

## 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.<sup>1</sup> 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

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<sup>1</sup> 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](mailto:scott.kjorlien@cpuc.ca.gov)).

Sincerely,

A handwritten signature in black ink, appearing to read "ERAND" followed by "(for)" in parentheses.

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 29, 2020

**Advice 4285-G/5895-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") Multifamily Energy Savings Program (MESP) program executed between TRC Solutions, Inc<sup>1</sup> 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 TRC Solutions, Inc. 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, 2019<sup>2</sup>,

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<sup>1</sup> Lockheed Martin Energy submitted the original bid for the Multifamily Energy Savings Program (MESP). However, during the solicitation process, TRC Solutions, Inc acquired Lockheed Martin Energy.

<sup>2</sup> 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**

	<b>Contents, Attachments, and Appendices</b>	<b>Part 1 Public</b>	<b>Part 2 Confidential</b>
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

PG&E plans to process a contract change order once the advice letter is approved to list the Energy Savings Assistance program in requirements regarding coordination with other EE programs.

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 18, 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, 4<sup>th</sup> 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](mailto: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](mailto:Process_Office@cpuc.ca.gov). Send all electronic approvals to [PGETariffs@pge.com](mailto: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) #: Advice 4285-G/5895-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") Multifamily Energy Savings Program (MESP) program executed between TRC Solutions, Inc 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: 8/28/20

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 proposed<sup>1</sup>: N/A

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

<sup>1</sup>Discuss 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](mailto: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](mailto: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 4285-G/5895-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, 08-04-023, and relevant Commission rules, I make this declaration seeking confidential treatment for certain data and information contained in the attachments to Advice Letter 4285-G/5895-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

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 29, 2020, at San Francisco, California.

/s/  
Matthew Braunwarth

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 M)  
ADVICE LETTER 4285-G/5895-E  
July 29, 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
<b>Document: Advice Letter 4285-G/5895-E</b>			
<b>Confidential Appendix A: Independent Evaluator Report of:</b>	<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&amp;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&amp;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&amp;E contract negotiations and ultimately detrimental to PG&amp;E's customers.</p> <p>PG&amp;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&amp;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>	3 years from July 28, 2020
<b>Confidential Appendix B: Solicitation Evaluation Criteria Scorecard and Program Savings Summary</b>	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

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 M)  
ADVICE LETTER 4285-G/5895-E  
July 29, 2020**

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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		<p>and cost-effectiveness.</p> <p>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&amp;E solicitations and ultimately detrimental to PG&amp;E's customers.</p>	
<p><b>Appendix C:</b></p> <p><b>Multi-sector Solicitation selection spreadsheet – in its entirety</b></p>	<p>VIII) A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids</p> <p>Public Utilities Code section 454.5(g)</p>	<p>Appendix C provides a spreadsheet of all of the offers received in response to PG&amp;E's 2018-2019 PG&amp;E energy efficiency multi-sector RFA and RFP. Appendix C also identifies those offers that were selected for the shortlist, contract negotiations, and contract award.</p> <p>Disclosure of this information will provide valuable market sensitive information to market participants. Release of this information could be damaging to future PG&amp;E solicitations and ultimately detrimental to PG&amp;E's customers.</p>	Three years after CPUC approval
<p><b>Appendix D:</b></p> <p><b>Contract and Contract Terms Summary – in its entirety</b></p>	Item VII) B) Contracts and power purchase agreements between utilities and non-affiliated third parties (non-RPS)	<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&amp;E and the</p>	Three years after CPUC approval



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July 29, 2020**

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		<p>counterparty. Release of this market sensitive information could put PG&amp;E at a competitive disadvantage with regard to other market participants and could detrimentally impact PG&amp;E customers and/or may disclose confidential information provided in confidence by a third party to PG&amp;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&amp;E and the counterparty. Release of this market sensitive information could put PG&amp;E at a competitive disadvantage with regard to other market participants and could detrimentally impact PG&amp;E customers and/or may disclose confidential information provided in confidence by a third party to PG&amp;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&amp;E at a competitive disadvantage with regard to other market participants and could detrimental impact PG&amp;E customers.</p> <p>PG&amp;E has redacted market sensitive information. A public version of the Table B1 has been filed with the Advice Letter. PG&amp;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>	

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 M)  
ADVICE LETTER 4285-G/5895-E  
July 29, 2020**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

<b>Redaction Reference</b>	<b>Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order that Data Corresponds To</b>	<b>Justification for Confidential Treatment</b>	<b>Length of Time Date To Be Kept Confidential</b>
<b>Appendix E: Executed Contracts</b>	Item VII) B) Contracts and power purchase agreements between utilities and non-affiliated third parties (non-RPS)	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.	Three years after CPUC approval

# **PACIFIC GAS AND ELECTRIC COMPANY**

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## **Approval of TRC Solutions, Inc - MESP Contract Resulting from Multi-Sector Competitive Solicitation for Local Third-Party Energy Efficiency Customer Programs**

### **PART 1 PUBLIC VERSION**

July 29, 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 TRC Solutions, Inc. and PG&E resulting from PG&E’s local multi-sector solicitation for local resource EE customer programs.

The TRC Multifamily Energy Savings Program (MESP) proposes to serve the multisector customer segment within PG&E’s Residential sector and is expected to contribute to PG&E’s portfolio savings goals over the life of the contract term. Furthermore, with a current total program budget of 11.76<sup>1</sup> million across 3.5 years, MESP will fall within PG&E’s 2018-2025 Business Plan annual budget levels approved by the Commission in D. 18-05-041.<sup>2</sup> The contract between PG&E and TRC Solutions, Inc. was fully executed on June 20, 2020 and contributes 1.57 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”<sup>3</sup> and further defined the term “statewide”.<sup>4</sup>

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

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<sup>1</sup> The program budget number reflects the energy efficiency budget and excludes the IDSM budget of \$0.12. When accounting for IDSM, the contract value is \$11.89 million.

<sup>2</sup> 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.

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

<sup>4</sup> D.16-08-019, p. 109, OP 5.

<sup>5</sup> 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](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.<sup>6</sup> On January 11, 2018, the Commission issued D.18-01-004 – Decision Addressing 3P<sup>7</sup> 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,<sup>8</sup> 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.18-01-004<sup>9</sup> 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.<sup>10</sup>

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.<sup>11</sup> 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

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<sup>6</sup> 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](https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE_Third_Party_Solicitation_Process_Proposal.pdf)

<sup>7</sup> Third-Party.

<sup>8</sup> D. 18-01-004, pgs. 61-62, OP 3-4.

<sup>9</sup> D. 18-01-004, pgs. 62-63, OP 5.

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

<sup>11</sup> 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](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.<sup>12</sup> 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.<sup>13</sup> 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,<sup>14</sup> 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

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<sup>12</sup> 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.

<sup>13</sup> 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.

<sup>14</sup> 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](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.<sup>15</sup> 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 Plan,<sup>16</sup> PG&E's goals for the residential sector included saving energy and reducing customer demand of electricity, broadening customer program participation, increasing the operational efficiencies and increase multifamily participation and savings of the sector overall. Based on prior program experience in the residential sector, PG&E identified the following six strategic interventions to achieve residential sector goals:

- **Data Analytics** to identify stranded potential
- **Data Access** to facilitate customer understanding of energy efficiency
- **Technical Assistance and Tools** to facilitate customer awareness of their energy use
- **Loans, Rebates and Incentives** to foster increased investment in EE
- **New Program Models** to cost-effectively delivery comprehensive energy savings such as pay-for-performance (P4P)
- **Outreach and Education** to broaden residential communities' engagement with EE

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

**Program Goals:** PG&E anticipates that by 2021, MESP will begin to contribute to PG&E's residential sector savings goals while providing a substantial improvement to the overall cost-effectiveness of the sector.

**Program Design:** TRC's Multifamily Energy Savings Program (MESP) is a streamlined, comprehensive and cost-effective energy efficiency program to serve PG&E's multifamily sector utilizing data driven marketing techniques, innovative flexible incentive structures, strategic Trade Ally relationships and instant savings measures.

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<sup>15</sup> 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](https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE-Energy-Efficiency-Business-Plan-2018-2025.pdf)

<sup>16</sup> PG&E Energy Efficiency 2018-2025 Business Plan, Residential 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](https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE-Energy-Efficiency-Business-Plan-2018-2025.pdf)



The Multifamily Energy Savings Program (MESP) provides a cost-effective approach to achieving deep energy savings for PG&E's multifamily sector. Specific goals include meeting annual energy savings targets, increasing the use of financing vehicles, and reaching both market rate and low-income properties throughout the service territory.

The MESP program is tailored to the diverse range of multifamily properties dispersed throughout the PG&E territory inclusive of smaller properties and underserved regions that will most benefit from property upgrades with specific focus on HTR, DAC, and rural customers outside of the Bay Area. The program aims to create new energy efficiency opportunities by targeting underserved property stakeholders, while at the same time providing flexibility to achieve deeper retrofit opportunities with larger and more efficient properties.

The MESP will be delivered through various channels, such as direct interaction, Trade Allies engagement, distributor promotion, and stakeholder organizations and with staff strategically located throughout California, MESP will service all of PG&E's service territory without delay.

**Innovative Program Features:** To improve program effectiveness and increase customer participation, TRC has proposed the following innovative features into MESP Program.

- **Flex Incentives** – Flexible incentive structure customizes incentive amounts to meet customers' required investment criteria, balancing customer financial needs within regulatory constraints while enhancing the customer experience and enabling participation.
- **Efficiency-as-a-Service (EaaS)** – Program design integrates the "Efficiency-as-a-Service" financing model into to circumvent the capital hurdle offer immediate positive cash flow.
- **Data-Driven Targeting** – Marketing and outreach teams will deliver tailored messaging to targeted market segments with specific attention to hard-to-reach subsegments resulting in higher conversion rates, deeper retrofits and increased cost-effectiveness through the support of real data.
- **Grid Resource and IDSM** - MESP offers opportunity to treat EE as a grid resource and integrate IDSM for customers focused on resiliency. TRC will consider time and locational aspects of delivery for customers in certain DRPs.
- **Measure Graduation** – Simplified custom applications that accelerate the approval process.

**HTR Customers / DAC:** Through MESP, TRC will engage HTR customers underserved residential customers disadvantaged communities.

**IDSM / Grid Resource:** TRC proposed to incorporate an IDSM budget of \$122,808. The inclusion of IDSM program features within MESP 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:

- Collect data on usage & location, provide info on DR, TOU, audits/tools exploring opportunities for IDER (DG/DR/EE/EV)

## 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.<sup>17</sup> PG&E has drafted separate advice letters for each contract. The subject of this advice letter is the TRC Solutions, Inc. – Multifamily Energy Savings Program (MESP) contract which is proposing to serve customers in the Residential sector.

Table A: Contracts Resulting From PG&E's Local Multi-Sector Solicitation			
		Budget <sup>(a)</sup> (\$M)	Duration (months)
<b>Agricultural Sector</b>			
1.1	TRC Solutions, Inc. Agricultural Energy Savings Action Plan (AESAP)	\$34.4M	54
<b>Industrial Sector</b>			
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
<b>Commercial Sector</b>			
3.1	kW Engineering Grocery Comprehensive Retrofit and Commissioning (GCRCx) Program	\$5.4M	54
3.2	kW Engineering Smart Labs	\$4.4M	54
<b>Public Sector</b>			
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
<b>Residential Sector</b>			
5.1	TRC Multifamily Energy Savings Program (MESP)	\$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

<sup>17</sup> D. 18-01-004, p. 61, OP 2.

contract sensitive information as part of the Confidential Section D.

Table B5.1 General Contract Summary – TRC Solutions, Inc. Multifamily Energy Savings Program (MESP)		
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	100% downstream delivery through direct install, deemed and custom measures
3.3	C. Midstream/Upstream Market Actors receiving incentives (i.e., manufacturers, distributors, contractors, or other (specify).	No
4	Market/Sector(s)	Residential
5	Customer Segment(s)	Multifamily with 5+ units
6	Third-Party Implementer/Subcontractor name	TRC Solutions, Inc.
7	Name of program or service	Multifamily Energy Savings Program
8	Brief description of program or service (2-3 sentences)	MESP is a streamlined, comprehensive and cost-effective energy efficiency program serving the multifamily sector utilizing data driven marketing techniques, flexible incentive structures, Trade Ally relationships and instant savings measures. Platforms include Custom, Custom Express, Deemed, Program Delivered Installation of Instant Saving Measures, and Financing.
9	Total kWh Energy Savings (First year, net)	
10	Total MW Energy Savings (First year, net)	
11	Total therms Energy Savings (First year, net)	
12	Hard to Reach (HTR) Customers <sup>1</sup> . 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	

**Table B5.1 General Contract Summary – TRC Solutions, Inc.  
Multifamily Energy Savings Program (MESP)**

13	Disadvantaged Community (DAC) <sup>2</sup> 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	
14	Forecasted Number of Customers Served by Program Year	
15	Area(s) Served (including service territory, climate zones, cities, and/or counties, as applicable)	PG&E Service Territory, all climate zones
16	Program TRC ratio (CET output)	
17	Program PAC ratio (CET output)	
18	Program \$/kWh (TRC levelized cost, CET output)*	
19	Program \$/kWh (PAC levelized cost, CET output)*	
20	Program \$/MW (TRC levelized cost, CET output)	
21	Program \$/MW (PAC levelized cost, CET output)	
22	Program \$/therm (TRC levelized cost, CET output)*	
23	Program \$/therm (PAC levelized cost, CET output)*	
24	Budget: Forecast budget by program year (PY) for each year contract in effect	PY2020: \$ PY2021: \$ PY2022: \$ PY2023: \$ PY2024: \$
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	Total \$ 11,763,867

**Table B5.1 General Contract Summary – TRC Solutions, Inc.  
Multifamily Energy Savings Program (MESP)**

	Table A)	The difference in the total program budget excludes \$122,808 for IDSM. With IDSM the total contract budget is \$11,886,675.
27	Budget: If EE/DR component to the program, provide dollar amount and percent of total budget dedicated to EE/DR component	IDSM budget: \$122,808 or 1.03% 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	10/1/2020* - 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.	

$$* \text{ Levelized TRC Cost (kWh)} = \frac{\sum_{i=1}^n (\text{TRCCost}_i * \text{WeightedElecAlloc}_i)}{\sum_{i=1}^n (\text{DiscountedSavingsNetkWh}_i)} \quad \text{Levelized TRC Cost (kWh)} = \frac{\sum_{i=1}^n (\text{TRCCost}_i * \text{WeightedElecAlloc}_i)}{\sum_{i=1}^n (\text{DiscountedSavingsNetkWh}_i)}$$

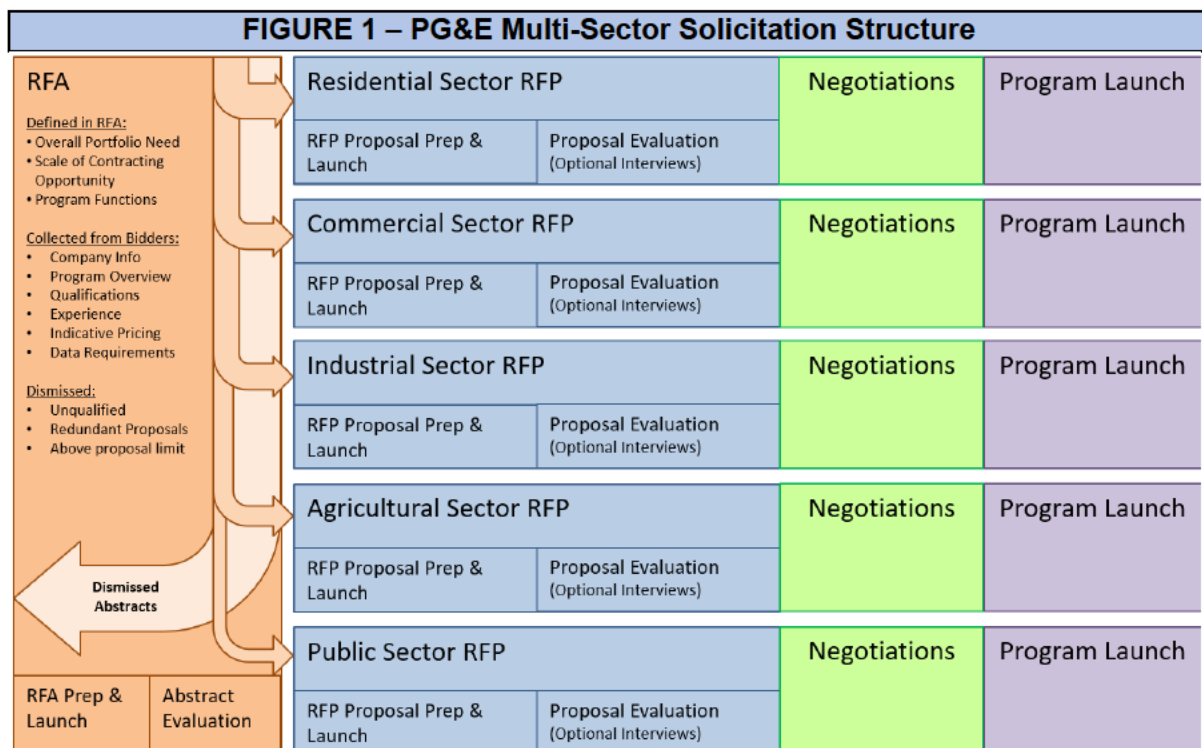
$$** \text{ Levelized PAC Cost (kWh)} = \frac{\sum_{i=1}^n (\text{PACCost}_i * \text{WeightedElecAlloc}_i)}{\sum_{i=1}^n (\text{DiscountedSavingsNetkWh}_i)} \quad \text{Levelized PAC Cost (Therm)} = \frac{\sum_{i=1}^n (\text{PACCost}_i * (1 - \text{WeightedElecAlloc}_i))}{\sum_{i=1}^n (\text{DiscountedSavingsNetThm}_i)}$$

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,<sup>18</sup> 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*

<sup>18</sup> 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.

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

**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*.

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

(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.<sup>19</sup> 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,<sup>20</sup> a complete set of program Cost Effectiveness Tool (CET) output files, team

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<sup>19</sup> 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.

<sup>20</sup> 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.

<b>FIGURE 6 – PG&amp;E Multi-Sector RFP Evaluation Criteria</b>	
<b>RFP Scoring Criteria</b>	<b>Sub-Criteria</b>
Program Design	Program Design, Theory & Evaluability <sup>(a)</sup> Customer Acquisition & Outreach <sup>(a)</sup> IDSM Program Features Program Innovation
Program Benefits	Cost Effectiveness Energy Savings
Program Feasibility	Program Management & Risk Compensation & Performance Savings Measurement <sup>(b)</sup> Compliance Requirements
Company Qualifications	Implementer Team Qualifications <sup>(a)</sup> Prior Implementer Experience <sup>(a)</sup>
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
<b>Total</b>	<b>87</b>	<b>10</b>	<b>77</b>	<b>3</b>	<b>74</b>

**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

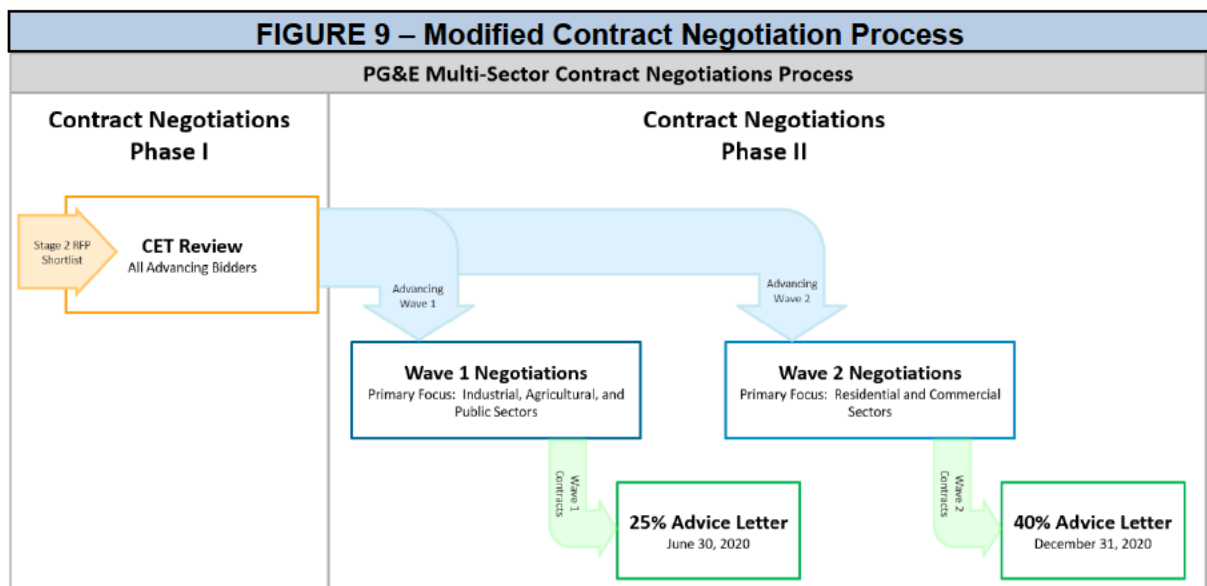


from within each sector and again used natural breaks in the scoring to determine the shortlist. As a consequence of the CET data concerns, PG&E opted to advance the majority of proposals onward in the process and reduced the size of the field much less than originally anticipated. Proposals that were 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
<b>Total</b>	<b>77</b>	<b>3</b>	<b>74</b>	<b>46</b>

#### 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 <sup>(a)</sup>
Public	6	1	5
Residential	7	1	6
Commercial	18	3	15
<b>Total</b>	<b>46</b>	<b>7</b>	<b>40</b>

(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.

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

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.<sup>21</sup>

**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.<sup>22</sup> 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

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<sup>21</sup> 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](https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE-Energy-Efficiency-Business-Plan-2018-2025.pdf)

<sup>22</sup> 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.

<b>FIGURE 12 – Wave 1 Contract Awards</b>					
<b>Customer Sectors</b>	<b>Advance to Phase 2</b>	<b>Advance to Wave 1</b>	<b>Active Negotiations</b>	<b>Negotiation Alternative</b>	<b>Wave 1 Contract Awards</b>
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
<b>Total</b>	<b>40</b>	<b>23</b>	<b>17</b>	<b>6</b>	<b>8</b>

**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.

<b>FIGURE 13 – RFA and RFP Solicitation Process Events</b>			
<b>Event</b>	<b>Planned Date</b>	<b>Actual Date</b>	<b>Notes</b>
<b>RFA Material Development</b> Developed solicitation materials, evaluation criteria and definitions, and reviewed by IEs and PRG members.	Fall 2018	Fall 2018	
<b>RFA Issued</b> 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
<b>RFA Pre-Bid Conference</b> 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:
<b>RFA Q&amp;A Deadline</b> Deadline to submit written questions to PG&E in PowerAdvocate.	December 14, 2018	December 14, 2018	Week 3:
<b>PG&amp;E Q&amp;A Response Deadline</b> 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.
<b>Abstract Submission Deadline</b> Abstract submission due date. Registration in PowerAdvocate was required to submit an Abstract to PG&E.	January 14, 2019	January 14, 2019	Week 7:
<b>RFA Evaluation and Scoring</b> Scoring and Calibration Screened 170 and scored 160 abstracts.	January 14 – February 11, 2019	January 14 – February 25, 2019	Week 7 – 13:
<b>RFA Shortlist Finalized</b>	February 11-13, 2019	February 25-26, 2019	Week 13:
<b>RFA Shortlist Presented to PRG</b>	February 26, 2019	February 26, 2019	Week 13:
<b>RFA Shortlist Notification</b> 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).
<b>RFP Material</b>	April 2019	April 2019	Week 18-27:

**FIGURE 13 – RFA and RFP Solicitation Process Events**

<b>Event</b>	<b>Planned Date</b>	<b>Actual Date</b>	<b>Notes</b>
<b>Development</b> Developed solicitation materials, scoring rubric, scoring elements and criteria and presented to and reviewed by IEs and PRG members.			
<b>RFP Issued</b> 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.
<b>CET Review Support Available to Bidders</b> 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.
<b>RFP Pre-Bid Conference</b> 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.
<b>Early CET Review Deadline</b> 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.
<b>RFP Q&amp;A Deadline</b> 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.
<b>PG&amp;E Q&amp;A Response Deadline</b> 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.
<b>PG&amp;E CET Response Deadline</b>	July 17, 2019	July 24, 2019	Week 35:

FIGURE 13 – RFA and RFP Solicitation Process Events			
Event	Planned Date	Actual Date	Notes
<b>Proposal Submission Deadline</b> 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
<b>RFP Evaluation and Scoring</b>	August 5 - September 27, 2019	August 5- September 23, 2019	Week 37-43: PG&E screened 77 Proposals and scored 74 Proposals
<b>RFP Shortlist Finalized</b> Shortlist to Phase I Negotiations	September 16-27, 2019	October 15, 2019	Week 47: 46 Proposals advanced to Phase 1 of negotiations.
<b>RFP Shortlist Notification</b> 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.
<b>Phase 1 Contract Negotiations</b> 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.
<b>Phase 2 Wave 1 Contract Negotiations</b> Detailed contract discussions		February 2020-May 15, 2020	Week: 63-76: Negotiations concluded
<b>Execute Agreements</b> 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.
<b>Advice Letter</b> 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 Report<sup>23</sup> 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

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<sup>23</sup> "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 Residential multifamily sector to the new third party implemented program TRC MESP in *Figure 15 – Transition Plan* below. If the existing program is being fully replaced, the table defines the replacement programs; both new third party implemented program and existing programs. Existing programs serving the Residential multifamily sector that will not transition in full to the new third party implemented program have been identified as “Not Replaced” in the table below. There are no similar existing programs serving the Residential multifamily sector that will partially transition to the new third party implemented program.

Table 15: Transition Plan from existing PG&E programs serving the residential multifamily sector to the new third party implemented program.

Figure 15 – Transition Plan				
Transition Plan to New 3P Program	EXISTING PROGRAMS			
	PrgID	Program Name	Subprogram Name / Program Common Name	Subsector
Full Replacement by the following programs; Residential sector (multifamily) will be served by new 3P Program in Residential sector (TRC MESP). Residential sector (single family) will be served by existing 3P Program in Residential sector (Residential P4P programs).	PGE210011	Residential Energy Fitness program	Residential Energy Fitness (REF)	Single Family; Multifamily

Full Replacement by the following programs; Residential sector (multifamily) will be served by new 3P Program in Residential sector ( <b>TRC MESP</b> ). Residential sector (single family) will be served by existing 3P Program in Residential sector (Residential P4P programs).	PGE210011	Residential Energy Fitness program	Rising Sun - Green House Calls (GHC)	Single Family; Multifamily
Full Replacement by the following program; Residential sector (multifamily) will be served by new 3P Program in Residential sector ( <b>TRC MESP</b> ).	PGE21003	Multifamily Energy Efficiency	Multifamily Upgrade Program (MUP)	Multifamily
Full Replacement by the following program; Residential sector (multifamily) will be served by new 3P Program in Residential sector ( <b>TRC MESP</b> ).	PGE21008	Enhance Time Delay Relay	Time Delay Relay (TDR)	Multifamily
Not Replaced.	PGE21007	California New Homes Multifamily	Multifamily New Construction (MNC)	Multifamily

### 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

# **Public Attachment A**

## **Energy Efficiency Third-Party Solicitation Advice Letter**

### **Final Independent Evaluator Report (Public)**





# **Energy Efficiency Independent Evaluator's Final Report**

## **Pacific Gas & Electric Company**

### **Local Multi-Sector Solicitation, Residential Sector**

Contract: TRC Solutions, Inc.'s Multifamily Energy Savings Program (MESP)

*Prepared by:*



Independent Evaluator

July 20, 2020

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Pacific Gas & Electric (PG&E or the Company) conducted its Multi-Sector Solicitation to select one or more third-party contractors to implement local energy efficiency programs targeted to serve all the Company's customer sectors. Although this report discusses aspects of the solicitation applicable to all sectors, it focuses on the Residential Sector and the contract selected to serve Residential Sector customers. The Solicitation enables PG&E to comply with the requirements of the California Public Utility Commission's (CPUC) Decision 16-08-019 and to fulfill commitments as presented in the Company's Business Plan<sup>1</sup> and Solicitation Plan.<sup>2</sup> The program selected to serve the Company's residential customers is TRC Solutions, Inc.'s Multifamily Energy Savings Program (MESP).<sup>3</sup> As discussed herein, PG&E continues to negotiate with other contractors to serve the Residential sector. This is the first Residential contract from Multi-Sector Solicitation.

As described in the program’s contract, TRC’s MESP will provide a “a streamlined, comprehensive and cost-effective energy efficiency program to serve PG&E’s multifamily sector utilizing data driven marketing techniques, innovative flexible incentive structures, strategic Trade Ally relationships, and instant savings measures. The program is tailored to the diverse range of multifamily properties dispersed throughout the PG&E territory including smaller properties and underserved regions that will most benefit from property upgrades, with specific focus on HTR, DACs, and rural customers outside of the Bay Area.” A summary of the program’s contracted goals follows:

Table 1: Contract Summary	
Item	Amount
Contract Term	3.5 years
Budget	\$11.76 million
Net kWh (First Year)	
Net Therms (First Year)	
Total Resource Cost (TRC) Test	
Program Administrator Cost (PAC) Test	

<sup>2</sup> “Pacific Gas & Electric Company (U 39-M) Third Party Solicitation Process Proposal”, August 4, 2017.

3. [REDACTED]

## 1. Background

The Independent Evaluator Final Solicitation Report (Report) provides an assessment of Pacific Gas & Electric Company's (PG&E or the Company) third-party energy efficiency (EE) program solicitation process and outcomes by PG&E's assigned Independent Evaluator (IE) for the Residential Sector, The Mendota Group, LLC.<sup>4</sup> This Report is intended to reflect and provide a record of the entire solicitation in compliance with California Public Utilities Commission (CPUC) direction.<sup>5</sup>

For its Local Multi-Sector Solicitation, PG&E assigned five IEs, one for each sector. These five IEs worked together on general oversight and feedback to PG&E in the RFA and RFP stages, but focused on their individual sectors where applicable throughout the process (reviewing abstracts, proposals, and tracking contract negotiations). IEs are providing individual reports for each contract within their sector. This report covers the first contract in the Residential Sector.

Table 2: IE Sector Assignments	
Sector	IE
Agricultural	Barakat Consulting, Inc. (BCI)
Commercial	EAJ Energy Advisors (EAJ)
Industrial	Great Work Energy (GWE)
Residential	The Mendota Group, LLC (TMG)
Public	Don Arambula Consulting (DAC)

### a. Regulatory Context

In August 2016, the CPUC adopted Decision (D.) 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.<sup>6</sup> In January 2018, the CPUC adopted D. 18-01-004 directing the four California Investor Owned Utilities (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 direction and extensions to deadlines were included in 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*

<sup>4</sup> Although this report is termed a “Final Solicitation Report”, PG&E is continuing contract negotiations with other implementers for the Residential Sector. Therefore, it is likely that there will be additional reports to cover contracts that PG&E signs with additional implementers.

<sup>5</sup> Decision 18-01-004, “Decision Addressing Third Party Solicitation Process for Energy Efficiency Programs”, California Public Utilities Commission, January 11, 2018, OPN 5.

<sup>6</sup> Decision 16-08-019, “Decision Providing Guidance for Initial Energy Efficiency Rolling Portfolio Business Plan Filings”, California Public Utilities Commission, August 18, 2016, OPN 10.

*for programs designed and implemented by third parties by no later than December 19, 2019.*<sup>7</sup>

#### ***b. Two Stage Solicitation Approach***

The CPUC requires that IOUs conduct a two-stage solicitation approach for soliciting third party program design and implementation services as part of the energy efficiency portfolio “unless there is a specific schedule-related reason only one stage is possible”.<sup>8</sup> The Decision further states that “The two-stage process should be the predominant approach.”

The CPUC also requires each IOU to assemble an Energy Efficiency Procurement Review Group (EE PRG or PRG). The IOU’s EE 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 EE 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. The IEs are directed to observe and report on the IOU’s entire solicitation, evaluation, selection, and contracting process. The IEs review and monitor the IOU solicitation process, valuation methodologies, selection processes, and contracting to confirm that the process has been unbiased, fair, transparent, and competitive. The IEs are privy to viewing all submissions. The IEs are invited to participate in the IOU’s solicitation-related discussions and are bound by confidentiality agreements.

#### ***c. 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 Solicitation. In November 2019, the CPUC granted PG&E’s request for extension of time to meet the 25 percent threshold by June 30, 2020.<sup>9</sup> 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. According to the letter, the CPUC will not grant any further extensions of time for meeting the third-party percentage requirements specified in Ordering Paragraph 4 of D. 18-05-041.

## **2. Solicitation Overview**

### **2.1. Overview**

PG&E utilized a single two-stage RFA and RFP solicitation process for soliciting local third-party EE programs targeting the sectors of Residential, Commercial, Public, Industrial, and Agricultural

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<sup>7</sup> Decision 18-05-041, “Decision Addressing Energy Efficiency Business Plans”, California Public Utilities Commission, May 31, 2018, OPN 4.

<sup>8</sup> D. 18-01-004, COL 5.

<sup>9</sup> 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. The other IOUs also requested and were granted extensions for their 25 percent obligations.

customers. The RFA process yielded 170 abstracts. As the CPUC directed, the abstracts are short, high-level summaries of third-party program design concepts. Of the 170 abstracts, PG&E shortlisted 87. Of these, 43 addressed the Residential Sector, and of these, 16 were invited to submit a proposal in the RFP stage. On August 2, 2019, bidders submitted 77 proposals in response to the RFP. Of these, 15 addressed the Residential Sector. One Residential bidder invited to the RFP stage chose not to submit a proposal.

#### *a. Solicitation Scope*

PG&E sought innovative abstracts and proposals reflecting cost-effective approaches to 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 program proposals to build a cost-effective energy efficiency portfolio that:

- 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 (DAC).
- Promotes long-term market transformation of the EE market.
- Does not duplicate or interfere with the scope of EE programs identified for statewide administration.
- Includes local pilot ideas to test new programs in PG&E territory with potential for future statewide administration.
- Includes any combination of resource and/or non-resource programs or program elements that support energy savings acquisition.
- Permits deemed, custom, and/or meter-based energy savings calculation methodologies or any combination of these methodologies.
- Permits any combination of upstream, midstream, or downstream delivery channels.
- Includes EE programs that have 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 improving the customer experience and outcomes.
- Adds to the diversity, safety, and sustainability of PG&E's supplier base.

#### *b. Solicitation Objectives*

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

#### *c. Timing*

The overall solicitation timeline experienced a significant delay relative to the schedule IOUs published on December 31, 2018. That schedule envisioned program launch by the fourth quarter of 2019. Although delays were due to a variety of factors, most prominent was that this solicitation



was one of the first conducted to comply with D. 16-08-019. As such, PG&E needed to develop new solicitation template documents, navigate a new stakeholder process that involved incorporating a Procurement Review Group and Independent Evaluators into the process, and coordinate a complex multi-sector effort that attracted a large number of bids. The timing of the solicitation process is shown in Table 3.

Table 3: Key Milestones	
Milestones	Completion Date
<b>RFA Stage</b>	
RFA Released	November 28, 2018
Abstracts Submitted	January 14, 2019
<b>RFP Stage</b>	
RFP Released	June 13, 2019
Proposals Submitted	August 2, 2019
Scoring	August–Sept 2019
Shortlisting	October 29, 2019
<b>Contracting Stage</b>	
Phase 1 Negotiations and Selections (Focused on review of CET data)	November 2019 – February 2020
Phase 2 Negotiations and Selections (Includes detailed discussion of contract terms)	February – June 2020

## 2.2. Key Issues and Observations

The following table provides an overview of key issues, observations, and outcomes for PG&E's Multi-Sector solicitation.

Table 4: Key Issues and Observations			
Topic	Observations	IE Recommendations	Outcome (IOU Action/Response)
Solicitation Schedule	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.	Create and implement realistic schedules that allow for PRG and IEs to have adequate time for review and for PG&E to have sufficient time to consider and incorporate feedback.	PG&E revised schedules as requested by the IEs. The IEs distributed tasks among themselves to facilitate timely IE feedback and provided recommendations to PG&E. PG&E continued to adjust schedules and manage the process; however, some delays continued.
Scoring Criteria	IEs requested that PG&E develop a complete scoring	Scoring criteria including definitions should be	PG&E provided significant detail, and the discussions

Table 4: Key Issues and Observations			
Topic	Observations	IE Recommendations	Outcome (IOU Action/Response)
	approach, criteria definitions, and scorecard in parallel with developing RFP materials.	developed, vetted, and finalized prior to launching a solicitation and before score team training, since this is the first application of the scoring criteria.	with IEs were very robust. Level 1 criteria and Level 2 sub-criteria were developed with the RFP package, and this represented a real improvement compared to the RFA stage, but the final steps such as defining 1–5 scores for each criterion lagged until just prior to scoring.
Training	Score team training provides critical preparation for effective individual scoring. Training provided at the RFA stage was useful, but the IEs noted room for improvement in future solicitations.	IEs requested that PG&E provide scoring team training to align reviewers (including IEs) and confirm reviewer understanding of scoring criteria and process. IEs recommended incorporating a “mock scoring” exercise for practice and to socialize how the criteria are applied and evaluated.	PG&E held scoring training sessions that included an IE presence and “mock scoring” exercise. These sessions resulted in good discussion and clarification on the scoring criteria. Feedback from PG&E scorers indicated that the “mock scoring” exercise was very helpful preparation for their individual scoring. Scoring training that includes a “mock scoring” exercise is a practice that should be applied to other solicitations.
M&V (Including NMEC)	IE review of the first draft of 16 narrative questions about M&V identified many opportunities for improvement. The NMEC M&V questions did not meet the CPUC’s requirement for an M&V plan to be included in bidder’s NMEC proposals.	For future solicitations, rework NMEC question set to reflect updated NMEC rules in coordination with PG&E Subject Matter Experts (SMEs).  For this solicitation, it will be important to think about if and how to incorporate new NMEC rules into negotiations of new contracts.	PG&E revised the NMEC M&V section to ask NMEC bidders to provide an M&V plan that includes all the elements described in the CPUC’s NMEC M&V rulebook v1.  The final NMEC question set was effective, as bidder responses provided a reasonable basis to assess the feasibility of proposed NMEC M&V.
	PG&E [REDACTED]	[REDACTED]	[REDACTED]



### Table 4: Key Issues and Observations

[illegible]

Table 4: Key Issues and Observations			
Topic	Observations	IE Recommendations	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 was that PG&E had proposed clarifying changes to the CPUC's Standard (nonmodifiable) Contract Terms and Conditions.	The IEs 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 ultimately adopted the CPUC's Standard Contract Terms and Conditions as written in D. 18-10-004.
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Table 4: Key Issues and Observations			
Topic	Observations	IE Recommendations	Outcome (IOU Action/Response)

### 3. Solicitation Outreach and Bidder Response

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

- Web-Based: PG&E set-up a dedicated Third-Party Energy Efficiency Solicitations web site, <https://www.pge.com/eesolicitations>, which includes a solicitation schedule, specific pages for general solicitation resources, training, registration information for PG&E's online procurement tool (PowerAdvocate®), and frequently asked questions. The site also provides RFA/RFP content for any interested party to review/download without a requirement to register in PowerAdvocate. Solicitation information was also posted to the California Energy Efficiency Coordinating Committee (CAEECC)'s web site at - <https://www.caeccc.org/third-party-solicitation-process>. CAEECC is an organization that "provides a venue for stakeholders to discuss energy efficiency matters while ensuring transparent access to information and opportunities to get involved."
- Email: PG&E sent messages to CPUC service lists for R. 13-11-005, A. 17-01-013, and A. 17-01-012, to contractors registered in the Proposal Evaluation and Proposal Management Application (PEPMA) as interested in energy efficiency opportunities, and to bidders registered with its sourcing department.<sup>10</sup>

#### 3.1. Bidder Response to Solicitation

The IEs were not involved in the solicitation outreach but tracked the progress of the outreach efforts to assess whether they were sufficient. The key indicator to determine the success of outreach efforts is the response from the bidder community. PG&E received a very robust response to its solicitation, indicating that outreach efforts were appropriate.

At the RFA stage, PG&E received 170 abstracts from 75 unique bidders representing all five sectors both individually and via multi-sector submissions. Of the 170 abstracts received, 43 were residential-only and 4 were multi-sector that included a residential component. PG&E deemed 10 abstracts non-conforming. This is further discussed in Section 5.1 Bid Screening Process. A summary of the abstracts received is shown in Table 5 below.

<sup>10</sup> PEPMA (<https://pepma-ca.com/Public/Default.aspx>) is an informational website for energy efficiency solicitations supported by California's IOUs.

Table 5: RFA Response			
Customer Sector	Abstracts Received	Non-Conforming	Abstracts Reviewed
Agricultural	12	1	11
Industrial	21	0	21
Commercial	57	4	53
Public	15	1	14
Residential	43	4	39
Multi-Sector	22	0	22
<b>Total</b>	<b>170</b>	<b>10</b>	<b>160</b>

Based on its evaluation of abstracts, PG&E shortlisted 91 bids, of which 87 were invited to submit proposals in the RFP stage. PG&E categorized four of the abstracts as potentially viable “portfolio tools” that could function as support for programs within the portfolio; however, these were not considered applicable to the Multi-Sector Solicitation. The bids invited to submit proposals included 16 residential bids from 15 unique bidders.

Of note, PG&E designated the multi-sector abstracts selected to advance to the RFP stage by the primary sector the program served. Therefore, the multi-sector designation was dropped for the RFP stage.

Ten bidders opted not to submit proposals, including one residential bidder. [REDACTED]

[REDACTED] There were 3 non-conforming bids which are discussed further in Section 5.1.

A summary of the proposals received is shown in Table 6 below.

Table 6: RFP Response					
Customer Sector	Invited to Submit Proposals	Did Not Submit Proposals	Proposals Received	Non-Conforming	Proposals Reviewed
Agricultural	11	2	9	0	9
Industrial	15	1	14	0	14
Commercial	33	3	30	2	28
Public	12	3	9	0	9
Residential	16	1	15	1	14
Multi-Sector	N/A	N/A	N/A	N/A	N/A
<b>Total</b>	<b>87</b>	<b>10</b>	<b>77</b>	<b>3</b>	<b>74</b>

### 3.2. Bidder Conferences and Q&A

PG&E held its RFA Bidder Conference on December 10, 2018. The response was very strong with more than 120 total participants. The Bidder Conference was held through WebEx and in-person. Participants could ask questions either through the WebEx chat function or in-person. PG&E posted a recording of the conference in PowerAdvocate.

PG&E received more than 140 questions from bidders through a combination of the Bidder Conference and the RFA's formal question and answer period. Many questioners sought to clarify aspects of the RFA and to better understand technical aspects associated with Cost Effectiveness Tool (CET). Table 7 provides a summary of RFA Bidder Conference attendance and Q&A.

Table 7: RFA Bidder Conference and Q&A	
RFP Bidder Conference	December 10, 2018
Number of Attendees	41 in person, 85 online
Number of Questions Received	140+

To help gauge response levels, PG&E asked bidders registered for the solicitation in PowerAdvocate to submit an optional Intent to Bid form. As shown in Table 8, 184 bidders completed the Intent to Bid form for the RFA, indicating their interest in submitting abstracts across all sectors. This proved to be a fairly accurate estimate of the overall number of bids as PG&E received a total of 170 bids.

Table 8: RFA Intent to Bid Form	
Sector	Interested Bids
Residential	39
Agricultural	19
Commercial	66
Public	20
Industrial	34
Other	6

At the RFP stage, PG&E registered more than 160 participants at its Bidder Conference. Again, the conference was held through WebEx and provided bidders opportunities to ask questions through the online chat or in person. PG&E posted a recording of the conference in PowerAdvocate.

Table 9 provides a summary of RFP Bidder Conference attendance and Q&A.

Table 9: RFP Bidder Conference and Q&A	
RFP Bidder Conference	June 21, 2019
Number of Attendees	19 in person, 142 online
Number of Questions Received	280

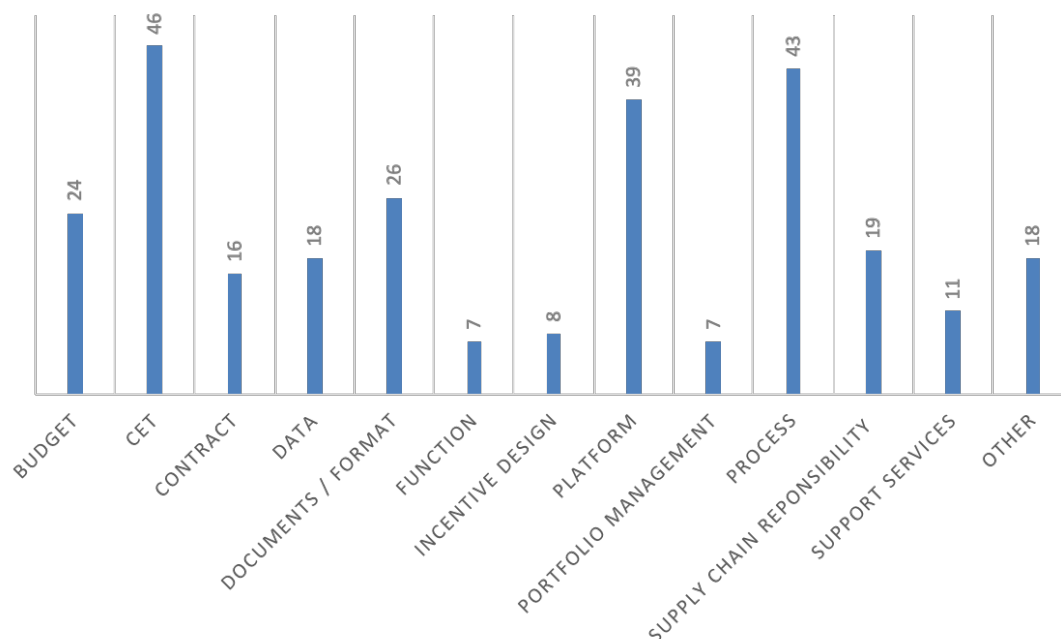
The Company received a very large number of questions and adjusted its schedule to allow bidders to submit multiple rounds of questions while PG&E provided batched responses. IEs strongly

supported this approach as it allowed bidders to submit questions, receive responses and ask follow-up clarifying questions. In total, bidders submitted more than 280 questions during the RFP stage. Figure 1 below provides a distribution of the questions received by category.

IEs reviewed and commented on all PG&E's draft responses. The IEs observed several themes in the questions received, including:

- **Process:** Approximately 50 bidder questions requested clarifications about the solicitation process or RFP documents and forms.
- **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, PG&E did not clearly communicate this to bidders when their abstracts were selected for the RFP stage. It appears that some of these bidders thought they were selected only for a single sector portion of their abstract when, in fact, PG&E had selected their entire multi-sector abstract.
- **CET, NMEC and M&V:** More than 40 questions related to the CET, Normalized Metered Energy Consumption (NMEC), and Measurement and Verification (M&V) requirements. NMEC questions focused on the proper way to model this method of estimating energy savings in the CET and how to address the post-installation monitoring period in a three-year program period. Other questions involved technical aspects of the CET and demonstrated the large variation among bidders in terms of experience with cost effectiveness modeling with the CET.

**Figure 1: Distribution of Bidder RFP Questions by Category**



### 3.3. Solicitation Design Assessment

PG&E's Multi-Sector Solicitation met its energy efficiency portfolio needs as identified in its

Business Plan and Solicitation Plan. The approach deviated somewhat from the Company's Solicitation Plan which envisioned issuing individual solicitations that were more sub-sector focused (e.g. Commercial - Large Office/High Tech/Regional SMB, Industrial–Food Processing/Petroleum, etc.).<sup>11</sup> PG&E decided instead to issue a single, ambitious and comprehensive multi-sector solicitation that included the Residential, Agricultural, Commercial, Industrial, and Public sectors because this approach enabled the Company to more effectively procure, as presented in the RFA, a “refreshed portfolio of customer-centric programs at the sector and/or subsector levels coupled with cross-cutting programs/subprograms and statewide programs that complement each sector/subsector.”

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

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

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

- Increasing savings from multifamily (MF) properties;
- Increasing customers' ability to manage energy by increasing the number of customers using energy management technologies (EMT);
- Increasing operational efficiencies with cost-effective scalable program models such as pay-for-performance (P4P), financing and behavioral interventions, and
- Assisting California in reaching its California Energy Efficiency Strategic Plan (CEESP) goal of Zero Net Energy (ZNE) for 100 percent of all new residential construction.<sup>12</sup>

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

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<sup>11</sup> “Pacific Gas & Electric Company (U 39-M) Third Party Solicitation Process Proposal”, August 4, 2017. The Solicitation Plan is available at: [https://www.pge.com/pge\\_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE\\_Third\\_Party\\_Solicitation\\_Process\\_Proposal.pdf](https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE_Third_Party_Solicitation_Process_Proposal.pdf)

<sup>12</sup> “Energy Efficiency Business Plan (2018-2025)”, Pacific Gas and Electric Company, Chapter 2, Page 3. The Business Plan is available at: [https://www.pge.com/pge\\_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE-Energy-Efficiency-Business-Plan.pdf](https://www.pge.com/pge_global/common/pdfs/for-our-business-partners/energy-efficiency-solicitations/PGE-Energy-Efficiency-Business-Plan.pdf). This solicitation did not cover residential new construction as that program (also administered by PG&E) is a designated statewide third-party program and is being separately solicited.



## 4. RFA, RFP, and Contract Template Design and Materials Assessment

### 4.1. 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 sectors, as well as multi-sector programs, and multiple program functions in a single large solicitation to maximize its opportunities and market response. That decision dictated the lengthy process the followed as the diversity of program types and the sheer volume of proposals increased the complexity and workload associated with most steps. In addition, PG&E allowed bids for resource and non-resource programs.

The RFA packet itself was streamlined, providing bidders with four documents: the RFA Instructions, a Bid Response Checklist (to ensure that bidder provided a complete submission), the RFA Narrative Form (to provide written responses), and a spreadsheet-based RFA Data Form (to receive responses that were primarily numerical). The IEs found that this RFA design struck an appropriate balance between obtaining sufficient information and not over-burdening bidders.

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.
- IEs felt that the RFA clearly articulated the purpose, goals, and requirements of the solicitation, with only a few minor reservations.
- PG&E listened to and addressed IE recommendations regarding RFA general instructions.
- PG&E developed the high-level scoring rubric along with the RFA materials; however, the scorecard (with scoring elements and detailed definitions) was produced after the RFA was released. This limited opportunities to change scorecard elements because some changes to the scorecard would have required changes to the RFA.
- 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.

Some IEs expressed reservations about the RFA's breadth and complexity, in that the solicitation covered all customer sectors and incorporated "functions", which were areas of interest (energy savings acquisition, hard to reach customers and disadvantaged communities, market transformation, grid resource) with which PG&E wanted bidders to identify. The functions were designed to align with specific portfolio goals and metrics and allowed bidders to select one or multiple functions.

[REDACTED]



## 4.2. RFP Design Requirements and Materials

As with the RFA, the RFP stage of the Multi-Sector Solicitation was a significant undertaking. The 11 solicitation documents were generally well-designed and included: the RFP Instructions, an RFP Narrative Response Form, a spreadsheet-based RFP Data Response Form, a Term Sheet (Terms and Conditions), a Transmittal Letter Template, a CET Input Guide, a PG&E Measures List (CET pick list), Co-Marketing/Branding Policies, Marketing Requirements, a Subcontracting Plan Worksheet, and a Sourcing Questionnaire for bidders to complete through PowerAdvocate. Although the RFP required significantly more information than the RFA, the IEs believed that PG&E was able to successfully strike an appropriate balance between obtaining sufficient information while not overburdening bidders.

The IEs, the PRG and PG&E reviewed the RFP package extensively prior to release. PG&E fostered ongoing feedback through weekly meetings with the IEs to discuss progress in the development of RFP materials.

## 4.3. Contract Template Design Requirements and Materials

The contract templates include an Attachment 1 and an Attachment 2. Attachment 1 has a Narrative and a Data Form. Attachment 1 includes the following content:

- PG&E general contract terms,
- “PG&E Multi-Sector Third Party Energy Efficiency Program Portfolio Requirement”, a standardized document that provides an explanation of PG&E’s general approach to its energy efficiency programs and a roadmap to information found in Attachment 2 (task structure). It also includes contract-specific information such as its Subcontractor and Supplier Utilization Plan (DBE).
- “Program Implementation Agreement” (PIA) which includes the contract’s terms and conditions. The PIA is customized for the specific contract to reflect any negotiated changes to PG&E’s Terms and Conditions or the CPUC’s Modifiable Contract Terms and Conditions. Section 1.2 of the PIA describes the general structure of the Agreement between PG&E and the Contractor.
- PG&E’s legal terms and conditions, customized for the specific contract to reflect any negotiated changes,
- CPUC’s Standard and Modifiable Contract Terms and Conditions, customized for the specific contract to reflect any negotiated changes,
- PG&E Safety Requirements,
- PG&E Supplier Code of Conduct, and
- Billing and Payment terms.

Attachment 2 includes the following contract-specific content:

- The Narrative Form which follows a task structure to describe the implementer's specific activities to fulfill terms of the contract,
- The Data Form, which is a spreadsheet-based description of primarily numbers-related aspects of the contract. The Data Form's 13 tabs include the contract's payment terms, its KPIs, program benefits (cost effectiveness information), schedule and key deliverables, the program's logic model, and a risk register. The form's "risk register" identifies specific risks that the contract may face during implementation (e.g. changes to code, workpaper dispositions, incentive budget overruns, etc.) and identifies a risk mitigation plan for each.

The overall contract package is lengthy at over 200 pages but does a good job of clearly spelling out both PG&E's general approach to its energy efficiency programs and the specific terms applicable to the contract. As discussed below, PG&E incorporated a significant number of changes to its templates based on IE and PRG input and we believe this improved the package. We suggest that PG&E continue to refine the structure of its contract package, mainly to streamline elements and reduce any duplicative information. This will be better addressed after PG&E has had an opportunity to implement its programs and assess how well the structure is working.

#### **4.4. Response to PRG and IE Advice**

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

Recommendations from the IEs focused on:

- Including more Statewide vision and context from PG&E's Business Plan;
- Including CPUC/legislative decisions, references and definitions;
- Emphasizing the importance of encouraging programs that drive increased levels of cost-effective energy savings;
- [REDACTED]
- Rephrasing RFA language to encourage bidders to propose innovative approaches to engaging customers and producing energy savings;
- Explaining the scoring process to bidders at a high level, and
- Giving more weight in the scorecard to [REDACTED]

The PRG developed its “PRG Checklist” after the RFA stage of this solicitation was complete.<sup>13</sup> The PRG Checklist serves as a means to confirm that the solicitation process and solicitation documents comply with CPUC requirements and PRG priorities (e.g. ensure that bidders know how to access documents and submit proposals, allows appropriate time for bidders to prepare proposals, etc.). The PRG Checklist was used in the RFP stage.

At the RFP stage, the RFP Instructions, the Data Response Form, and the Scorecard went through extensive review and PG&E received considerable feedback from the IEs and the PRG. Like the RFA stage, PG&E encouraged ongoing feedback, holding weekly meetings with the IEs to discuss progress in the development of the RFP materials.

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

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

## **5. Bid Evaluation Methodology Assessment**

### **5.1. Bid Screening Process**

At the RFA stage, as the first step in its review, PG&E assessed all submitted bids for completeness and compliance with eligibility criteria. Of the 170 abstracts received, PG&E deemed 10 non-conforming. Of the 43 Residential abstracts, PG&E deemed 2 non-conforming. The reasons for the disqualifications included duplicate submissions (5), an incomplete abstract (1), exceeding page limits (3), and inapplicable scope (1). PG&E was not especially strict in screening non-conforming bids but applied its approach to screening consistently across bids.

At the RFP stage, PG&E evaluated all submitted bids for completeness and compliance with eligibility criteria as the first step of review. The screening criteria included: whether the bid was invited to participate in the RFP, whether the bidder was an IOU affiliate, whether the bidder conducted impact evaluations for the CPUC and had not created a CPUC-approved firewall to mitigate the conflict, and incomplete proposals. Of the 77 bids submitted, 3 were disqualified, of which 1 was a Residential proposal. Two of the disqualifications related to incomplete submissions

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<sup>13</sup> The PRG issued its first version of the RFA Checklist spreadsheet in early April 2019. The spreadsheet checklist was accompanied by a narrative “PRG Recommendation for RFAs”. PG&E issued the Multi-Sector RFA on November 28, 2018.

while the other had not been invited to submit a proposal.

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

## 5.2. Scoring Rubric Design

PG&E's evaluation criteria (scoring rubric) and associated weightings for the RFA and RFP stages were generally consistent with CPUC direction and the Company's approved Business and Solicitation Plans. [REDACTED]

Table 10 provides the RFA scoring rubric for the Multi-Sector Solicitation.

Table 10: RFA Scoring Criteria	
Criterion	
Program Concept	[REDACTED]
Portfolio Alignment	[REDACTED]
Assessment of Program Benefits	[REDACTED]
Program Feasibility	[REDACTED]
Company Experience and Qualifications	[REDACTED]
Team Composition and Qualifications	[REDACTED]
Program Implementation Experience	[REDACTED]
Innovation	[REDACTED]
TOTAL	100%

The RFP scoring rubric and weightings were carefully developed, reviewed, and applied in the scoring and calibration process. PG&E designed the scorecard and scoring methodology to enable consistent scoring of this multi-sector, multi-function RFP. [REDACTED]

[REDACTED] To accommodate, the scorecard included higher-level Tier 1 criteria which were further broken down into Tier 2 criteria. [REDACTED]

[REDACTED]

[REDACTED]

**Table 11: RFP Scoring Criteria**

Criteria		
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	



Table 11: RFP Scoring Criteria		
Criteria		
Tier 1 Criteria	Tier 2 Criteria	
	Experience	
Supply Chain Responsibility	Diverse Supplier	
	Sustainability Plan	

### 5.3. Review Team Profile

The RFA Review Team represented a diverse set of perspectives and included those with the appropriate expertise to evaluate the abstracts. Sector experts reviewed abstracts for their designated sectors. Each reviewer was assigned to review and score the entire abstract as opposed to only looking at sections relevant to their role (e.g. marketing, program management, etc.) within PG&E.

At the RFA stage, PG&E held scoring training for reviewers. The training reminded the review team of their roles, the need for independence, confirming no conflicts of interest, and not discussing bids or revealing any information about bids outside of the review team. The training did not include a mock scoring exercise which we considered acceptable as it is difficult to create a well-developed mock scoring exercise and this can add a lot of time to the training process. IEs were involved in the training and had an opportunity to provide input.

Just before the scoring process began, PG&E revealed that a member of its scoring team had left the Company to join a company that was listed as a subcontractor on several bids. PG&E responded appropriately by cutting off the individual from access to all scoring materials. PG&E briefed both the IEs and the PRG about this development. Both groups were comfortable with PG&E's approach and did not believe the company (which was already included as a subcontractor in bids) was conferred any advantage because of this occurrence.

Table 12 describes the titles, role and areas scored by the Multi-Sector Review Team.





Table 12: RFA IOU Review Team		
Position Title	Position Role	Area Scored
[REDACTED]		

At the RFP stage, 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, the sessions resulted in good discussion and clarification of some of the scoring criteria. The training was sufficient for getting the team members to generally understand the approach to this complex scoring process. [REDACTED]

[REDACTED] The training included discussion of the review process’s code of conduct related to conflict of interest, independence, and keeping bidder information private within the review team. This was particularly applicable to implementers of existing programs who may also have been bidding on new programs.

The roster of PG&E employees who scored proposals was extensive. [REDACTED]  
[REDACTED] Scoring proposals required such a large group because of the sheer volume of proposals and the length of bidder proposals. Program Leads focused on evaluating proposals relevant to their sector across multiple criteria. In addition, criteria-specific subject matter experts (SMEs) reviewed every proposal submitted, but only scored the sections related to their area of expertise (e.g., IDS, CET, NMEC, Custom, Deemed).

Table 13: IOU RFP Review Team		
Position Title	Position Role	Area Scored
[REDACTED]		

<sup>14</sup> This was the individual who left PG&E before the scoring process began.



Table 13: IOU RFP Review Team		
Position Title	Position Role	Area Scored

<sup>15</sup> Business Energy Solutions refers to PG&E’s EE program management staff.

<sup>16</sup> Customer Energy Solutions refers to PG&E’s account management staff (direct interface with PG&E customers).





Table 13: IOU RFP Review Team		
Position Title	Position Role	Area Scored
[REDACTED]		

#### 5.4. Scoring Process

For both the RFA and the RFP stages, PG&E’s approach to scoring involved having scorers complete their assigned reviews, pose any questions about scoring items to solicitation team leads, and meet to “calibrate” scoring differences. The IEs also “shadow scored” each of the abstracts and proposals and participated in calibration meetings. During calibration meetings, PG&E presented the IE scores alongside PG&E scores, although the IE scores were not included in the overall bidders scores.

PG&E from the outset of the solicitation process indicated that they planned to conduct a competitive contract negotiations process. As PG&E explained it, this would enable the Company to collaborate with bidders to refine final program designs, conduct portfolio balancing, maximize resulting program benefits, and negotiate the best terms.

<sup>17</sup> This individual is part of PG&E’s sourcing/supply management team.



[REDACTED]

[REDACTED]

IEs observed that PG&E scorers demonstrated diligence and care scoring proposals and contributing to discussions during calibration meetings. [REDACTED]

[REDACTED]

[REDACTED]

Prior to the calibration sessions, the PG&E solicitation team identified areas of significant difference among scorers and then discussed these differences during calibration sessions, providing the opportunity for individual reviewers to change their scores based on the discussions. The calibration sessions did not aim for consensus on scores but rather allowed scorers to adjust only if they felt compelled to change based on discussion. We considered this an appropriate way to ensure that bids were thoroughly, completely, and fairly scored.

### **5.5. Response to PRG and IE Advice**

The RFA stage calibration process conducted by PG&E was fair, well managed, and effective in discussing any outlying scores. The IEs found the meetings to be informative, noting that SMEs shared their program experience to effectively inform other scorers. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



- [REDACTED]
- [REDACTED]
  - [REDACTED]
  - [REDACTED]

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

[REDACTED]

## **6. Final Bid Selection Assessment**

### **6.1. Conformance with Established Evaluation Processes**

PG&E conducted the RFP evaluation and calibration process in conformance with its established criteria and process. Scoring calibration meetings began during the week of September 9, 2019 and continued through the week of September 23. 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 very well scheduled, coordinated and facilitated by PG&E staff. All IEs were invited to attend all meetings relevant to their assigned sectors.

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 early CET Review process offered by PG&E during the RFP development process, the overall quality of CET submissions was inadequate. From PG&E's perspective, no bidders provided errorless CETs. The most common errors included: bidders selecting incorrect measures codes, incorrect load shapes, incorrect climate zones, incorrect measure Effective Useful Lives (EULs)/Remaining Useful Lives (RULs), and incorrect baselines.

[REDACTED]

[REDACTED]

## 6.2. Shortlist and Final Selections

### a. Final Selection Process

The IEs found the RFA shortlisting process to be fair and transparent and generally agreed with the draft shortlist recommendations. Specifically, for the Residential abstracts and proposals, we agreed with PG&E's recommendations.

[REDACTED] This was, in part, a product of the larger number of bids received and the need to manage a very complicated review process.

At the RFA stage, PG&E erred on the side of inviting more rather than fewer abstracts to the RFP stage. The Company set a cutoff line that resulted in approximately 54 percent of bids evaluated (87/160) invited to the RFP. Although IEs considered this to be a large percentage of bids to advance to the next stage, it was generally considered that erring on the side of creating "false positives" was preferable to having "false negatives".

As part of its final analysis, PG&E incorporated feedback from some IEs and the PRG and [REDACTED] and shifting abstracts for telecom and wastewater into other, more appropriate sector categories. The PRG and the IEs agreed with the final proposed shortlists.

The final allocation of shortlisted bids advanced to the RFP stage across sectors are shown in Table 14. The columns indicate bids that proposed to serve a single sector, two sectors, three sectors or four sectors.

[REDACTED] The Tools proposals were a set of bids that PG&E deemed not to qualify for consideration in this multi-sector solicitation but that presented concepts that could function as support for programs within the portfolio. These were not advanced to the RFP stage.

<sup>18</sup> Decision 18-10-008, "Decision Addressing Workforce Requirements and Third-Party Contract Terms and Conditions", California Public Utilities Commission, October 11, 2018.



Table 14: Bids Invited to RFP Stage <sup>19</sup>								
Customer Sector	1-Sector	2-Sectors		3-Sectors		4-Sectors		TOTAL
Residential	16							16
Agricultural	7	AGR + IND	4					11
Industrial	11	IND + COM	3	IND + COM + AGR	1			15
Public	11	PUB + COM	1					12
Commercial	18	COM + IND	6	COM + IND + AGR	1	COM + PUB + IND + AGR	1	33
		COM + PUB	6			COM + PUB + IND + RES	1	
Tools	4							4
Totals	67		20		2		2	91

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

On October 15, 2019, PG&E revised their approach to shortlisting [REDACTED]

[REDACTED] PG&E conferred with the IEs throughout this process and briefed the PRG during monthly PRG meetings about the proposed changes. Phase 1 Negotiations would involve working with a shortlisted set of RFP bidders [REDACTED]

Of 74 proposals scored during the RFP stage, PG&E shortlisted 46 to participate in Phase 1 Negotiations. This shortlisting was based on bidders scores coming out of the RFP scoring process.

<sup>19</sup> This table reflects 91 discrete proposals. For counting purposes, proposals that served multiple sectors were included with the dominant sector, which is the sector listed first. For example, COM+PUB+IND+AGR was considered to primarily serve commercial customers, and thus was counted as COM.



Table 15: RFP Bids Advanced to Phase 1 Negotiations						
Customer Sector	Invited to RFP	Submitted Proposals	Screened Out	Total Conforming Proposals	Shortlisted from RFP	CET Submissions for Phase 1
Agricultural	11	9	0	9	4	4
Industrial	15	14	0	14	11	11
Commercial	33	30	3	28	18	17*
Public	12	9	0	9	6	6
Residential	16	14	0	14	7	7
<b>Total</b>	<b>87</b>	<b>77</b>	<b>3</b>	<b>74</b>	<b>46</b>	<b>45</b>

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

For Phase 1 Negotiations, PG&E developed a very detailed process whereby Company technical and program staff could provide both general and specific feedback to bidders about their CETs. PG&E actively involved IEs in this process, during which the Company held training for its technical reviewers, developed elaborate guidance for bidders about ways to correct their CETs, and then met one-on-one by phone with each shortlisted bidder. Among the documents provided to bidders were: a CET Input Guide, an updated Measure Picklist (approved PG&E energy efficiency measures), an EE Solicitations Phase 1 Negotiations-General Feedback Presentation (PowerPoint presentation with voice over instructions), and a feedback form specific to the bidder's CET. It was a very impressive undertaking and provided bidders invaluable feedback.

Importantly, PG&E also provided bidders during Phase 1 Negotiations revised budgets based on the Company's 2020 Annual Budget Advice Letter (ABAL).<sup>20</sup> PG&E's budgets in the ABAL were reduced substantially from prior years in large part due to revised goals based on the 2019 Navigant Potential and Goals Study Report.<sup>21</sup> The CPUC had also adopted its Decision 19-08-034 setting new energy efficiency goals for IOUs for 2020-2030.<sup>22</sup>

Based on the revised CETs submitted by bidders, PG&E reassessed cost effectiveness scores.

<sup>20</sup> "PG&E's 2020 Energy Efficiency Annual Budget Advice Letter in Compliance with Decisions 15-10-028 and 18-05-041" (Advice 4136-G/5627-E), September 3, 2019. PG&E's (other IOUs') ABALs are available on the CAEECC website: <https://www.caeccc.org/advice-letters>.

<sup>21</sup> The study is available on the CPUC's website at: <https://www.cpuc.ca.gov/General.aspx?id=6442461220>.

<sup>22</sup> Decision 19-08-034, "Decision Adopting Energy Efficiency Goals for 2020-2030", California Public Utilities Commission, August 15, 2019.

Ultimately, this process resulted in 40 proposals advancing to Phase 2 Negotiations.<sup>23</sup> Five Residential proposals were included in this total. Out of these 40, PG&E designated 23 as “Wave 1” and another 17 as “Wave 2”.

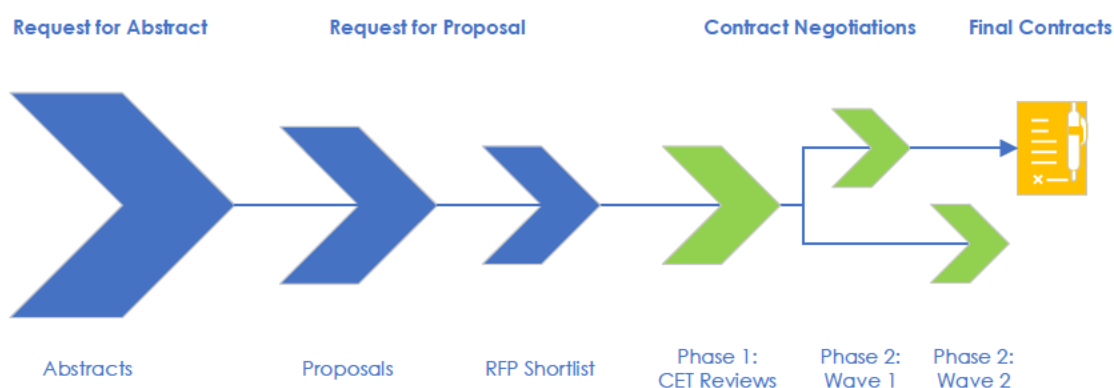
Phase 2 Negotiations with Wave 1 bidders resulted in 8 contracts, of which 1 was a contract for a Residential Sector program. The number of bidders from each sector invited to Phase 1 and Phase 2 Negotiations are presented in Table 16.

Customer Sector	Phase 1 Negotiations	Advanced to Phase 2	Phase 2 Negotiations		Contracts	
	CET Submissions		Wave 1	Wave 2 <sup>24</sup>	Wave 1	Wave 2
Agricultural	4	3	3	0	1	N/A
Industrial	11	11	11	0	2	N/A
Commercial	17*	15	2	13	2	TBD
Public	6	5	5	0	2	N/A
Residential	7	6	2	4	1	TBD
<b>Total</b>	<b>45</b>	<b>40</b>	<b>23</b>	<b>17</b>	<b>8</b>	<b>TBD</b>

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

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

**Figure 2: Multi-Sector Solicitation Process**



b. Portfolio Fit

<sup>23</sup> PG&E designated some of these proposals as “Alternatives”. We have not included Alternatives in Table 16.

<sup>24</sup> PG&E is still finalizing the list of bids that will be considered in Wave 2. The number of bids in this list is likely to go down.



In moving into Phase 2, Wave 1 of its contracting process, PG&E considered the mix of programs that would serve Residential customers. The selected Residential Sector program was for TRC Solutions, Inc.'s Multifamily Energy Savings Program (MESP). This program is a good fit for PG&E's energy efficiency portfolio. As discussed in Section 3.3, PG&E's objectives for the Residential Sector as outlined in its Business Plan included increasing savings from multifamily properties and increasing operational efficiencies with cost-effective scalable program models such as financing. The selected program meets these objectives and serves an important portion of PG&E's Residential Sector--multifamily customers. The MESP will provide a good complement to the Company's existing Pay for Performance Residential programs and Residential Energy Advisor (Home Energy Reports) programs.

### **6.3. Affiliate Bids and Conflict of Interest**

PG&E did not receive a bid from an affiliate and there were no conflicts of interest that were not mitigable. As discussed in Section 5.3, a PG&E employee who was a member of the RFA Review Team left the Company to join a firm that was an identified subcontractor in several bids. The employee left the Company after receipt of bids but before scoring began. The issue was considered resolved.

### **6.4. Response to PRG and IE Advice**

PG&E presented its selections resulting from its Phase 2, Wave 1 Negotiations at its January 2020 PRG meeting and invited PRG feedback. No PRG members objected to the selections. We supported the selection of the single Residential Sector bidder selected. Other sectors included multiple bidders.

The Company presented the final contracts from its Phase 2, Wave 1 Negotiations at its May 2020 meeting. IEs supported the contracts PG&E had negotiated. The PRG carefully reviewed the information presented and did not object to PG&E's selections.

## **7. Assessment of Selected Bids**

### **7.1. Bid Selections Respond to Portfolio Needs**

The selection of TRC's Multifamily Energy Savings Program (MESP) from the Phase 2, Wave 1 Negotiations is consistent with PG&E's portfolio needs as identified in its Business Plan, its Solicitation Plan, and its ABAL filings. PG&E sought programs that would serve the needs of its Residential Sector, [REDACTED]

As discussed in Section 6.2(b), PG&E has existing third-party programs that serve its residential customers, and these are expected to continue for the foreseeable future. The MESP will complement these other programs, enabling PG&E to meet the needs of its single family and multifamily customer segments.

### **7.2. Bid Selections Provide Best Overall Value to Ratepayers**

#### *a. Introduction*



Assessing best overall value to ratepayers is challenging for Independent Evaluators because our primary roles, as defined by the California Public Utilities Commission, are to “monitor the entire process from RFA design to contract execution”, “serve as a consultant to the PRGs”, “provide assessments of the overall third party solicitation process and progress”, and “lend arms-length expertise evaluating the fairness of the conduct and results of the solicitation process by the IOUs.”<sup>25</sup> During the solicitation process, the IEs’ roles expanded to include providing IOUs and the PRG advice and feedback on ways to improve the efficiency and effectiveness of the solicitation process.

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

A critical component of the solicitation process is the scorecard that is used to assess bids and, in turn, the way the IOU uses the scorecard to make its selections. IOUs design scorecards to balance the IOU’s many priorities and, if implemented correctly, produce outcomes consistent with those priorities. Therefore, it is important that IEs and the PRG thoroughly review the scorecards and that IEs actively monitor the scoring process to ensure that the scorecard is applied in a fair and unbiased manner.

[REDACTED]

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

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

#### *b. Brief Program Description*

[REDACTED] Residential programs and particularly well relative to the other proposed multifamily programs. As described in its contract, the MESP provides a streamlined, comprehensive, and cost-effective energy efficiency program to serve PG&E’s multifamily segment utilizing data driven marketing techniques, innovative flexible incentive structures, strategic Trade Ally relationships and instant savings measures. The program is tailored to the diverse range of multifamily properties dispersed throughout the PG&E territory including smaller properties and underserved regions that will most benefit from property upgrades with specific focus on HTR,

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<sup>25</sup> D. 18-01-004, pages 37-38.



DAC, and rural customers outside of the Bay Area.

The program further aims to create new energy efficiency opportunities by targeting underserved property stakeholders, while at the same time providing flexibility to achieve deeper retrofit opportunities with larger and more efficient properties. The MESP will be delivered through various channels, such as direct interaction, TA engagement, distributor promotion, and stakeholder organizations. Savings platforms used include Custom, Custom Express, Deemed, Program Delivered Installation of Instant Saving Measures, and Financing. With respect to IDSM, the program will collect data on usage and location, provide info on DR and TOU and use audits and other tools to help customers explore opportunities for Integrated Distributed Energy Resources (IDER) to include Distributed Generation, DR, energy efficiency, and electric vehicles.

*c. Quantitative Program Information*

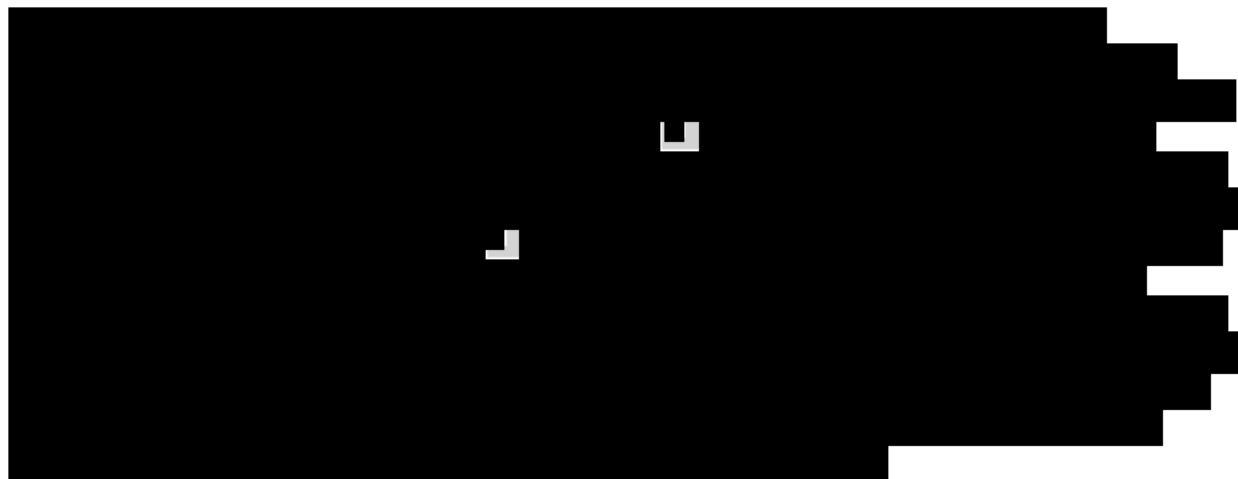


Table 17: TRC's MESP Contract Attributes		
Item	TRC Solutions' MESP	PG&E Residential Sector <sup>29,30</sup>
Summary Data		
Total Budget		
IDSM Budget (not included in total budget)		
Electric Savings (Net first-year kWh) <sup>30</sup>		

<sup>26</sup> "2019 Energy Efficiency Annual Report of Pacific Gas and Electric Company (U 39 M)", May 15, 2020. The Report can be accessed at: <https://www.caeccc.org/annual-reports>.

<sup>27</sup> See discussion on page 2 of PG&E's 2019 Energy Efficiency Annual Report and page 3 of PG&E's 2020 ABAL filing.

<sup>28</sup> Primary Lighting produces negative therms due to interactive effects. The negative therms were removed from the 90 percent calculation.

<sup>29</sup> As noted, Residential Sector values do not include PG&E's Residential Energy Advisor (primarily Behavioral), Primary Lighting, or ESA programs. Information available for PG&E's multifamily sector is designated with an asterisk (\*). 2017 multifamily data is designated with a caret (^).

<sup>30</sup> We used an average program single year to match with the single year of PG&E residential sector and multifamily results.

Table 17: TRC's MESP Contract Attributes		
Item	TRC Solutions' MESP	PG&E Residential Sector <sup>29,30</sup>
Electric Savings (Net lifecycle kWh) <sup>30</sup>		
Gas Savings (Net first-year therms) <sup>30</sup>		
Net-to-Gross (kWh)		
Net-to-Gross (therms)		
NPV of Net Lifecycle Benefits <sup>31</sup>		
<b>Metrics</b>		
Total Resource Cost (TRC) Test		
Program Administrator Cost (PAC) Test		
Lifecycle Acquisition Cost/kWh (PAC Levelized Cost) <sup>32</sup>		
Lifecycle Acquisition Cost/therm (PAC Levelized Cost)		
Simple Acquisition Cost (\$/ kWh) <sup>33</sup>		
Simple Acquisition Cost (\$/ therm) <sup>34</sup>		
Simple Acquisition Cost (\$/lifecycle mmBTU)		
Disadvantaged Communities (% of savings from)		
Hard-to-Reach Customers (% of savings from)		

The MESP aligns with California energy policies in helping achieve energy savings and other benefits in the Residential Multifamily segment. Specifically, the program aligns with Senate Bill 350's pursuit of doubling statewide energy efficiency savings by 2030 and seeking to overcome barriers to disadvantaged communities participating in energy efficiency programs.<sup>35</sup> The program incorporates a multi-faceted approach to engaging customers and delivering savings with a portion provided through direct install, a portion provided through the Implementer's own subcontractors, and a portion through trade allies. The approach also includes audits, multiple financing options, and advanced analytics to identify and activate target customers.



<sup>31</sup> Net supply and other costs avoided minus participant and program costs.

<sup>32</sup> PAC levelized cost is calculated using total Program Administrator Costs from the CET, weighting the portion of net benefits attributable to the fuel (gas or electric), and then dividing by the program's total lifecycle net therms or net kWh.

<sup>33</sup> Simple acquisition cost per lifecycle therm divided the total budget by the program's total lifecycle energy savings.

<sup>34</sup> Simple acquisition cost per lifecycle mmBTU provides a better way to show total savings relative to cost since a BTU calculation captures both electric and gas savings. For programs that only generate gas (or electric) savings, the mmBTUs are based on the single fuel.

<sup>35</sup> SB 350 is the Clean Energy and Pollution Reduction Act of 2015.

[https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=201520160SB350](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB350).



- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED] the program's total energy savings goals are [REDACTED] net kWh and [REDACTED] net therms, averaging approximately [REDACTED] kWh and [REDACTED] therms annually. Using 2019 results as a guide, the program would contribute approximately [REDACTED] percent of PG&E's non-Behavioral, non-ESA, non-Primary Lighting Residential Sector savings.

Further, based on the 2019 Navigant Market Potential Study,<sup>36</sup> the PG&E Residential Sector potential for 2021 excluding low-income, is approximately 121.8 million kWh and 3.65 million therms, of which about 4.67 million kWh and 224,000 therms are attributable to residential multifamily rebate programs (117 million kWh [96% of total Res] are attributable to single family and multifamily behavioral programs). [REDACTED]

#### *d. Measurement and Verification*

[REDACTED] For Custom platform, M&V is more related quality assurance and control (QA/QC). Section 3.1 of the contract's Attachment 1 obligates implementers to identify quality assurance procedures to ensure that the program projects and measures that are installed perform to minimum standards appropriate to the program. The procedures must be sufficiently robust to confirm that each Program Project, each Measure, and the Program complies with Applicable Law, CPUC requirements, and PG&E's Resource Saving Rulebook. [REDACTED]

[REDACTED]

[REDACTED] We consider TRC's approach to M&V, as described in the contract, to be sufficient.

#### *e. Compensation*

<sup>36</sup> The study documents are available at: <https://www.cpuc.ca.gov/General.aspx?id=6442461220>.

<sup>37</sup> It is worth noting that, according to the study, PG&E's residential electric potential increases by 13 percent from 2021 to 2022. The bulk of this increase is presumed to come from rebate (vs. Behavioral) programs.



[REDACTED]

We use “performance-based” to distinguish from “pay-for-performance”, a term that the CPUC per D. 18-01-004 has associated specifically with programs using meter-based savings methodologies (measured and verified savings). Performance-based refers to compensation that is associated with deemed or non-meter based custom measures in which savings are not verified during the program term. Whether one uses the term pay-for-performance or performance-based, the CPUC and the California Legislature have stated a clear preference for contracts that “tie payment for services more directly to energy savings delivered, as much as possible.” As the CPUC emphasizes, “This requirement is directly applicable to the third party solicitations.”<sup>38</sup>

PG&E as part of Phase 2 Negotiations proposed to all contractors a fairly complex performance-based compensation approach involving payments based on four primary factors: confirmed energy savings (kWh and therms), customer incentives (contractors consider these “pass through”), a savings goal attainment payment (SGAP), a cost effectiveness performance payment (CEPP), and a key performance indicator payment (KPIP). PG&E described its approach as a framework for how Implementers will be compensated for delivered savings and other metrics that also provides timely and actionable feedback to continually align program activities with the Company’s portfolio needs.

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

[REDACTED]

[REDACTED]

<sup>38</sup> D. 18-01-004, p. 42. See also COL 22 of the same Decision and D. 16-08-019 COL 59.

<sup>39</sup> D. 18-10-008, Attachment B, page B-9.

<sup>40</sup> [REDACTED]





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

We believe this approach strikes a reasonable balance between utility and the third-party's interests in that ratepayers will not pay if the program does not achieve savings and achieve other contract objectives. Although, as discussed further below, the contractor does bear a fair amount of risk for non-performance, relative to other metrics, a large portion of their compensation is tied directly to energy savings.

[REDACTED]

[REDACTED]

[REDACTED]



[REDACTED]

*f. Supports portfolio and applicable sector metrics achievements*

The Program's Key Performance Indicators (KPIs) align well with PG&E's portfolio and sector metrics. Table 19 below shows the KPIs from the contract and how each aligns with the Company's Portfolio and Residential Sector metrics. The metrics are referenced in Section 9 of PG&E's 2019 Energy Efficiency Annual Report. Although, in some cases, the KPIs do not directly align with portfolio or segment metrics, all support the metrics in some way (e.g. Engineering Quality supports savings claims, Measure Installation Pass Rate supports savings claims and PG&E's ESPI score, etc.)

[REDACTED]





[REDACTED]

[REDACTED]

## **8. Reasonableness of Contracting Process**

### **8.1. Collaboration on Final Program Design and Scope**

The bidder's proposed program design did not change substantially from what was proposed. [REDACTED]

[REDACTED]

[REDACTED]

### **8.2. Fairness of Negotiations**

We believe the contract negotiations were fair and did not require the bidder to incur any



uncompensated costs. The negotiation process for this program was rather quick, lasting only two months. There was no evidence of positive or negative bias towards TRC during contract negotiations.

### **8.3. Changes to Contract Terms & Conditions**

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

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

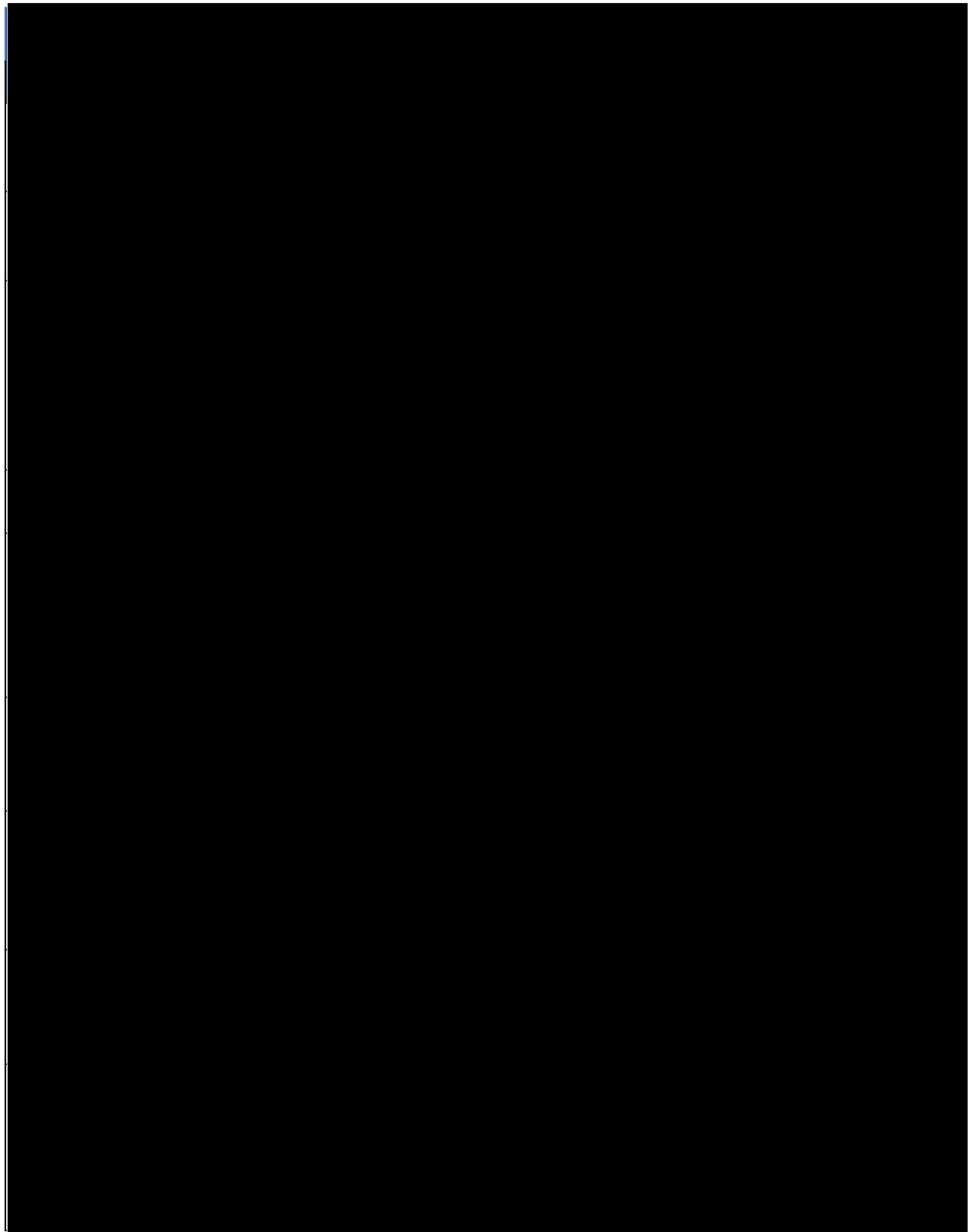
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

In our view, changes to terms were reasonable.

### **8.4. Conformance with CPUC Policies and Objectives**

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

[REDACTED]	
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<sup>42</sup> See D. 18-05-041, p. 18.

## 8.5. Uniformity of Contract Changes

[REDACTED] Therefore, no issues related to consistency arose. We had limited visibility into the contracts that PG&E was negotiating for other sectors.

## 9. Conclusion

PG&E's Multi-Sector Solicitation was a very ambitious and complex undertaking. We raised initial concerns about the challenges such a far-ranging solicitation could pose, mainly in terms of ensuring consistency in the treatment of bidders across multiple sectors and being able to thoroughly and thoughtfully review such a large number of proposals. Although the process was not flawless, PG&E's solicitations team and other staff supporting the effort performed admirably and assuaged our initial concerns. Thus far, it appears that the Company has been successful at accomplishing its goals. Overall, we believe the Company has conducted this solicitation fairly, transparently, and without bias.

For the Residential Sector, the solicitation produced a program that will enable the Company to effectively deliver energy efficiency and other Distributed Energy Resource services to its multifamily customers and help meet its Business Plan goals, the State's SB 350 goals, the California Energy Efficiency Strategic Plan's vision, and ultimately California's efforts to reduce carbon dioxide emissions.

# **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**

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## **PART 2 CONFIDENTIAL VERSION**

July 29, 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	