extensive technical services delivered to the customer.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

ii) REALIZED ENERGY SAVINGS

[REDACTED]

[REDACTED]

The program will deliver a combination of operational and customized equipment-related energy savings. The contract does not have an agreed to mix of energy savings type since this will be dictated by the end-use customers. [REDACTED]

[REDACTED] NMEC is not currently permitted by the CPUC in such applications.

[REDACTED]

iii) SUPPORTS PORTFOLIO AND APPLICABLE SECTOR METRICS ACHIEVEMENTS

PG&E's 2019 Annual Budget Advice Letter provides a list of all CPUC-approved portfolio and sector metrics.³³ Those metrics include a baseline year (2016) of results and a forecast of expected performance which only extends through 2020. Also, many of the related Public sector indicators (e.g., energy savings per building) do not have corresponding targets. [REDACTED]

4) PROGRAM ALIGNMENT WITH EE PLANNING PRINCIPLES

a) REASONABLENESS OF ENERGY SAVINGS GOAL RELATIVE TO TARGETED MARKET'S ENERGY EFFICIENCY POTENTIAL

The program's goal is well within PG&E's 2020 Public sector energy efficiency forecast and could be expanded to capture additional energy efficiency opportunities during the Contract term. The CPUC's EE potential study does not identify a specific potential for energy efficiency savings for the Public sector.³⁴ [REDACTED]

b) PROJECTED ENERGY SAVINGS FROM VIABLE MEASURES

[REDACTED] Based on prior EM&V studies, process related energy savings is the next logical step for EE in these facilities. [REDACTED]

³³ Advice 4011-G/5375-E, Attachment 5, dated September 4, 2018.

³⁴ D.19-08-034, OP 1.

The Contract requires the program to be consistent with current CPUC Measurement & Verification (M&V) rules and requirements. [REDACTED]

Country	1980 (%)	1985 (%)	1990 (%)	1995 (%)	2000 (%)
Italy	15.0	16.0	17.0	17.5	18.0
Germany	12.0	13.0	14.0	14.5	15.0
France	10.0	11.0	12.0	12.5	13.0
Spain	8.0	9.0	10.0	10.5	11.0
Japan	7.0	8.0	9.0	9.5	10.0
Canada	6.0	6.5	7.0	7.5	8.0
United States	5.0	5.5	6.0	6.5	7.0

The Contract reflects a program proposed and designed by the third-party program implementer. PG&E will provide minimum utility support services such as PG&E general marketing support, data services and customer compliant support.⁴⁴ These support services are reasonable and will likely improve the program's performance and customer service. PG&E also contemplates offering additional support services (e.g., enhanced account mgmt. support, data support, etc.) at a direct cost to the third-party implementer. These additional support services are not part of the current Contract. If both parties are mutually agreeable, the IOU plans to revise the Contract to incorporate these additional support services. The IE believes such program operational changes should be allowed through the Contract's life without requiring CPUC approval.

[REDACTED]

[REDACTED]

LOCAL GOVERNMENT PARTNERSHIP COORDINATION

[REDACTED]

9.2 Fairness of Negotiations

SOLICITATION BUDGET

The primary changes to program scope was driven by PG&E's proposed budget reduction.

[REDACTED]

[REDACTED]

Table 22: Proposed vs. Final Agreement				
	Budget	kWh, Net	kW, Net	Therms, Net
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Final Contract	\$4,205,579	[REDACTED]	[REDACTED]	[REDACTED]

During the solicitation, the CPUC adopted revised EE goals that are lower than previous levels.⁴⁵ PG&E did file a reduced budget in its 2020 ABAL filing.

[REDACTED]

In the RFP, the IOU did provide a range for the multisector solicitation budget, but this range (\$100 to \$350 million for three years)⁴⁶ was so broad, and included all sectors, that it was not helpful. PG&E did not communicate sector-specific budgets to bidders in the RFA or RFP.

[REDACTED]

⁴⁵ D.19-08-034, OP 1.

⁴⁶ Request for Proposal, Section 2.1, June 12, 2019.

⁴⁷ Advice 4136-G/5627-E, Tables 1 and 3, dated September 3, 2019.

COMPETITIVE CONTRACT NEGOTIATIONS

PERFORMANCE PAYMENT APPROACH

DATA TO SUPPORT CONTRACT DEVELOPMENT

BALANCE BETWEEN PROGRAM PERFORMANCE AND COMPENSATION

The Contract fairly balances performance and compensation.

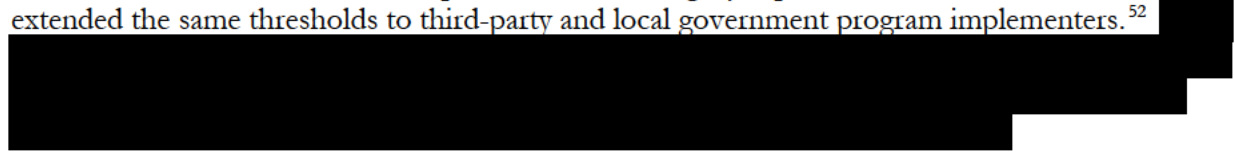
⁴⁸ As previously mentioned, PG&E did provide a brief response to bidder Q&A, at the RFP stage, that contracting was continuously competitive.

⁴⁹ Attachment 2, Data Form, Tab F2.

⁵⁰ Attachment 1, Section 2.5.3.

⁵¹ Advice No. 4124-G/5596-E, dated July 26, 2019, Table 2, ESPI Award Cap, Resource programs set at 9%.

In Decision 09-09-047, the CPUC prescribed cost category caps and thresholds for IOUs and extended the same thresholds to third-party and local government program implementers.⁵²



9.3 Changes to Contract Terms & Conditions

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

To be compliant with CPUC directives, PG&E provided bidders both the standard and modifiable CPUC terms and conditions.⁵³ At the IE's request, PG&E provided the bidder with a two-column document that included the CPUC's standard and modifiable terms (left column) and PG&E's proposed redline changes to both the standard and modifiable terms (right column). The CPUC should use this document to reconcile changes made to the CPUC terms and conditions as it proved to be a very useful tool for the IE.

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

- **CPUC Standard Terms** - PG&E's proposed adjustments to the CPUC standard terms. It is the IE's opinion that PG&E's changes do not undermine or contradict the CPUC standard terms. All PG&E's changes are simple name changes or permissible word inserts with the exception of the Dispute Resolution clause.⁵⁴ In Section 9.1 of the Contract, PG&E inserted additional terms that addressed security and timeliness issues. These additions are appropriate and facilitate the process.
- **Order of Precedence** – In response to DAC's recommendation, PG&E did incorporate an additional provision (Section 18.8(a)) in the Contract that if there is a conflict among provisions within the Contract, the CPUC's standard terms are given priority and take precedence.
- **CPUC Modifiable Terms** - With respect to the CPUC's modifiable terms, PG&E did make numerous and substantial changes (i.e., Workforce, Implementation Plan, Definitions, Term, Payment Terms, EM&V, and Data Collection and Security). Most of these changes are not detrimental or harsh and do help with the contract administration. However, there are a few changes that can be considered favoring the IOU position such as intellectual property, liability, and indemnification (the latter two only because they may tend to be a bit overprotective and may be construed as minor

⁵² OP 13.

⁵³ D.18-10-004, OP 7.

⁵⁴ Attachment 1, Section 9.1.

infringement upon the CPUC Standard terms, however all of these are intended to protect the ratepayer's funds).

9.4 Conformance with CPUC Policies and Objectives

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

25 PERCENT THIRD-PARTY REQUIREMENT

The AESC contract was executed on June 19, 2020 prior to PG&E's June 30, 2020 deadline for counting the program budget towards the IOU's minimum 25% third-party threshold requirement.⁵⁵

[REDACTED]

CUSTOMER INCENTIVES

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

⁵⁵ 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

⁵⁶ D.18-05-041, OP 10, p. 184.

⁵⁷ Attachment 2, Section 4.6.

⁵⁸ Id.

[REDACTED]

[REDACTED]

PROGRAM TRANSITION PLAN

PG&E's Solicitation Plan provides an approach to transitioning existing IOU EE projects to the new third-party implementer. In short, the IOU will work with the implementer to craft a transition plan and once the terms of the transition are met, the third-party becomes the program implementer.⁶⁰ The Contract does not address any specific transition plans especially any pre-existing customer projects in PG&E's program pipeline (project queue).

[REDACTED]

The transition plan should also address necessary customer communications to support a seamless transition.

9.5 Uniformity of Contract Changes

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

[REDACTED]

[REDACTED]

⁵⁹ D.18-05-041, COL 3.

⁶⁰ Pacific Gas and Electric Company (U 39-M) Third Party Solicitation Process Proposal, dated August 7, 2017, Section VI.B, pp. 21-22.

[REDACTED]

Public Attachment B

Energy Efficiency Third-Party Solicitation Advice Letter

Program-Level Measurement & Verification Plan

Attachment B: Program-Level & Measurement & Verification Plan

There are no contracted programs calling for an exception to Normalized Metered Energy Consumption (NMEC) rules.

PACIFIC GAS AND ELECTRIC COMPANY

PART 2 CONFIDENTIAL VERSION

July 30, 2020

Confidential Appendix A

Energy Efficiency Third-Party Solicitation Advice Letter

Final Independent Evaluator Report (Confidential)



Confidential Appendix B

Energy Efficiency Third-Party Solicitation Advice Letter

Solicitation Process Overview (Confidential)

Confidential Appendix C

Energy Efficiency Third-Party Solicitation Advice Letter

Selection Spreadsheet (Confidential)

Confidential Appendix D

Energy Efficiency Third-Party Solicitation Advice Letter

Third-Party Contract Summary (Confidential)

Confidential Appendix E

Energy Efficiency Third-Party Solicitation Advice Letter

Third-Party Contract (Confidential)

**PG&E Gas and Electric
Advice Submittal List
General Order 96-B, Section IV**

AT&T	Downey & Brand	Pioneer Community Energy
Albion Power Company	East Bay Community Energy	Redwood Coast Energy Authority
Alcantar & Kahl LLP	Ellison Schneider & Harris LLP	Regulatory & Cogeneration Service, Inc.
	Energy Management Service	SCD Energy Solutions
Alta Power Group, LLC	Engineers and Scientists of California	
Anderson & Poole		
Atlas ReFuel	GenOn Energy, Inc.	SCE
BART	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Barkovich & Yap, Inc.	Green Power Institute	SPURR
California Cotton Ginners & Growers Assn	Hanna & Morton	San Francisco Water Power and Sewer
California Energy Commission	ICF	Seattle City Light
California Public Utilities Commission	IGS Energy	Sempra Utilities
California State Association of Counties	International Power Technology	Southern California Edison Company
Calpine	Intestate Gas Services, Inc.	Southern California Gas Company
	Kelly Group	Spark Energy
Cameron-Daniel, P.C.	Ken Bohn Consulting	Sun Light & Power
Casner, Steve	Keyes & Fox LLP	Sunshine Design
Cenergy Power	Leviton Manufacturing Co., Inc.	Tecogen, Inc.
Center for Biological Diversity		TerraVerde Renewable Partners
		Tiger Natural Gas, Inc.
Chevron Pipeline and Power	Los Angeles County Integrated	TransCanada
City of Palo Alto	Waste Management Task Force	Troutman Sanders LLP
	MRW & Associates	Utility Cost Management
City of San Jose	Manatt Phelps Phillips	Utility Power Solutions
Clean Power Research	Marin Energy Authority	Water and Energy Consulting Wellhead
Coast Economic Consulting	McKenzie & Associates	Electric Company
Commercial Energy		Western Manufactured Housing
Crossborder Energy	Modesto Irrigation District	Communities Association (WMA)
Crown Road Energy, LLC	NLine Energy, Inc.	Yep Energy
Davis Wright Tremaine LLP	NRG Solar	
Day Carter Murphy		
Dept of General Services	Office of Ratepayer Advocates	
Don Pickett & Associates, Inc.	OnGrid Solar	
Douglass & Liddell	Pacific Gas and Electric Company	
	Peninsula Clean Energy	