

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



April 28, 2021

Erik Jacobson  
Director  
Regulatory Relations  
Pacific Gas and Electric Company  
77 Beale St., Mail Code B13U  
P.O. Box 770000  
San Francisco, CA 94177

Dear Mr. Jacobson:

Energy Division approves two third-party contract advice letters 4386-G/6094-E and 4387-G/6095-E on the following subjects, respectively:

- **Advice Letter Submittal of Pacific Gas and Electric Company's Third-Party Solicitations resulting from its Statewide New Construction Request for Proposal ("RFP") Non-Residential, Mixed Fuel – California New Construction program, executed between Willdan Energy Solutions and PG&E**
- **Advice Letter Submittal of Pacific Gas and Electric Company's Third-Party Solicitations resulting from its Statewide New Construction Request for Proposal ("RFP") Non-Residential, All Electric – California New Construction program, executed between Willdan Energy Solutions and PG&E**

These advice letters were submitted February 19, 2021 and are approved with an effective date of April 28, 2021 subject to the contingencies discussed throughout and summarized in Section 3. Energy Division makes these determinations pursuant to Decision (D.) 18-01-004, which requires Energy Division staff review of third-party contracts valued at over \$5M.

## **1. Background**

In D.18-01-004 the CPUC assigned the administration of the statewide new construction program to Pacific Gas and Electric Company (PG&E). Pursuant to this assignment PG&E implemented a two-stage solicitation process to procure an implementer for the program.

The solicitation process resulted in two program contracts: one contract for the Non-Residential, All Electric New Construction program ("All Electric"), and one for the Non-Residential, Mixed Fuel New Construction program ("Mixed Fuel"). Both contracts are executed between Willdan Energy Solutions and PG&E.

In preparation for filing the All Electric contract advice letter, PG&E sought guidance from ED on bidders' ability to count AGIC in program cost effectiveness calculations, which PG&E argued would be critical to making a reasonable case the All Electric program would meet objective cost-effectiveness thresholds. PG&E provided ED with information regarding its own AGICs and noted that the Joint Utilities had not yet provided similar AGIC information for their service areas. Further, PG&E stated that it would present all four Investor Owned Utility (IOU) AGIC values to be publicly reviewed as part of the regular Avoided Cost Calculator (ACC) updates in Rulemaking 14-10-003.

ED sent a letter to PG&E on May 13, 2020 clarifying EE policy as it relates to all electric new construction. In this letter, ED clarified that the appropriate standard practice baseline for all-electric new construction is mixed-fuel construction, as it represents approximately 95 percent of new construction projects in California. The mixed-fuel baseline should be used for purposes of calculating energy savings and cost effectiveness. By extension, the AGIC for all-electric new construction would count as a project benefit. Similarly, any increased costs associated with a larger required electric infrastructure would count as a project cost.

On February 19, 2021 PG&E filed contract advice letters for the All Electric and Mixed Fuel new construction programs. On March 11, 2021 Southern California Gas Company and San Diego Gas and Electric Company (Joint Utilities) timely filed protests to both the Mixed Fuel and All-Electric contract advice letters. On March 18, 2021 PG&E filed a Reply to Protest addressing the Joint Utilities' protest filing.

## **2. Joint Utilities' Protest**

The Joint Utilities' protest requests the CPUC require PG&E to resubmit both the Mixed Fuel and the All Electric contract advice letters excluding the Avoided Gas Infrastructure Costs (AGIC) from Total Resource Cost (TRC) calculations and excluding alterations<sup>1</sup> from the program scope.<sup>2</sup>

The Joint Utilities base this request on the following points:

- It is inconsistent with current policy to include Avoided Gas Infrastructure Costs (AGIC) as an avoided cost in the new construction programs' TRC calculations without first gaining approval through the Integrated Distributed Energy Resources (IDER) proceeding, which they argue is required by Decision (D.) 19-05-019. This argument has two primary components, as follows:
  - Energy Division does not have delegated authority to approve an interim avoided cost in the Energy Efficiency (EE) proceeding, or in any venue outside of the IDER proceeding.
  - An advice letter is not an appropriate procedural path to approve interim avoided costs, because advice letters are non-controversial and may not be used to resolve important policy questions.
- The new construction program design, as represented in the protested advice letters, may inappropriately include building alteration projects.

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<sup>1</sup> An alteration is a construction project for an existing building that comprises the modification or replacement of one or a number of existing building systems (such as lighting and HVAC) or components.

<sup>2</sup> Joint Utilities protest, page 8

- PG&E’s inclusion of building alterations projects in the Statewide New Construction programs would improperly compete with local programs focused on existing building upgrades.

## 2.1. Use of AGIC in TRC Calculations.

The Joint Utilities’ protest argued PG&E’s use of AGIC in TRC calculations conflicts with the direction in D.19-05-019 requiring that major changes to the ACC receive CPUC approval through the IDER proceeding (R.14-10-003). They cite that such major changes are defined by D.16-06-007 as including the following: changes to the list of data inputs, addition or deletion of categories, or types of avoided costs, or modifications of the methods or models used in the ACC. The Joint Utilities’ protest asserted that AGIC constitutes the addition of a new category or type of avoided cost, and therefore must go through the biennial major ACC update process.<sup>3</sup> They argued further that the use of interim AGIC values for purposes of executing the All-Electric program contract presupposes the outcome of the next major ACC update within the IDER proceeding.

The Joint Utilities’ protest recognized PG&E requested use of the interim AGIC values to substantiate the prospective cost-effectiveness of the All Electric program. At the same time, the Joint Utilities are opposed to a statewide program design where the TRC forecast relies on avoided cost values that are not currently in use, and that have not been vetted and adopted through the IDER rulemaking.

The Joint Utilities also pointed out that AGIC values are project-specific and vary widely. Therefore, they argued, using AGIC values based on PG&E service territory is not a good proxy for southern California utilities. They also expressed concern that the actual values adopted by the CPUC could differ greatly from the PG&E-specific values used in the advice letter as a proxy.

### PG&E Reply

In their Reply to Protest, PG&E argued the inclusion of AGIC as a benefit for cost effectiveness is already justified by the Standard Practice Manual, which states:

“The benefits calculated in the Total Resource Cost Test are the avoided supply costs, the reduction in transmission, distribution, generation, and capacity costs valued at marginal cost for the periods when there is a load reduction...For fuel substitution programs, benefits include the avoided device costs and avoided supply costs for the energy, using equipment not chosen by the program participant.”<sup>4</sup>

Further, PG&E argued the inclusion of AGIC values is clearly required for certain all electric new construction projects by the Standard Practice Manual, and therefore does not represent a major change to the ACC. PG&E noted that while D.19-05-019 requires that modifications to the ACC be approved by the Commission through the IDER proceeding<sup>5</sup> it does not require that all changes to the values used in the TRC test calculation for individual proceedings must be approved through the IDER proceeding. PG&E clarifies that neither the All-Electric nor Mixed Fuel advice letters request

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<sup>3</sup> Joint Utility Protest, page 2

<sup>4</sup> California Public Utilities Commission, California Standard Practice Manual, Economic Analysis of Demand-Side Programs and Projects, October 2001, p. 18.

<sup>5</sup> D.19-05-019, Ordering Paragraphs 11 and 12.

a change to the ACC. They argued the ACC does not include project-specific values such as measure savings, incremental cost, and net-to-gross ratios, all which are components of developing TRC ratios. They argued the AGIC values are project-type specific because they treat infill and greenfield projects differently. Consequently, AGIC values would not be included within the ACC outputs.

PG&E also noted that concerns of inclusion of AGIC should not impact approval of the Mixed Fuel contract advice letter because the program does not anticipate use of AGIC, nor is the use of AGIC necessary to demonstrate cost effectiveness.

Last, PG&E noted that the interim AGIC values submitted with the advice letters and based on PG&E service territory alone, are included for the prospective assessment of the new construction programs but are not anticipated for use in reporting program accomplishments. PG&E stated it is its expectation that the first new construction projects using AGIC would be completed no sooner than 18 months following the program launch date, and that this length of lead-time is adequate to obtain CPUC approval for all IOU-territories' AGIC values for the purposes of reporting.

## Discussion

ED agrees with PG&E that the use of AGIC in TRC calculations for all-electric new construction programs is required by the guidelines in the current Standard Practice Manual, as adopted in D.01-11-066<sup>6</sup> and its Attachment 1, The Energy Efficiency Policy Manual.<sup>7</sup>

ED reiterates that mixed-fuel construction makes up the vast majority of the current new construction market, and therefore the most appropriate baseline for all-electric new construction is mixed-fuel in the majority of cases. While all-electric new construction is not fuel substitution per se, it is similar in one critical way. Both all-electric new construction and fuel substitution draw on counterfactual scenarios (baselines) that use a different mix of fuels than are used in the program or project. By virtue of this similarity in baseline, both fuel substitution and all-electric new construction must consider avoided supply costs, per the Standard Practice Manual. It is appropriate for PG&E to use the AGIC values included in the advice letters that are based on cost research in its own service territory. Avoided supply costs are a necessary component for calculating TRC, and the PG&E territory based estimates represent the best estimates currently available. Moreover, the AGIC values in the advice letter are offered only for assessing prospective cost-effectiveness and not for reporting accomplishments. Thus, it is reasonable to allow PG&E to use these interim values that accurately represent a good portion of the total Statewide IOU service territories.

## **2.2. Inclusion of Building Alterations Within the Statewide New Construction Programs**

The Joint Utilities' protest noted that the Statewide New Construction Request-for-Abstract (RFA) encouraged bidders to propose program designs that "extend beyond whole new buildings and

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<sup>6</sup> D.01-11-066, OP 1: "The Commission adopts the energy efficiency policy rules set forth in Attachment 1 to this decision, Energy Efficiency Policy Manual.

<sup>7</sup> Attachment 1 to D.01-11-066: Energy Efficiency Policy Manual, Version 1, October 2001 Page 19: "In order to ensure a level playing field for multiple programs, the Commission will continue to use the standard cost-effectiveness methodologies articulated in the California Standard Practices Manual (SPM): Economic Analysis of Demand-Side Management Programs."

additions” and include “significant, multi-system alterations in the program’s scope.”<sup>8</sup> Additionally, the Request for Proposal (RFP) encouraged bidders to “consider existing building alterations and additions as well as whole buildings.”<sup>9</sup>

In their protest, the Joint Utilities expressed concern that this is a broadening of the program design that the CPUC did not authorize for the Statewide New Construction programs in D.18-05-041,<sup>10</sup> and that the inclusion of alterations creates competition between SW new construction and local retrofit programs administered by other Program Administrators.

## PG&E Reply

In its Reply to Protest, PG&E argued that there is sufficient precedent for major alterations to be addressed through the same strategies used to address new construction projects. They argued that alterations have been included in the scope of the California Energy Commission (CEC) Title 24 Part 6 standards that have governed new construction since 1976. PG&E cited the code as stating: “New construction in existing buildings includes additions, alterations and repairs.”<sup>11</sup> Moreover, the CPUC-issued “Statewide Custom Project Guidance” classifies certain major types of alterations along with new construction for the purpose of baseline determination, as well as for the cost basis, and energy savings calculations. PG&E also pointed out that some building alterations are so significant that none of elements of the building’s condition prior to alteration provide a suitable baseline for the purposes of calculating energy savings. Examples include expansions, added load, changes in space function, and substantial changes in design occupancy.<sup>12</sup> PG&E cites Commission Resolution E-4818, ordering paragraph 3 as articulating where alterations should be treated similarly to new construction for the purpose of using normalized metered energy savings approaches (NMEC).<sup>13</sup>

## Discussion

ED agrees with PG&E that certain types of major alterations may be reasonably grouped with new construction for purposes of program intervention and savings calculations. This conclusion is substantiated by both building code and CPUC policy.<sup>11,12,13</sup> Further, the simple fact that building alterations have been present within the program scope for the SW New Construction RFA and RFP, and that the inclusion of this scope was subject to PRG review, precludes ED from finding these elements to be out-of-scope at this, the final stage of contract advice letter approval. This issue was discussed but not objected to by the PRG during its review, and thus the PRG tacitly endorsed

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<sup>8</sup> PG&E Advice 4387-G/6095-E and Advice 4386-G/6094-E, Approval of Willdan Energy Solutions Contract Resulting from Statewide New Construction Competitive Solicitation for Third-Party Energy Efficiency Customer Programs - Part 1 Public Version, p. 16.

<sup>9</sup> PG&E Advice 4387-G/6095-E and Advice 4386-G/6094-E, Approval of Willdan Energy Solutions Contract Resulting from Statewide New Construction Competitive Solicitation for Third-Party Energy Efficiency Customer Programs - Part 1 Public Version, p. 20.

<sup>10</sup> D.18-05-041, p. 90.

<sup>11</sup> 2019 Building Energy Efficiency Standards for Residential and Nonresidential Buildings, Section 101.3(A) includes alterations as subject to the provisions of Chapter 6, Nonresidential, High-Rise Residential, and Hotel/Motel Occupancies—Additions, Alterations, And Repairs.

<sup>12</sup> Statewide Custom Project Guidance Document, version 1.3

<sup>13</sup> Resolution E-4818 at 66.

the inclusion of alterations within the scope of the SW New Construction programs. ED finds the inclusion of alterations in the SW new construction program scope to be reasonable and appropriate, and rejects the Joint Utilities' recommendation to exclude alterations from the SW New Construction programs.

That said, ED also finds it reasonable and appropriate for there to be clearly delineating factors determining whether a project qualifies for the SW New Construction programs or not, and that these delineating factors should be consistent with both building code and CPUC policy.

### **3. Direction to PG&E**

Energy Division directs the following of PG&E:

- PG&E shall work with the other IOUs and ED to support the development of vetted and standardized AGIC values prior to filing of program accomplishments for the all-electric new construction program.
- PG&E shall guard against improper use of AGIC in all-electric new construction, e.g. in areas traditionally developed without natural gas lines.
- PG&E shall adopt a clear definition of alterations projects that qualify for the SW New Construction programs. This definition should be consistent with building code and CPUC policy, and PG&E shall clearly articulate this definition of alterations in the program Implementation Plan.

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 this advice letter 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.

### 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. With the issuance of this disposition, implementation plans for these programs are due to be posted no later than June 27, 2021.

Please direct any questions regarding Energy Division's findings in this non-standard disposition to Christina Torok ([christina.torok@cpuc.ca.gov](mailto:christina.torok@cpuc.ca.gov)).

Sincerely,

Handwritten signature of Edward Randolph in cursive, with "(foi)" written in parentheses to the right.

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

Cc: Service Lists R. 13-11-005 and A.17-01-013  
Pete Skala, Energy Division  
Jennifer Kalafut, Energy Division  
Alison LaBonte, Energy Division  
Joseph Mock, Director, Regulatory Affairs, SoCalGas



**Erik Jacobson**  
Director  
Regulatory Relations

Pacific Gas and Electric Company  
77 Beale St., Mail Code B13U  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415-973-3582

February 19, 2021

**Advice 4386-G/6094-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 Statewide New Construction Request for Proposal ("RFP") Non-Residential, Mixed Fuel – California New Construction program, executed between Willdan Energy Solutions 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 Willdan Energy Solutions. This Contract results from PG&E's Statewide New Construction Request for Proposal ("RFP") solicitation for statewide resource EE customer programs and will contribute towards meeting PG&E's 40 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>1</sup>, 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 submit 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

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.

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

**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 March 11, 2021, 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, March 21, 2021, which is 30 calendar days after the date of submittal.

**Notice**

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

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/S/

Erik Jacobson  
Director, Regulatory Relations

Attachments

cc: R.13-11-005 Service List



# 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 U39M)

Utility type:

- ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: KELM@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) #: 4386-G/6094-E

Tier Designation: 2

Subject of AL: Advice Letter Submittal of Pacific Gas and Electric Company's Third-Party Solicitations resulting from its Statewide New Construction Request for Proposal ("RFP") Non-Residential, Mixed Fuel – California New Construction program, executed between Willdan Energy Solutions 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 Confidentiality Declaration and Matrix  
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, MPBb@pge.com

Resolution required?  Yes  No

Requested effective date: 3/21/21

No. of tariff sheets: 0

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: N/A

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:

**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 4386-G/6094-E**

I, Matthew Braunwarth, declare:

1. I am presently employed by Pacific Gas and Electric Company (“PG&E”) and have been an employee at PG&E since November 2010. I am the manager of Energy Efficiency Procurement department in PG&E’s Energy Efficiency organization. In this position, my responsibilities include managing the solicitation and finalization of the Program Implementation Agreement (“PIA”) submitted for approval in this Advice Letter. In carrying out these responsibilities, I have acquired confidential information related to offers received in this solicitation. Through this experience, I have become familiar with the type of information that could affect the negotiating position of energy efficiency sellers with respect to price and other terms, as well as with the type of information that such sellers consider confidential and proprietary.

2. Based on my knowledge and experience, and in accordance with (“D”) 06-06-066, 0804-023, and relevant Commission rules, I make this declaration seeking confidential treatment for certain data and information contained in the attachments to Advice Letter 4386-G/6094-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 February 19, 2021, at San Francisco, California.

/s/

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Matthew Braunwarth

**PACIFIC GAS AND ELECTRIC COMPANY’S (U 39 M)  
ADVICE LETTER 4386-G/6094-E  
February 19, 2021**

**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 4386-G/6094-E</b>			
<b>Confidential Appendix A:  Independent Evaluator Report</b>	Item VIII) A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids.  Item VII) B) Contracts and power purchase agreements between utilities and non-affiliated third parties (non-RPS)  Public Utilities Code section 454.5(g)	<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 statewide new construction 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 statewide new construction 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 February 19, 2021
<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 2019-2020 PG&E energy efficiency statewide new construction RFA and RFP. Appendix B also includes summaries of program savings and cost-effectiveness.	Three years after CPUC approval

**PACIFIC GAS AND ELECTRIC COMPANY’S (U 39 M)  
ADVICE LETTER 4386-G/6094-E  
February 19, 2021**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

Redaction Reference	Category from D.06-06-066, Appendix 1, or Separate Confidentiality Order that Data Corresponds To	Justification for Confidential Treatment	Length of Time Date To Be Kept Confidential
– in its entirety		Disclosure of this information will provide valuable market sensitive information to market participants prior to the conclusion of ongoing negotiations. Release of this information could also provide sensitive solicitation strategy information and be damaging to future PG&E solicitations and ultimately detrimental to PG&E’s customers.	
<b>Appendix C:</b>  <b>Statewide new construction Solicitation selection spreadsheet – in its entirety</b>	VIII) A) Bid information and B) Specific quantitative analysis involved in scoring and evaluation of participating bids  Public Utilities Code section 454.5(g)	Appendix C provides a spreadsheet of all of the offers received in response to PG&E’s 2019-2020 PG&E energy efficiency statewide new construction RFA and RFP. Appendix C also identifies those offers that were selected for the shortlist, contract negotiations, and contract award.  Disclosure of this information will provide valuable market sensitive information to market participants. Release of this information could be damaging to future PG&E solicitations and ultimately detrimental to PG&E’s customers.	Three years after CPUC approval
<b>Appendix D:</b>  <b>Contract and Contract Terms Summary – in its entirety</b>	Item VII) B) Contracts and power purchase agreements between utilities and non-affiliated third parties (non-RPS)	These appendices contain the confidential contract summary and conditions of non-RPS contracts.  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).  Table 2: Table 2 includes the major contract provisions made to the standard form contract. The information contains confidential contract-related information exchanged between PG&E and the	Three years after CPUC approval

**PACIFIC GAS AND ELECTRIC COMPANY'S (U 39 M)  
ADVICE LETTER 4386-G/6094-E  
February 19, 2021**

**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>
		<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 detrimentally 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 4386-G/6094-E  
February 19, 2021**

**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'S (U 39 M)  
ADVICE LETTER 4386-G/6094-E  
February 19, 2021**

**IDENTIFICATION OF CONFIDENTIAL INFORMATION**

<b>Redaction Reference</b>	<b>Civ. Code §§ 1798 et seq.; Govt. Code § 6254; 42 U.S.C. § 1320d-6; and General Order (G.O.) 77-M</b>	<b>Justification for Confidential Treatment</b>
<p><b>Attachment C</b></p> <p>Names of individual employees in Attachment C</p>	<p>Personal information that identifies or describes an individual (including employee), which may include home address or phone number; SSN; driver's license, or passport numbers; education; financial matters; medical or employment history (not including PG&amp;E job titles); and statements attributed to the individual.</p>	<p>The Attachment C contains names of individual employees. PG&amp;E has redacted the names of the individual employees. A public version of the Attachment C has been filed with the Advice Letter.</p>

# **PACIFIC GAS AND ELECTRIC COMPANY**

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## **Approval of Willdan Energy Solutions Contract Resulting from Statewide New Construction Competitive Solicitation for Third-Party Energy Efficiency Customer Programs**

### **PART 1 PUBLIC VERSION**

February 19, 2021



Together, Building  
a Better California

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ATTACHMENT A: Final IE Report (Public)

ATTACHMENT B: Program-Level Measurement & Verification Plan

ATTACHMENT C For PG&E Letter and Email Response from Energy Division (Public)

ATTACHMENT D For PG&E Letter to the CEC Regarding Gas Extension Costs

# 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 Willdan Energy Solutions and PG&E resulting from PG&E’s solicitation for Statewide New Construction (SWNC) resource EE customer programs.

As the designated lead Program Administrator (PA) for the SWNC Program, PG&E is submitting this Advice Letter for the SWNC Non-Residential Mixed Fuel Program to be implemented on behalf of California’s four Investor-Owned Utilities (IOUs) - Pacific Gas & Electric Company (PG&E), Southern California Edison (SCE), Southern California Gas Company (SCG or SoCalGas), and San Diego Gas & Electric Company (SDG&E).

Willdan’s program named Non-Residential, All Electric - California New Construction (the Program) proposes to serve the non-residential customer sub-sectors (consisting of commercial, public, industrial, agriculture, and multifamily high-rise) in all California IOU service territories.

Furthermore, with a current total program budget of 30.7<sup>1</sup> million through December 31, 2025, the Program 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 Willdan Energy Solutions was fully executed on November 30, 2020 and contributes 1.45 percent towards meeting PG&E’s 40 percent third-party outsourcing compliance target.

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<sup>1</sup> The Program has a 5-year term, but the budget is through December 31, 2025 in compliance with the current approved ABAL. Program services and budget after December 31, 2025 shall be contingent upon CPUC approving funding for PG&E’s energy efficiency program portfolio after 2025 and will require parties do a change order to add additional services and budget accordingly.

<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 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.

## 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> Additionally, in D. 16-08-019, the Commission identified a list of programs to be administered statewide, including residential and non-residential new construction programs and laid out the basic structure of the requirements for statewide programs going forward.<sup>5</sup>

Pursuant to the Commission’s April 14, 2017 Scoping Memo and Ruling,<sup>6</sup> PG&E filed its 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>7</sup> On January 11, 2018, the Commission issued D.18-01-004 – Decision Addressing 3P<sup>8</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, outlined the Commission’s vision for new construction programs including its rationale for assigning PG&E as the lead PA, and identified areas of sole responsibility for the lead PA including the responsibility of procurement and contract administration. 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 IOUs 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>9</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>10</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

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<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> D.16-08-019, pgs. 62-64

<sup>6</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)

<sup>7</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>8</sup> Third-Party.

<sup>9</sup> D. 18-01-004, pgs. 61-62, OP 3-4.

<sup>10</sup> D. 18-01-004, pgs. 62-63, OP 5.

PG&E's IE pool via letter to PG&E on August 31, 2018.<sup>11</sup>

In the first quarter of 2019, PG&E began preparations for the SWNC solicitation. PG&E ran both the residential and non-residential solicitations concurrently as a single process. While this approach added complexity to solicitation administration, it provided bidders with the maximum flexibility to exercise innovative program design.

PG&E launched the SWNC Residential and Non-Residential Program Request for Abstracts (RFA) in May 2019 with responses received and scored in August 2019. The SWNC Request for Proposals (RFP) was issued in March 2020, with responses received and scored in July 2020. 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 31, 2020 deadline for 40 percent outsourcing requirement.

In November 2019, PG&E submitted a request for an extension of the 25 percent outsourcing requirement deadline to allow sufficient time for early contract negotiations to complete.<sup>12</sup> On November 25, 2019, the CPUC's Executive Director granted the request and extended PG&E's 25 percent outsourcing requirement deadline to June 30, 2020.<sup>13</sup> The November 25, 2019 letter further reiterated that the IOUs must meet the 40 percent outsourcing requirement by December 31, 2020. This program will contribute to the 40 percent outsourcing requirement.

## **II. The Solicitation is in Conformance with State's Energy Policy Goals**

PG&E's strategy for the SWNC solicitation was to closely align with California's energy and Greenhouse Gas (GHG) goals. The state has adopted multiple policy goals, such as California Senate Bill (SB) 1477,<sup>14</sup> California Assembly Bill (AB) 3232,<sup>15</sup> and the Governor's Executive Order EOB55-18,<sup>16</sup> focused on reducing GHG emissions to meet California's ambitious state climate goals. EE in California's new construction market is a key success factor to achieving these goals. In addition to direct reductions at the power plant, EE reduces the investment required to decarbonize buildings and, more generally, reduces the cost of renewables needed to achieve energy and climate goals.

As presented in the CEC's 2019 California Energy Efficiency Action Plan, "in 2018, two major pieces of legislation signaled the state's evolution from a relatively narrow focus on traditional energy efficiency to one that also embraces building decarbonization."<sup>17</sup> SB 1477

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<sup>11</sup> Edward Randolph Letter to Erik B. Jacobson regarding "Approval of Energy Efficiency Independent Evaluators." August 31, 2018.

<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> Codified in Section 748.6 of the Public Utilities Code.

<sup>15</sup> Codified in Section 25403 of the Public Resources Code.

<sup>16</sup> Governor Brown's Executive Order B-55-18 To Achieve Carbon Neutrality: <https://www.gov.ca.gov/wp-content/uploads/2018/09/9.10.18-Executive-Order.pdf>

<sup>17</sup> 2019 California Energy Efficiency Action Plan, p. 1.

funds the Building Initiative for Low-Emissions Development and Technology and Equipment for Clean Heating and AB 3232 requires the CEC<sup>18</sup> to assess by January 1, 2021, the potential to reduce GHGs in buildings by 40 percent below 1990 levels by 2030.<sup>19</sup>

Also, on August 1, 2019, in D.19-08-009, the CPUC approved modifications to the “three-prong test” which make it easier for IOUs to demonstrate the cost effectiveness of electric technologies when substituting for natural gas appliances.<sup>20</sup>

Additionally, three Title 24, Part 6 code development cycles remain to achieve 2030 non-residential ZNE goals. As the 2022 code development cycle is already in progress, new construction programs will support the technologies, systems, and building types expected to be centerpieces in the 2025 and 2028 code cycles, and specific appliance standards that complement building code objectives.

Ultimately, as strategic market interventions, new construction programs can reduce barriers to new Codes and Standards (C&S) by collecting data to support C&S advocacy. By encouraging market changes which prepare the building industry for new C&S, and strengthening the compliance improvement supply chain, new construction programs can substantively impact energy code development and implementation.

**Program Goals:** PG&E anticipates that starting in the latter part of 2021, the Program will provide a comprehensive statewide mixed-fuel new construction EE program for all 5 subsectors (commercial, public, industrial, agriculture, and multifamily high-rise), serving all 4 IOU service territories. The Program includes integrated QA/QC and M&V throughout program steps, designed by experts in these areas.

**Program Design:** The Program is a stand-alone mixed-fuel program critical to meeting California’s aggressive EE and decarbonization goals. Willdan’s objective is to enroll and influence the non-residential new construction market to deeper energy savings and decarbonization with key activities of outreach and education, real-time energy modeling, verification, and data tracking to inform codes and standards. The Program incentives are designed to motivate project teams to deeper energy savings and help overcome financial barriers.

This approach and design focus on reaching the broader building market allows for deeper market penetration, compared to the current Savings By Design program. This broader penetration drives new technology to future code adoption. Coupling a deeper market penetration and C&S support with a focus on the integrated process technologies, when they exist within building projects, results in the continued advancement of these technologies towards code, similar to current refrigeration and data center advancements. In addition, the Program will focus on process technologies for Industrial and Agricultural

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<sup>18</sup> The CEC will work in consultation with the California Public Utilities Commission (CPUC), California Air Resources Board (CARB), and the California Independent System Operator (California ISO).

<sup>19</sup> “[2019 California Energy Efficiency Action Plan](#)”, California Energy Commission Final Staff Report, November 2019, p. 1.

<sup>20</sup> D. 19-08-009

customers. PG&E sees these technologies as key to reduce emissions, increase electrification, and advance technologies for future code adoption based on planned and future regulations in California.

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

- **Analysis Early in Design** – The Program use of the high-level energy modeling tool gives rapid estimates of various design options. This allows the design teams to consider HVAC and other design options and fuel mixes that are critical for California to meet policy goals.
- **Measure Bundles and Path to Decarbonization** – The high-level modeling tool uses a search function of bundles of energy efficiency measures that increase savings with minimal impact in customer incremental costs. This allows customers and their design teams to select measures with the greatest environmental benefits while moving towards decarbonization.
- **Real-Time Energy Modeling** – Program design integrates 100+ custom measures, prioritized by kW, kWh, therm, dollars, or carbon impact to provide timely results to assist the design teams. This allows the design teams to align their projects with state decarbonization goals, hourly data for building loads and grid emissions to promote both EE and DR measures with energy and carbon savings.
- **Targeting of Grid-Constrained Areas** – The Program offers opportunity to target grid-constrained areas as a strategic outreach. This benefits utilities to enhance decarbonization by identifying high-intensity areas and facilitate grid harmonization to achieve deeper energy savings.
- **Online Application and Platform** – The Program will use a mobile friendly online application process that will direct potential participants to the appropriate new construction programs. The easy enrollment method is expected to increase program participation. It will also integrate program data across EE, Trade Allies, and utility partners to streamline communications, approvals, internal reviews and provide transparency for the IOUs and the CPUC.
- **Proactive Outreach** – Marketing and outreach teams will leverage extensive network of Architects/Engineers contacts and developer. Use of these existing relationships will lead to increased enrollments and deeper market penetration.
- **Flexible Incentives and Financing** – The Program offers flexible cash incentives to help overcome hurdle rates to participation. These incentives will also help lower barriers for Hard to Reach (HTR) customers to increase EE adoption.
- **Technical Assistance as Program Incentive** – The Program will offer technical assistance at no cost to the project design teams. This is intended to stimulate the non-residential new construction market to increase market share of higher efficiency products and to lower incremental measure costs.
- **Ongoing Performance and Monitoring** – The Program will ensure savings accuracy and persistence with ongoing monitoring. Monitoring these projects is intended to bring about long-term market transformation.

- **HTR Customers / DAC or Low-Income:** The Program is committed to engage HTR customers in under-served low-income multifamily high-rise projects.
- **IDSM:** IDSM is limited in the scope of work for this program to those activities that would be funded from EE funds. Willdan will work with SWNC customers to encourage the adoption of IDSM measures through customer education and referrals to other programs and funding sources. This customer education will include promoting the adoption of EE-DR measures that can be paid for through EE funds.

## B. Subject

Table A below lists the two contract awards thus far resulting from the negotiations following PG&E’s SWNC 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>21</sup> PG&E has drafted separate advice letters for each contract. The subject of this advice letter is the Willdan Energy Solutions – Non-Residential, Mixed Fuel – California New Construction contract which is proposing to serve customers in the Non-Residential sector.

Table A: Contracts Resulting From PG&E’s SWNC Solicitation			
		Budget (\$M)	Duration (months)
<b>Non-Residential Sector</b>			
1.1	Willdan Energy Solutions Non-Residential, All Electric - California New Construction	\$30.7M	66
1.2	Willdan Energy Solutions Non-Residential, Mixed Fuel – California New Construction	\$50.7M	66

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

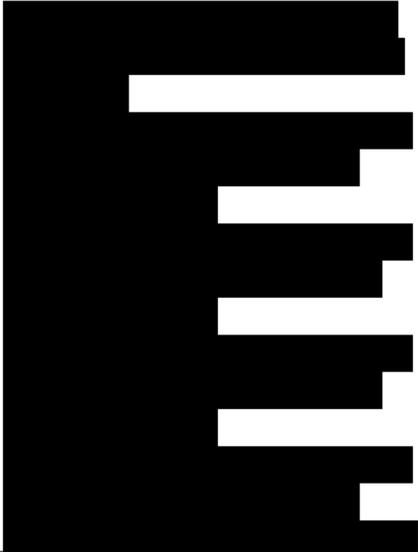
Table B1.2 General Contract Summary – Willdan Energy Solutions Non-Residential, Mixed Fuel - California New Construction		
1	Solicitation name	Third-Party Energy Efficiency Statewide New Construction Program
2	Type of program: local, regional or statewide	Statewide
3	Delivery Type – specify the delivery type (i.e., direct install, upstream, midstream, or downstream)	Downstream
	A. Direct Install/Downstream Customer Targeting (Yes or No)	No Direct Install, Yes Downstream Customer Targeting

<sup>21</sup> D. 18-01-004, p. 61, OP 2.

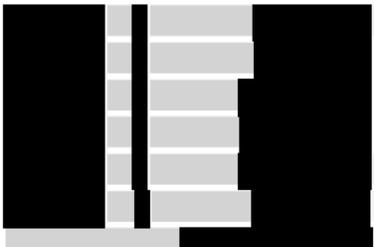
**Table B1.2 General Contract Summary – Willdan Energy Solutions**  
**Non-Residential, Mixed Fuel - California New Construction**

	B. Customer Targeting brief description, if applicable	100% downstream delivery through existing relationships with 6,400 California architects, engineers, developers, and community-based organizations; deemed and custom measures
	C. Midstream/Upstream Market Actors receiving incentives (i.e., manufacturers, distributors, contractors, or other (specify).	No
4	Market/Sector(s)	Agricultural, Multifamily High-Rise, Industrial, Public, and Commercial
5	Customer Segment(s)	All customer segments under the Market Sectors listed above
6	Third-Party Implementer/Subcontractor name	Willdan Energy Solutions
7	Name of program or service	Non-Residential, Mixed Fuel – California New Construction
8	Brief description of program or service (2-3 sentences)	Willdan’s Program objective is to enroll and influence the non-residential new construction market to deeper energy savings and decarbonization with key activities of outreach and education, real-time energy modeling, verification, and data tracking to inform codes and standards.
9	Total kWh Energy Savings (First year, net) for each year contract in effect	[REDACTED]
10	Total MW Energy Savings (First year, net) for each year contract in effect	[REDACTED]
11	Total therms Energy Savings (First year, net) for each year contract in effect	[REDACTED]

**Table B1.2 General Contract Summary – Willdan Energy Solutions**  
**Non-Residential, Mixed Fuel - California New Construction**

12	Hard to Reach (HTR) Customers. 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	
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	Per Attachment 1, PG&E interprets HTR/DAC customers as low-income designated properties since new construction programs target builders and developers versus individual customers for Statewide New Construction Program. The combined HTR/DAC forecasted total number customers and savings per year as summarized in item 12 (above).
14	Forecasted Number of Customers Served by Program Year	
15	Area(s) Served (including service territory, climate zones, cities, and/or counties, as applicable)	All IOU service territories (i.e. climate zones: 1 thru 16
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 \$/therm (TRC levelized cost, CET output)*	
21	Program \$/therm (PAC levelized cost, CET output)**	

**Table B1.2 General Contract Summary – Willdan Energy Solutions  
Non-Residential, Mixed Fuel - California New Construction**

22	Budget: Forecast budget by program year (PY) for each year contract in effect	
23	Budget: Forecast expenditures by program year (PY) for each year contract in effect	
24	Budget: Total Program Budget	<p>Total           \$       50,697,244 (through 12/31/2025)</p> <p>NOTE: The Agreement’s CWA authorizing Implementer Program Term to render Services is until December 31, 2025. Program Services and budget after December 31, 2025 shall be contingent upon CPUC approving funding for PG&amp;E’s energy efficiency program portfolio after 2025. The authorized Program budget complies with the CPUC current approved ABAL and requires the Parties issue a change order to add these additional Services and budget after 2025.</p>
25	Budget: If EE/DR component to the program, provide dollar amount and percent of total budget dedicated to EE/DR component	<p>\$0 0%</p> <p>NOTE: While there is currently no budget associated with IDSM, PG&amp;E intends to work with Willdan to incorporate IDSM during program implementation.</p>
26	Measure(s)	

**Table B1.2 General Contract Summary – Willdan Energy Solutions  
Non-Residential, Mixed Fuel - California New Construction**

		[REDACTED]
27	Savings Determination Type (i.e. custom, deemed, Net Metered Energy Consumption, or Randomized Control Trial)	[REDACTED]
28	Savings Calculation Method(s) (Meter-Based, Deemed, Calculated, Multiple and/or Other) If Multiple or Other, please specify	[REDACTED]
29	Contract start date and end date	05/01/2021* - 12/31/2025 *Estimated contract start date as CPUC approval is required. NOTE: The Agreement's CWA authorizing Implementer Program Term to render Services is until December 31, 2025. Program Services and budget after December 31, 2025 shall be contingent upon CPUC approving funding for PG&E's energy efficiency program portfolio after 2025. The authorized Program budget complies with the CPUC current approved ABAL and requires the Parties issue a change order to add these additional Services and budget after 2025.
30	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.	[REDACTED]

Table B1.2 General Contract Summary – Willdan Energy Solutions Non-Residential, Mixed Fuel - California New Construction		
31	NAICS codes eligible for the program	11, 21, 22, 23, 31, 32, 33, 42, 44, 45, 48, 49, 51, 52, 53, 54, 55, 56, 61, 62, 71, 72, 81, and 92
32	Geographically areas served by the program	All California IOU service territories (PG&E, SDG&E, SCE, and SoCalGas)

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

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

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

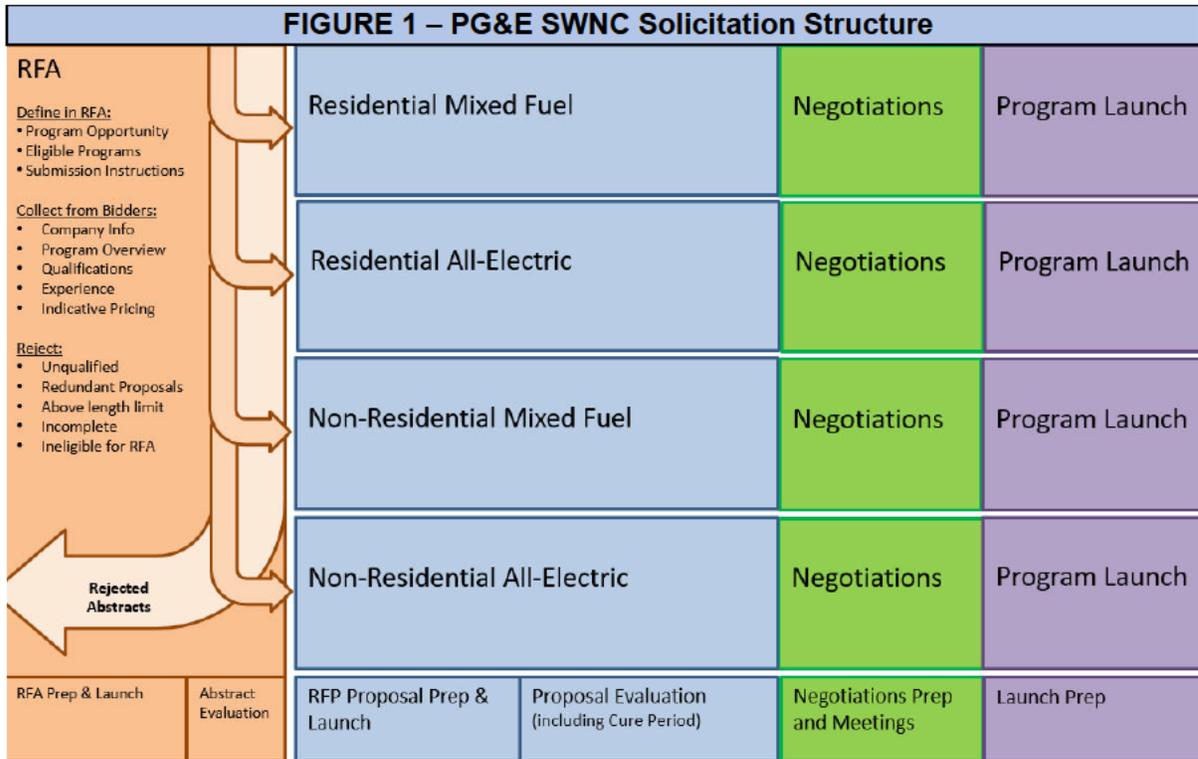
As prescribed in D.18-01-004,<sup>22</sup> PG&E designed a two-stage solicitation process that included an initial RFA solicitation stage followed by an RFP solicitation stage. To provide bidders with flexibility, the RFA was open in scope to promote innovative cross-sector program concepts. Bidders were allowed to include any building or occupancy type covered by California Code of Regulations Title 24, Parts 6 and 11, including whole new buildings, additions, alterations, and covered processes. Additionally, bidders were encouraged to propose strategies to support future C&S.

The RFP encouraged bidders to not only consider integrated design of whole new buildings, additions and/or alterations that exceed Title 24, Part 6 requirements, but also to incorporate design options for all-electric residential and/or non-residential buildings. Bidders were also asked to consider alterations activities within the framework of the SWNC to support the advancement of C&S.

PG&E consulted the non-lead IOU PAs when developing the scope and requirements for the SWNC RFA and RFP. The non-lead IOU PAs were not involved in the evaluation of any abstracts or proposals. PG&E as Lead-IOU PA was solely responsible for the end-to-end administration of the solicitation process and evaluation of the program submissions.

The primary components of the solicitation process are depicted in *Figure 1 – PG&E SWNC Solicitation Structure*.

<sup>22</sup> D.18-01-004, p. 57, Conclusion of Law (COL) 5.



Bidders shortlisted in the RFP were invited to participate in 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.

Three IEs were assigned to observe the solicitation. IE activities included the review of solicitation materials such as solicitation plans, solicitation language, evaluation criteria, solicitation procedural steps, solicitation scoring, and Contracts as well as monitoring of pre-bid meetings and Contract negotiations to assist in implementing fairness and consistency with State of California statutes and Commission policies, guidance, and the IOUs’ approved business plans. The IEs are listed below in *Figure 2 – PG&E EE Independent Evaluator Pool* along with their assigned area of responsibility in this solicitation. A weekly check-in call with the IEs 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
Non-Residential	EAJ Energy Advisors	Steve McCarty Norm Stone Mike Alexander

FIGURE 2 – PG&E EE Independent Evaluator Pool		
Customer Sector	Organization / Company	Independent Evaluator
Codes & Standards	Barakat Consulting	Elizabeth Lowe Lynn Landry

## 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 SWNC RFA process. A detailed RFA solicitation timeline can be found in *Figure 10 – RFA and RFP Solicitation Process Events*.

**RFA Scope & Structure:** The RFA scope was intentionally broad to promote innovative cost-effective cross-sector program concepts. The RFA encouraged bidders to consider a new approach to traditional new construction incentive programs. Bidders not only could focus on single or multifamily residential projects and/or nonresidential buildings of any occupancy type covered by Title 24, Parts 6 and 11, but also propose programs that would extend beyond whole new buildings and additions, and target alterations that trigger energy code building permits to support the advancement of C&S. Including significant, multi-system alterations in the program's scope was critical to connect new construction programs with future C&S and to encourage customers to go beyond the state minimum standards and achieve more significant energy use reductions.

**RFA Eligibility:** The RFA was open to innovative program designs which employed new program configurations and were capable of serving the residential or non-residential sectors, both sectors, or a subset of either sector across all IOU territories. Bidders could submit multiple program ideas. Each submission was limited in length to reduce the burden on solicitation participants to respond and to promote the efficient evaluation of the 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

PowerAdvocate 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, plans to support C&S, team qualifications and prior new construction program experience. *Figure 3 – PG&E SWNC RFA Evaluation Criteria* lists the various criteria and sub-criteria used to evaluate abstract submissions.

<b>FIGURE 3 – PG&amp;E SWNC RFA Evaluation Criteria</b>	
<b>RFA Scoring Criteria</b>	<b>Sub-Criteria</b>
Program Concept	Program Design Benefits Support for Future Codes and Standards Program Feasibility Innovative Program Design Features
Company Experience & Qualifications	Team Composition & Qualifications Prior New Construction Program Experience

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 solicitation strategy, RFA structure, and evaluation approach for feedback. In May 2019, 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 94 comments and points of feedback from IOUs, 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 during the RFA document review can be found in section 1.C.IX.

**RFA Launch:** PG&E issued its SWNC RFA solicitation on May 28, 2019 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 PowerAdvocate. PG&E raised awareness of the solicitation launch by posting a Contract Opportunity Announcement (COA) to the California Statewide IOU 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 June 6, 2019 via webinar and 78 participants (inclusive of utility and Commission personnel) attended the conference via WebEx. 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 PowerAdvocate platform was June 14, 2019. PG&E received 9 questions from bidders. PG&E uploaded responses to questions in PowerAdvocate for all bidders to access on June 20, 2019. 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 seven PG&E evaluators who had a broad understanding of residential and non-residential new construction EE programs, as well as understanding of C&S. Reviewers were screened for potential conflicts of interest before placement on the evaluation committee. Prior to receiving abstracts for evaluation, PG&E conducted a training session on June 19, 2019 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.

**RFA Submission and Validation:** On June 28, 2019, PG&E received 13 Abstracts from 11 unique counterparties submitted through the PowerAdvocate platform. Prior to scoring, each Abstract was reviewed for conformance with solicitation eligibility requirements. No abstracts were rejected due to non-conforming with eligibility requirement. A breakdown of the abstracts received by sector can be found below in *Figure 4 – Breakdown of Abstracts Received*. Abstracts were grouped by the customer sector they focused on.

FIGURE 4 – Breakdown of Abstracts Received			
Customer Sectors	Abstracts Received	Non-Conforming	Abstracts Evaluated
Residential	3	-	3
Non-Residential	7 (3 Commercial, 1 Public)	-	7
Both Sectors (Residential & Non-Residential)	3 (various combination of Agricultural, Industrial, Public, Residential, and Commercial)	-	3
<b>Total</b>	<b>13</b>	<b>-</b>	<b>13</b>

**RFA Evaluation:** The abstract evaluation process started on July 3, 2019 and lasted and lasted for 5 weeks. Each Abstract was reviewed against the 7 evaluation criteria: program design, benefits, Support for future C&S, program feasibility, innovative program design features, team qualifications, and prior new construction program experience. For each abstract, PG&E evaluation team members individually assigned a preliminary score for each of the 7 evaluation criteria. IEs performed a parallel evaluation of each abstract.

**RFA Calibration:** PG&E applied the same RFA evaluation process used in the local multi-sector solicitation originally presented to PRG in February 2019. After RFA evaluation, PG&E conducted calibration discussions across all scoring criteria and finalized 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 with scores (including IE scores) with a total range of 3 between the maximum and minimum score. 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 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:** The process for shortlisting proposals was straightforward with PG&E advancing the highest scoring abstracts within each category. PG&E did not have a predetermined number of submissions to advance and instead looked for natural breaks in the scoring to determine the shortlist. A breakdown of the shortlisted abstracts can be found below in *Figure 5 – PG&E SWNC RFA Shortlist*.

FIGURE 5 – PG&E SWNC RFA Shortlist					
Customer Sectors	Abstracts Received	Non-Conforming	Abstracts Evaluated	Shortlisted in RFA	Advancing to RFP
Residential	3	-	3	1	1
Non-Residential	7	-	7	3	3
Both Sector (Residential & Non-Residential)	3	-	3	3	3
<b>Total</b>	<b>13</b>	<b>-</b>	<b>13</b>	<b>7</b>	<b>7</b>

PG&E dismissed 6 abstracts from the RFA and shortlisted 7 abstracts yielding an overall pass rate of 54% for the RFA. PG&E advanced all 7 abstracts to the subsequent RFP stage.

### 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 SWNC RFP process. A detailed RFP solicitation timeline can be found in *Figure 10 – RFA and RFP Solicitation Process Events*.

**RFP Scope & Structure:** PG&E opted to draft a single modular RFP structure that could account for residential and non-residential 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 Low-income program functions. Inclusion of the specialized program functionality was optional for bidders.

Due to California’s ambitious energy and Greenhouse Gas (GHG) policy goals, and the construction market being the key success factor to achieving those goals, the RFP scope focused bidders to propose new construction programs that encouraged energy-efficient design and influence advanced construction practices to produce more efficient, low-emission buildings throughout the state, and to reduce barriers to new C&S by collecting data from the alterations projects to support C&S advocacy. Therefore, bidders were encouraged to consider existing building alterations and additions as well as whole buildings.

To promote the state’s increased focus on decarbonization, the RFP included refinements to encourage bidders to consider incorporating in their programs design options for all-electric residential and/or non-residential buildings while generally retaining the program designs embodied in their abstracts. Bidders were asked to split their programs into separate residential (all-electric and/or mixed-fuel programs) and non-residential (all-electric and/or mixed fuel programs) offerings; therefore, as an example, a single Abstract that targeted both sectors in the RFA could have been split into maximum 4 proposals.

Bidders were asked to align their program proposals to one of the categories defined below in *Figure 6 – PG&E SWNC Program Categories*:

<b>FIGURE 6– PG&amp;E SWNC Program Categories</b>	
<b>Category</b>	<b>Description</b>
Category 1	Non-Residential mixed-fuel buildings
Category 2	Non-Residential all-electric buildings
Category 3	Residential mixed-fuel buildings
Category 4	Residential all-electric buildings

To calculate program cost effectiveness, bidders were asked to utilize the CPUC’s approved Cost Effectiveness Tool (CET). Additionally, PG&E provided a tool for bidders to incorporate the avoided gas infrastructure benefits for the all-electric programs.

**RFP Eligibility:** Participation in the RFP was by invitation only and limited to bidders of the 7 abstracts shortlisted in the previous RFA stage.

In the RFP, the proposals had to remain within the sector focuses included in the Abstracts, but bidders were asked to elaborate and improve upon their Abstracts and had the option to include all-electric program designs.

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>23</sup> a complete set of program Cost Effectiveness Tool (CET) output files, team resumes, a transmittal letter, an Experience Modification Rate (EMR) Letter, a Supply Chain Responsibility Exhibit, and lastly the direct entry of Supply Chain Responsibility information into the PowerAdvocate 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, C&S support, program management practices, aspects of program innovation, IDSM program features, 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 7 – PG&E SWNC RFP Evaluation Criteria* lists the various sub-criteria used to evaluate each proposal submission.

FIGURE 7 – PG&E SWNC RFP Evaluation Criteria	
RFP Scoring Criteria	Sub-Criteria
Program Design	Program Design and Logic Model IDSM Program Features Program Innovation (Optional Enhanced C&S Support)
Program Benefits	Cost and Energy Savings TRC Net Benefits / TRC Ratio PAC Net Benefits / PAC Ratio C&S Support (Mandatory Baseline Level)
Program Feasibility	End-to-End Implementation Risk Management Implementation Program Structure and Performance Measurement

<sup>23</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 utilization of a term sheet is an acceptable substitute when a full contract is not readily available.

Company Qualifications	Company Qualifications Prior Experience
Supply Chain Responsibility	Diverse Business Enterprise
HTR / DAC or Low-Income Program (optional)	HTR / DAC or Low-Income Program Design

**RFP Final Document Review:** In the months leading up to RFP launch, PG&E presented the SWNC RFP structure, refined program function detail, and RFP scoring methodology to IOUs, IEs, and the PRG for early feedback. During the process, PG&E collected a total of 148 comments 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 during the RFP document review can be found in section 1.C.IX.

On March 3, 2020, PG&E submitted the completed RFP solicitation documents, including the solicitation instructions, the scoring criteria and weighting, and the narrative and data response forms, for PRG’s final review prior to the issuance of the RFP.

**RFP Launch:** PG&E issued the SWNC RFP solicitation on March 16, 2020. Since participation in the RFP was by invitation only, PG&E notified bidders of the RFP directly via the PowerAdvocate 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 PowerAdvocate platform only. PG&E will post original RFP documents to the EE Solicitation website after the SWNC contracting is concluded.

**RFP Bidders Conference:** The RFP Bidders’ Conference was held on March 26, 2020 via webinar, and 71 participants (inclusive of utility and Commission personnel) attended the conference via WebEx. 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 PowerAdvocate platform was April 3, 2020. In total, PG&E received 39 questions (9 questions from Bidders Conference, 30 questions via PowerAdvocate) from bidders. PG&E uploaded the final Bidder Q&A Log to PowerAdvocate on April 10, 2020 for all bidders to access. High level observations of the questions received can be found in section 1.C.VIII.

**RFP Evaluation Team Training:** The PG&E RFP evaluation team consisted of 11 evaluators focused on the areas of program management in the residential and non-residential new construction sectors, C&S, CET modeling, IDSM, energy savings platforms (deemed, custom, NMEC), PG&E Sourcing and Supply Chain Responsibility. Prior to receiving proposals for evaluation, PG&E conducted a training session on May 11, 2020

with the evaluation team 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:** Due to the impact of COVID 19, several bidders requested the solicitation submission deadline to be extended. PG&E conducted a bidder survey, and based on the responses, PG&E extended the solicitation submission deadline for all bidders from April 27, 2020 to May 11, 2020 (two weeks) to allow adequate time for bidders to submit their program proposals. On May 11, 2020, PG&E received 13 proposals from 6 unique counterparties. Each proposal was reviewed for conformance with solicitation eligibility requirements prior to scoring. No proposals were rejected due to non-conforming with eligibility requirements. A breakdown of the proposals received can be found below in *Figure 8 – Breakdown of Proposals Received*.

<b>FIGURE 8 – Breakdown of Proposals Received</b>			
<b>RFP Program categories</b>	<b>Proposals Received</b>	<b>Non-Conforming</b>	<b>Proposals Evaluated</b>
Non-Residential Mixed Fuel	6	-	6
Non-Residential All-Electric	4	-	4
Residential Mixed Fuel	1	-	1
Residential All-Electric	2	-	2
<b>Total</b>	<b>13</b>	<b>-</b>	<b>13</b>

**ED Guidance Regarding SWNC Program Electrification Efforts:** PG&E requested ED provide clarification and guidance on bidder’s ability to count Avoided Gas Infrastructure Cost (AGIC) to correctly calculate program cost effectiveness and the ability to provide sufficient incentives to induce builders to forego natural gas appliances. ED responded to PG&E on May 13, 2020 providing guidance and clarification. The CPUC confirmed that PG&E’s AGIC values may be used across all IOU service territories on January 26, 2021 in an email response to a December 2020 PG&E letter<sup>24</sup> requesting interim use of PG&E AGIC values for the statewide new construction all electric program. The AGIC values provided by PG&E for bidders’ use in preparing their cost effectiveness submissions were based on a

<sup>24</sup> See Attachment C for PG&E letter and email response from Energy Division.

letter to the CEC updating PG&E gas extension costs.<sup>25</sup>

PG&E provided additional cost effectiveness guidance to bidders on June 4, 2020 via PowerAdvocate. Bidders were provided the deadline of June 14, 2020 to submit questions regarding the cost effectiveness guidance. PG&E received a total of 12 questions from bidders and uploaded the responses to PowerAdvocate on June 17, 2020.

**Proposal Amendment Submittal:** Bidders were given the choice to modify their proposals in response to the cost effectiveness guidance if they determined it was appropriate. The deadline to submit an amendment was June 25, 2020. Bidders had the option to provide a revised RFP Data Response Form and an addendum to include any proposed changes to the Narrative Response Form. PG&E received 10 amendment submittals by June 25, 2020.

**RFP Cure Period:** After the RFP was closed, PG&E reviewed bidders' CETs and invited each bidder to a meeting to discuss the CET output files and the program's underlying assumptions. Each bidder was provided with one opportunity to submit a revised CET based on the discussions in the meeting. The objective of the cure period was to provide feedback to bidders to improve the quality of their submissions, and the revised CETs were considered in the final evaluation and scoring of the proposals.

PG&E hosted 60-180-minute CET discussion meetings (time varied to accommodate bidders with multiple proposals) with bidders between July 8-10, 2020. The deadline to submit revised CET information to PG&E was on a rolling basis, 5-6 calendar days (depending on the number of proposals) after each CET discussion meeting. PG&E received 13 revised CETs and/or supporting documents for the programs' underlying assumptions. The 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. The Mendota Group, LLC was the IE assigned to monitor all feedback provided to bidders to ensure the information provided was unbiased.

**RFP Evaluation:** Individual scoring of proposals started in mid-May and lasted for 9 weeks which included the RFP Cure Period. Each proposal was reviewed against the evaluation criteria and sub-criteria listed in *Figure 7 – PG&E SWNC RFP Evaluation Criteria*. PG&E evaluation team members individually assigned a preliminary score for each sub-criterion within their area of specialization. IEs performed a parallel evaluation of each proposal within their assigned sectors. In total 13 program proposals from 6 individual bidders were evaluated in the RFP.

**RFP Calibration:** On July 22, 2020 PG&E conducted calibration discussions across all scoring criteria and finalized 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

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<sup>25</sup> See Attachment D for PG&E letter to the CEC regarding gas extension costs.

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 3 or greater. The calibration discussions were significant and lasted 3 hours, but ultimately, the discussions did not substantively change the outcome.

**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:** On July 28, 2020, PG&E presented the RFP shortlist to the PRG and discussed the proposed shortlisting approach. In the meeting, several PRG members questioned the number of advancing proposals for the non-residential sector given the relatively high score of the leading bid. The PRG recommended to dismiss all potential contracting alternatives and only negotiate with the top scoring proposal.

In the meeting, PG&E explained that narrowing the field to a de-facto winner in the RFP could significantly limit PG&E's options should negotiations with the lead bidder reach a stalemate. As all four IOUs included the SWNC non-residential program in their 40 percent outsourcing strategy, PG&E maintained that it was prudent to advance several negotiation options.

Following the PRG meeting, PG&E hosted a discussion with PRG members to further explain its shortlisting approach. Subsequently PG&E received written feedback from Public Advocates Office (PAO) regarding PG&E's SWNC shortlisting approach. The PAO raised concern that the SWNC shortlist included proposals with scores below 50 percent of the RFP scorecard and recommended to PG&E to further reduce the shortlist and to only negotiate with the top-scoring bidder in each sector.

Considering the feedback received from the PRG, PG&E clarified an adopted modification to its original negotiation process. Instead of negotiating with all advancing bidders immediately, PG&E engaged the top-scoring bidder and only expanded negotiations to middle tier bidders if negotiations faltered.

A breakdown of the shortlisted proposals by program categories can be found below in *Figure 9 – PG&E SWNC RFP Shortlist*. PG&E dismissed 5 proposals from the RFP and shortlisted 8 proposals yielding an overall pass rate of 62% for the RFP.

FIGURE 9 – PG&E SWNC RFP Shortlist				
Program Categories	Proposals Received	Non-Conforming	Proposals Evaluated	Advance to Negotiations
Non-Residential Mixed Fuel	6	-	6	4

Non-Residential All-Electric	4	-	4	2
Residential Mixed Fuel	1	-	1	1
Residential All-Electric	2	-	2	1
<b>Total</b>	<b>13</b>	<b>-</b>	<b>13</b>	<b>8</b>

#### IV. Contract Negotiation Overview

**Negotiations – Contracting:** PG&E’s EE Program Implementation Agreement (PIA) served as the starting point for negotiation of an executable agreement. The contract form included flexible annual program realignment provisions and a performance contract management framework. The contract was reviewed by IEs and presented to the PRG in the August 2020 monthly meeting. 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, 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 California customers 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.

**Non-Residential Negotiations:** As SWNC non-residential negotiations were concluded, PG&E came to agreement on terms with 1 counterparty and executed 2 contracts for 2 programs (1 mixed fuel, 1 all-electric). Both contracts were allocated to PG&E’s 40 percent outsourcing compliance requirement ahead of the December 31, 2020 deadline.<sup>26</sup>

**Residential Negotiations:** The negotiations for the residential programs are ongoing and when complete, will contribute to PG&E’s 60 percent outsourcing requirements.

#### V. Solicitation Timelines

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

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<sup>26</sup> D.18-01-004 p. 61 OP. 1a

**FIGURE 10 – RFA and RFP Solicitation Process Events**

<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.	Q1 2019	Q1 2019	
<b>RFA Issued</b> RFA documents were available to bidders on PG&E's EE Solicitation Website as well as PowerAdvocate for download.	May 2019	May 28, 2019	Start SWNC solicitation - Stage 1
<b>RFA Pre-Bid Conference</b> Conference made available via webinar to all interested participants. Registration was not required to attend this event.	Early-June 2019	June 6, 2019	78 people attended via WebEx (inclusive of utility and Commission personnel).
<b>RFA Q&amp;A Deadline</b> Deadline to submit written questions to PG&E in PowerAdvocate.	Early-June 2019	June 14, 2019	
<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.	Mid-June 2019	June 21, 2019	PG&E responded to 9 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.	Late-June 2019	June 28, 2019	
<b>RFA Evaluation and Scoring</b> Scoring and Calibration	Mid-July 2019	July 3 - August 7, 2019	
<b>RFA Shortlist Finalized</b>	Late-July 2019	August 12 - 16, 2019	

**FIGURE 10 – RFA and RFP Solicitation Process Events**

<b>Event</b>	<b>Planned Date</b>	<b>Actual Date</b>	<b>Notes</b>
<b>RFA Shortlist Presented to PRG</b>	Late-July 2019	August 27, 2019	
<b>RFA Shortlist Notification</b> Bidders were notified whether their Abstract(s) were shortlisted through PowerAdvocate.	August 2019 (tentative date)	September 17, 2019	PG&E notified 13 bidders regarding the status of their Abstract(s).
<b>RFP Material Development</b> Developed solicitation materials, scoring rubric, scoring elements and criteria and presented to and reviewed by IEs and PRG members.	September - December 2019	October 2019 - February 2020	
<b>RFP Issued</b> RFP documents were available to bidders in PowerAdvocate for download.	January 2020	March 16, 2020	Bidders were notified that the RFP was launched.
<b>RFP Pre-Bid Conference</b> Pre-Bid Conference event registration and webinar access instructions available in PowerAdvocate.	Early-February 2020	March 26, 2020	71 people attended via WebEx (inclusive of utility and Commission personnel).
<b>RFP Q&amp;A Deadline</b> Written questions regarding the RFP were due to PG&E in PowerAdvocate.	Mid-February 2020	April 3, 2020	PG&E received 39 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.	Late-February 2020	April 10, 2020	PG&E uploaded the responses to 39 questions to PowerAdvocate on April 10.

**FIGURE 10 – RFA and RFP Solicitation Process Events**

<b>Event</b>	<b>Planned Date</b>	<b>Actual Date</b>	<b>Notes</b>
<b>Proposal Submission Deadline</b> Bidders Proposals submission due date. Registration in PowerAdvocate was required to submit a Proposal.	Mid-March 2020	May 11, 2020	Based on several requests from bidders, PG&E extended the April 27, 2020 RFP close date due to COVID 19 to allow bidders adequate time to respond.
<b>RFP Cure Period</b> Bidders had one opportunity to submit a revised CET.	May - June 2020 (tentative date)	July 8 - 17, 2020	
<b>RFP Evaluation and Scoring</b> Scoring and Calibration	March - June 2020	May 15 - July 22, 2020	PG&E screened and scored 13 Proposals. This period includes the Cure Period.
<b>RFP Shortlist Presented to PRG</b>	June 2020	July 28, 2020	8 Proposals advanced to negotiations.
<b>RFP Shortlist Notification</b> Bidders were notified whether their Proposal(s) were Advancing through PowerAdvocate	July 2020 (tentative date)	August 13 - 21, 2020	
<b>Contract Negotiations</b>	July - August 2020 (tentative date)	August - October 2020 (SWNC non-residential sector)	SWNC residential sector negotiations have not concluded yet.
<b>Contracts presented to PRG</b>	September 2020 (tentative date)	October 27, 2020 (SWNC non-residential sector)	SWNC residential sector negotiations have not concluded yet.
<b>Execute Agreements</b> Parties negotiations and successful agreement with counterparties reflected in executed Agreements	October 2020 (tentative date)	November 30, 2020 (SWNC non-residential sector)	PG&E executed two contracts resulting from SWNC non-residential sector RFP.  SWNC residential sector negotiations have not concluded yet.
<b>Advice Letter</b> PG&E filed 2 Advice Letters	November 2020 (tentative date)	February 2021 (SWNC non-residential sector)	PG&E filed 1 Advice Letter for each SWNC non-residential contract (2 Advice Letters total)

FIGURE 10 – RFA and RFP Solicitation Process Events			
Event	Planned Date	Actual Date	Notes
			SWNC residential sector negotiations have not concluded yet.

## 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 11 – 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. PG&E will post original RFP documents to the EE Solicitation website after the SWNC contracting is concluded.

### **VIII. Communications with Bidders**

Whenever possible, communications between PG&E and bidders was managed within the PowerAdvocate 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 CET Review.

#### **(a) RFA Question Themes Observed**

At the RFA stage, PG&E received 9 questions from bidders and observed that the questions focused on submission process, and unique aspects of the RFA. In particular, the following themes were observed by PG&E in the RFA questions:

- **SWNC RFA Process:** Clarification of the number of abstracts each bidder could submit and the inclusion of web links and graphics in the abstract form;
- **Statewide Program Terms:** Clarification on contract term and CET requirement.

#### **(b) RFP Question Themes Observed**

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

- **RFP Documents:** Clarifications of submission requirements, and acceptable formatting of forms;
- **CET and Avoided Gas Infrastructure Costs:** How to recognize load shifting benefits in the CET, CET inputs, Net to Gross ratios, when would a project be eligible under an all-electric program for additions and alterations, and what data were used

in the avoided gas infrastructure costs;

- **Program Budget:** Clarification on funding for the enhanced C&S, whether bidders were limited to the program's budget cost category targets, and if the budget for each sector was allocated to both all-electric and mixed fuel programs.

PG&E provided responses to these questions during allotted Q&A for the solicitation.

**(c) Other Key Communication Points**

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

**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.

**IX. Independent Evaluators**

PG&E engaged three IEs from the Commission's approved list of IEs for this SWNC RFA/RFP process. Each IE was assigned responsibility for a customer sector as outlined in *Figure 2 – 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 three 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.

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>27</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; and 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;
- 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 and innovation.

**(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 completeness;
- Refined definition of alteration;

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<sup>27</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.

- Refinement of baseline and enhanced C&S support definition;
- Revisions to scoring criteria and weighting;
- Improved training of evaluation team members in advance of proposal scoring.

During the CET review process, The Mendota Group, LLC monitored PG&E’s responses to bidders to ensure consistency, accuracy, and free of any bias.

(c) Summary of IE input in Negotiations

All IEs reviewed the draft contract forms prior to kicking off contract negotiations. The IEs also monitored communications between PG&E and bidders during Contract Negotiations to ensure discussions were conducted fairly. During the CET review, The Mendota Group, LLC monitored communications between PG&E and bidders.

## 2. TRANSITION PLAN FROM EXISTING TO NEW PROGRAM

PG&E summarizes the transition from similar existing programs serving the SWNC Non-Residential sector to the new third party implemented program in *Figure 12 – 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 that will not transition to the new third party implemented program have been identified as “Not Replaced” in the table below.

Figure 12: Transition Plan from existing IOU programs to the new statewide third-party implemented program.

Figure 12 – Transition Plan				
Transition Plan to New 3P Statewide Non-Residential New Construction Program	EXISTING PROGRAMS			
	PrgID	Program Name	Subprogram Name / Program Common Name	Subsector
Full Replacement by the following programs; Non-residential Statewide New Construction	PGE211025, SCE-13-SW-02G, SDGE3217, SCG3813	Savings By Design	Savings By Design (SBD)	Commercial
Partial Replacement of UC/CSU Institutional Partnerships	PGE2110012, SCE-13-L-003G, SDGE3272, SCG3740	UC/CSU Partnership	UC/CSU Partnership	Public

Partial Replacement of State of California Institutional Partnerships	PGE2110013, SCE-13-L-003F, SDGE3273, SCG3741	State of California Partnership	State of California Partnership	Public
Partial Replacement of CA Department of Corrections Institutional Partnerships	PGE2110014, SCE-13-L-003B, SDGE3270, SCG3738	CA Department of Corrections Partnership	CA Department of Corrections Partnership	Public
Partial Replacement of California Community Colleges Institutional Partnerships	PGE2110011, SCE-13-L-003A, SDGE3271, SCG3739	California Community College Partnership	California Community College Partnership	Public
Not Replaced	N/A			

### 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 SWNC 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: SWNC 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)**



# Individual Energy Efficiency Independent Evaluator's Report

## Pacific Gas and Electric Company Statewide New Construction Energy Efficiency (EE) Solicitation Report

Statewide Non-Residential New Construction (NRNC) Program

Prepared by:  
*EAJ Energy Advisors*



*January 2, 2021*

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# PG&E Statewide New Construction EE Program Solicitation

## 1. Background

The Independent Evaluator Report<sup>1</sup> (Report) provides an assessment of Pacific Gas and Electric Company's (PG&E or the Company) third-party energy efficiency (EE) program solicitation process and progress by PG&E's assigned Independent Evaluators (IEs). The Report is intended to provide feedback to PG&E and other stakeholders on the Company's energy efficiency program solicitations in compliance with the California Public Utilities Commission (CPUC) direction.<sup>2</sup>

For the Statewide New Construction (SWNC) Solicitation report, there are three IEs assigned to monitor and evaluate the solicitation process, as shown below in Table 1. These three IEs worked together on general oversight and feedback to PG&E in the RFA and RFP stages, but focused on their individual assigned sectors where applicable in the process (reviewing abstracts, proposals, and tracking negotiations). The IE assigned to each sector are to provide a Solicitation Report by sector. This report meets that requirement for the Non-Residential market sector.

Sector	Independent Evaluator
Codes and Standards Coordination	<i>Barakat Consulting, Inc. (BCI)</i>
Residential	<i>The Mendota Group (TMG)</i>
Non-Residential	<i>EAJ Energy Advisors, LLC (EAJ)</i>

### 1.1. Regulatory Context

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

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

### 1.2. Two Stage Solicitation Approach

The IOUs are required by the CPUC to conduct a two-stage solicitation approach for soliciting third party program design and implementation services as part of the energy efficiency portfolio "unless there is a specific schedule-related reason only one stage is possible"<sup>3</sup>. All IOUs are required to conduct a Request for

<sup>1</sup> This IE solicitation report is the first report for PG&E's Statewide New Construction EE Solicitation. This report provides an overview of the entire solicitation process with a focus on the Non-Residential New Construction market sector for which EAJ Energy Advisors, LLC was assigned specific IE oversight responsibility. The solicitation remains open as PG&E completes negotiations with another bidder for the Residential New Construction market sector.

<sup>2</sup> Decision 18-01-004, OPN 5 c

<sup>3</sup> D.18-01-004, COL 5

Abstract (RFA) solicitation, followed by a full Request for Proposal (RFP) solicitation for successful RFA bidders.<sup>4</sup>

The CPUC also requires each IOU to assemble an Energy Efficiency Procurement Review Group (EE PRG or PRG). An IOU’s EE PRG, a CPUC-endorsed entity, is composed of non-financially interested parties such as advocacy groups, labor unions, and other non-commercial, energy-related special interest groups. The EE PRG is charged with overseeing an IOU’s EE solicitation process (both local and statewide), reviewing procedural fairness and transparency. This oversight includes examining overall procurement management 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 use 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 an unbiased, fair, and transparent competitive process is conducted. In this role, IEs view all solicitation related materials. Additionally, the IEs are invited to participate in the IOU’s solicitation-related discussions<sup>5</sup>. As noted for this Statewide New Construction Solicitation in Table 1 above, three IE firms were assigned to the solicitation, with each IE focused on a specific sector.

### 1.3. 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

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>6</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. No further extensions of time would be granted to the IOUs for meeting the third-party percentage requirements specified in Ordering Paragraph 4 of D.18-05-041.

## 2. Solicitation Overview

### 2.1. Overview

Table 2: IOU Statewide EE Program Assignments		
Investor Owned Utility	Sector	Description
Pacific Gas and Electric Company	Residential and Non-Residential	Statewide New Construction (SWNC)
Pacific Gas and Electric Company	Cross-cutting	Statewide Codes and Standards
Pacific Gas and Electric Company	Public – Institutional Partnerships	State of California/Dept. of Corrections

<sup>4</sup> Decision 18-01-004, p. 31.

<sup>5</sup> IEs were required to sign Non-Disclosure Agreements to prevent the release of confidential solicitation and bidder information to unauthorized persons or entities.

<sup>6</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.

Table 2: IOU Statewide EE Program Assignments		
Investor Owned Utility	Sector	Description
Pacific Gas and Electric Company	Cross-cutting	WE&T Career and Workforce Readiness
Pacific Gas and Electric Company	Cross-cutting	WE&T K-12 Connections
Southern California Edison	Residential	Statewide Residential Lighting Program
Southern California Edison	Public	Statewide Gov. & Inst. Partnerships and Water/Wastewater Pumping
Southern California Edison	Cross-cutting	Electric Emerging Technologies
San Diego Gas and Electric Company	Residential	SW Downstream Residential HVAC Pilot
San Diego Gas and Electric Company	Commercial/Residential	Commercial/Residential HVAC
San Diego Gas and Electric Company	Residential	PLA
Southern California Gas Company	Cross-Cutting	SW - Gas Emerging Technologies
Southern California Gas Company	Commercial	SW - Foodservice POS
Southern California Gas Company	Commercial	SW - Midstream Water Heating

As the CPUC directed, the abstracts submitted were to be short, high-level summaries of third-party program design concepts. The RFA stage resulted in 13 abstract proposals submitted by 11 bidders. Of the 13 abstracts, 7 were shortlisted and invited to participate in the RFP stage.

On May 11, 2020, 13 proposals were submitted by 6 bidders in response to the RFP. Of these 13 proposals, 10 proposals addressed the non-residential new construction market sector. The 3 remaining proposals targeted the residential new construction market sector.

## 2.2. Solicitation Scope

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

- Serve all customer sectors and sub-sectors, including all types and sizes of customers, across all geographies within IOUs' service territories.
- Address the specific needs of Disadvantaged communities (Residential and Non-Residential) and Hard-to-Reach markets (Non-Residential only).
- Promote long-term market transformation of the EE market.
- Do not duplicate or interfere with the scope of an IOU's local EE program portfolio
- Include any combination of resource and/or non-resource programs or program elements that support energy savings acquisition.

- Permit deemed, custom, and/or meter-based energy savings calculation methodologies or any combination of these methodologies.
- Permit any combination of upstream, midstream, or downstream delivery channels.
- Include EE programs that have Integrated Demand Side Management (IDSM) capabilities, including, but not limited to Demand Response (DR), Distributed Generation (DG), Grid Resource (GR), Energy Storage, and Electric Vehicles (EV).
- Provide innovative approaches to improving the customer experience and outcomes.
- Add to the diversity, safety, and sustainability of PG&E's supplier base.

### 2.3. Solicitation Objectives

Pursuant to CPUC Decision 18-05-041, Pacific Gas and Electric Company on behalf of the Statewide IOUs sought bids from Third-Party EE Implementers to design, propose, and implement Statewide Residential and Non-residential New Construction program(s) (SWNC).

The buildings/occupancy types and activities considered in scope for this solicitation included any residential or non-residential building or occupancy type covered by California Code of Regulations Title 24 Parts 6 (California Energy Code) and 11 (California Green Buildings Standards) and whole new buildings, additions, alterations, and covered processes. Through the SWNC program model, the Statewide IOUs seek to take advantage of uniform opportunities across the state for customers and market actors, prioritize easy program access to customers, and lower transaction costs.

Additionally, PG&E sought innovative EE program(s) designed to encourage integration of high-performance whole building solutions. It was also expected that new program designs would create cost-effective approaches to achieving market transformation leading to the highest levels of efficiency in design and construction within the residential and non-residential sectors.

### 2.4. Timeline

The timing of the solicitation process is shown in Table 3 below.

Table 3: Key Milestones	
Milestones	Completion Date
<b>RFA Stage</b>	
RFA Release	May 28, 2019
Abstracts Submitted	June 28, 2019
Scoring	July 3 – 26, 2019
Calibration and Shortlisting	August 2 - 16, 2019
Shortlist Finalized and Communicated to Bidders	September 17, 2019
<b>RFP Stage</b>	
RFP Release	March 16, 2020
Proposals Submitted	April 27, 2020 <sup>7</sup>
Scoring	May 15 - July 20, 2020
Calibration and Shortlisting	July 22, 2020
<b>Contracting Stage</b>	
Contract Negotiations	August 28, 2020
Contract Execution	November 30, 2020 (Electric Only) November 30, 2020 (Mixed Fuel)
Advice Filing	February 5, 2021 <sup>8</sup>

<sup>7</sup> Extended an additional 2 weeks (from April 27, 2020 until May 11 due to COVID-19.

<sup>8</sup> Two advice letters will be filed for each Non-Residential New Construction (NRNC) contract: one for the Electric-Only SW NRNC contract and one for the Mixed Fuel SW NRNC contract.

## 2.5. Key Observations

Key observations for the Statewide New Construction Solicitation are identified in Table 4 below.

TABLE 4: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
<b>General</b>			
Schedule and Communication	IEs provided feedback on the need for better communication on scheduling to be able to plan and know when to expect documents for review.	Provide regular communication and updates on schedule. Provide frequent updates and ensure transparency for all solicitation schedules. Hold regular meetings even if the schedule is slipping.	PG&E improved communication on the RFA, but the IEs were unclear on the overall schedule for the RFP, when RFP materials would be available for review, and other details.
<b>RFA Stage</b>			
Involving IEs in communications with other PAs	At the RFA stage, IEs were not initially involved in PG&E's (lead PA) discussions with non-lead PAs. For transparency, IEs recommended being included in all communications with other PAs.	Include IEs in all IOU communications. This ensures that IEs are aware of non-lead PA positions on issues. It also gives the IEs the ability to help resolve/respond to issues.	PG&E agreed to include the IEs in communications with the non-lead PAs. For all statewide solicitations, IEs should be included in communications with non-lead PAs.
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**TABLE 4: Key Issues and Observations**

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
RFA initially included standard 3-year program	The released version requested that bidders propose 3-year programs but, given the long lead time nature of construction projects, it made more sense to allow a longer program.	It is important to revisit “assumptions” about program parameters during the development of the initial solicitation as some features (such as program duration) may be less applicable.	Based on bidder feedback, PG&E revised the released RFA to request that bidders propose 5-year programs. This timeframe will be in the RFP as well.
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>RFP Stage</b>			
Bidder Conference Q&A	PG&E limited its communications with IEs when preparing its responses to bidder questions following the Bidders Conference. IEs were not involved in reviewing questions from responses to bidders. PG&E had done this on the previous Multi-sector Solicitation. IEs recognize that these are challenging times but believe that open and frequent communication with IEs is essential to our ability to verify a fair and transparent solicitation.	IEs requested that draft responses to bidder questions be shared with the IEs for review prior to publishing the response on Power Advocate.	PG&E will consider this recommendation as long as it does not impact the solicitation’s timeline.
Scorecard Consensus	The IEs previously identified the need for PG&E to obtain agreement with IEs and PRG on scoring categories and weightings.	Modify scoring categories and weightings to better reflect the goals of the program PRG guidance	PG&E revised and finalized its scorecard to incorporate input from IEs and PRG.

TABLE 4: Key Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Changes to Program Envisioned by RFP (distinguishing between electric-only and mixed-fuel NC developments) vs. RFA	One IE expressed concern that changes to the program presented in the RFP and information requested of bidders were substantial changes to the program in contrast with program as proposed in the RFA (and bidder's abstracts). The other two IEs considered the RFP changes to be appropriate refinements given the new construction environment.	The concerned IE provided PG&E suggested language to include in the RFP that explained the state's increasing focus on decarbonization and that this is one of the reasons for the request that bidder propose either mixed-fuel or electric-only programs.	PG&E decided to refine the scope of the RFP by asking bidders to consider either an Electric Only program, a Mixed Fuel program, or both. They believed this refinement did not change the scope in a way that required bidders to change what they proposed in the RFA.
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Contracting Stage</b>			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

### 3. Solicitation Outreach and Bidder Response

PG&E created and published a Solicitations Website<sup>10</sup> that included a solicitation schedule, as well as specific tabs containing necessary resources for EE solicitations. Along with general information, PG&E published all the RFA

<sup>10</sup> <https://www.pge.com/eesolicitations>

content for the Statewide New Construction EE solicitation. Any interested party could review and download this material without the requirement for registration in PowerAdvocate.

Additional notices were published as a Contract Opportunity Announcement (COA) posted to: California Energy Efficiency Coordinating Committee (CAEECC) and the Proposal Evaluation and Proposal Management Application (PEPMA) website.<sup>11</sup>

Finally, PG&E provided notification of the solicitation through the CPUC service lists.<sup>12</sup>

### 3.1. Bidder Response to Solicitation

PG&E’s outreach through traditional methods (e.g., PG&E EE Solicitations Website, California Energy Efficiency Coordinating Committee (CAEECC) COA, CPUC Service Lists, PEPMA Website COA) resulted in a robust and competitive solicitation with multiple proposals within and across each of the sectors.

### 3.2. RFA

In response to the RFA, 13 program abstracts were submitted by 11 bidders. None of the bids were screened for non-conformance. Of these 13 proposals, all addressed mixed-fuel application. Seven proposals were focused exclusively on the Non-residential New Construction market. The remaining 3 proposals targeted the Residential New Construction market. (see Table 5 below).

<b>Customer Sectors</b>	<b>Abstracts Received</b>	<b>Non-Conforming</b>	<b>Abstracts Evaluated</b>
Residential	3	-	3
Non-Residential	7 (3 Commercial, 1 Public)	-	7
Both Sectors (Residential & Non-Residential)	3 (various combination of Agricultural, Industrial, Public, Residential, and Commercial)	-	3
<b>Total</b>	<b>13</b>	<b>-</b>	<b>13</b>

The IEs tracked recommendations in a tracker sheet. This was later used to share feedback with the PRG on PG&E’s responses and actions related to IE feedback. Although the timeline for review of materials was not ideal, PG&E was very transparent by sharing RFA related documents and by holding regular check-in meetings with the IEs. The IEs collaborated well in coordinating recommendations and providing feedback to PG&E. Seven abstracts were invited to participate in the RFP stage.

For the RFP, bidders were asked to further refine their proposals to consider projects served by electricity and natural gas (mixed fuel), or projects that would be served exclusively by electricity (electric only). In response to this additional request, bidders submitted 13 proposals as shown in Table 6 below. Ten of the bids focused on the Non-residential sector, while the remaining 3 bids focused on the Residential Sector. Additionally, of the 13 proposals, 7 bids addressed Mixed Fuel new construction projects and 6

<sup>11</sup> <https://pepma-ca.com/Public/Default.aspx>

<sup>12</sup> R. 13-11-005, A. 17-01-013, and A. 17-01-012

addressed the Electric Only projects.

Table 6: RFP – Proposals Submitted				
Bidder	Non-Res		Res	
	Electric Only	Mixed	Electric Only	Mixed
█		█		
█	█	█		
█	█	█	█	
█		█		
█	█	█	█	█
█	█	█		
Total Electric Only			6	
Total Mixed			7	
Total Non-Res			10	
Total Res			3	
Total Proposals received in RFP stage			13	

### 3.2.1. Bidders Conference and Q&A

Bidders Conferences were held for both Statewide New Construction RFA and RFP. Tables 7 and 8 summarize the relevant details from each Bidders Conference.

The Statewide New Construction RFA was released on May 28, 2019 followed by a Bidders Conference held on June 6. Responses to all RFA questions posed by bidders during the conference or submitted afterwards via Power Advocate were answered by the end of June 2019.

Table 7: RFA Bidders Conference	
RFA Bidders Conference Summary	
Bidders Conference Date	June 6, 2019
No. of Attendees	78 online participants (Webex only)
No. of Questions Received	9

### 3.3. RFP

The Statewide New Construction RFP was released on March 16, 2020. All successful Bidders from the RFA process were invited to submit more detailed program proposals. The original due date for submissions was April 27, 2020, but this date was extended two weeks until May 11, 2020 due to COVID-19 (see discussion below).

The bidders conference was held on March 26, 2020 via WebEx. At peak, there were approximately 71 attendees including IEs, PG&E staff, PRG members, and bidders. Prior to the conference, the IEs reviewed and provided feedback on the presentation and mainly focused on providing more time to explain the RFP and for bidders to ask questions. The meeting lasted two hours. There were a fair number of questions (9) during the meeting with 4 questions focused on issues related to the CET. Bidders posed another 30

written questions prior to the April 3rd deadline. Most of the questions related to the mixed fuel aspect of the RFP, CET technical inputs, and the CET Summary (all-electric CET tool). The questions related to the mixed-fuel aspect of the program focused on how bidders should handle their different possible submissions and how the different program aspects (All Electric Non-Res, All Electric Res, Mixed Fuel Non-Res, Mixed Fuel Res) will be implemented.

During the interval between the Bidders Conference and the RFP submission due date, PG&E had limited its communications with IEs. Because of these limited communications, IEs were not involved in reviewing either the questions or PG&E’s answers to the questions posed by bidders, and only learned of PG&E’s responses through Power Advocate.

Further, IEs were not made aware that PG&E was considering changing the solicitation due date. It was later revealed that one bidder asked that PG&E consider extending its due date. PG&E conducted a survey with bidders to gauge interest in extending the deadline. The IEs were not consulted or made aware of this survey prior to it being issued. Out of 4 bidders responding to the survey (two did not respond), 2 requested an extension. As with the responses to bidder questions, IEs learned about the due date extension through PG&E postings to PowerAdvocate.

Table 8: RFP Bidders Conference	
RFP Bidders Conference Summary	
<b>Bidders Conference Date</b>	<b>March 26, 2020</b>
<b>No. of Attendees</b>	<b>Approximately 71</b>
<b>No. of Questions Received and Answered</b>	<b>39 (9 from bidder conference, 30 following the bidder conference via PowerAdvocate)</b>

### 3.4. Solicitation Design Assessment

The Statewide New Construction solicitation design adequately met the program portfolio “need” as presented in the IOU-approved Business Plan, as well as EE energy savings goals, and applicable portfolio/sector metrics.

PG&E’s Business Plan highlights the importance of achieving the California Long-Term Energy Efficiency Strategic Plan’s goals related to new construction Zero Net Energy (ZNE) homes for all new single family and low-rise multifamily buildings in 2020 and 100 percent of new and 50 percent of existing commercial buildings be ZNE by 2030. The SWNC Solicitation Plan also supports these goals. The RFA successfully sought programs that help meet these objectives and further expanded these goals to focus on helping California achieve its overall carbon reduction goals by both directly reducing building energy use and guiding market trends in terms of design and construction practices and collecting data to advance new codes and standards. In the RFP, PG&E is including all-electric submissions to further meet decarbonization goals and to avoid natural gas infrastructure costs.

PG&E conducted the solicitation in accordance with the CPUC’s Decision 18-01-004, which requires that utilities utilize a two-stage solicitation process (RFA followed by an RFP) for third-party programs. For the SWNC solicitation, the PRG and IEs have been active participants in all aspects of the process.

## 4. RFA and RFP Design and Materials Assessment

The RFA and RFP were well designed and appropriate for each stage. For the RFA stage, Bidders were asked to provide a conceptual description of their proposed program including the market sector(s) to be addressed, the budget and projected savings, and the program team’s qualifications and experience.

PG&E’s followed a similar approach to the one used with the Multi-Sector RFA in the design of the RFA materials for the Statewide New Construction Bid package (see below).

The IEs' overall observations on the solicitation process and suggested areas of improvement include the following:

- The RFA process was open and transparent;
- The IEs participated in regular and frequent 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 assigned IEs and PG&E worked well;
- PG&E listened to and addressed IE recommendations regarding RFA general instructions;
- PG&E generally accepted IE recommendations on the main scoring criteria but further collaboration was needed for scorecard, scorer guidance, and preparing the scoring teams for reviews; and
- IEs found that the RFA clearly articulated the purpose, goals, and requirements of the solicitation, with only a few minor reservations.

The RFA and RFP were well designed and appropriate for each stage. For the RFA stage, Bidders were asked to provide a conceptual description of their proposed program including the market sector(s) to be addressed, the budget and projected savings, and the program team's qualifications and experience.

#### 4.1. RFA Design Requirements and Materials

The RFA solicitation documents were generally well-designed, and PG&E attempted to strike an appropriate balance between obtaining sufficient information while not burdening bidders.

The three IEs closely coordinated and advised PG&E on several versions of the RFA Scorecard drafts. For the most part, the IE and PRG recommendations were adopted and the RFA General Instructions, Narrative, and Scorecard reflected both an appropriate balance between requesting sufficient information from bidders and not being overly burdensome. The high-level Scorecard aligned well with the information requested of bidders; however, the more detailed scorecard (expanded criteria) was not provided to IEs until after the RFA launch, and included some provisions (Assessment of Support for Future Codes and Standards) that did not align well with the RFA contents. Although this version of the scorecard was not deliberately withheld (IEs' understanding was that this was a resource issue) and this did not demonstrably affect the scoring process, IOUs should endeavor to produce a final scorecard before release of its solicitation.

Overall, the RFA process was transparent, and the IEs were engaged with PG&E being very responsive to IE input. Discussions have been robust and informative. As a result, the IEs have seen definite improvements in the overall approach and in refinement to the documents that were provided to Bidders for this solicitation.

The RFA was issued on May 28, 2019 after significant feedback from the IEs and PRG was incorporated into the final documents.

When complete, the RFA solicitation package included the following documents:

- **RFA General Instructions** – an MS Word document providing the regulatory context, submission requirements, and the instructions for all bidders to follow in preparing their proposals.
- **RFA Narrative Response Form** – an MS Word document with questions for each bidder to answer. Additional guidance for specific questions in the form is also given. Word limits were given for each response.
- **Data Response Form** – an MS Excel Workbook designed to capture program financial and energy related data (savings) for the proposed program. There were also worksheet tabs for the bidder to depict the proposed program's logic model, describe the program schedule and key deliverables, present the proposed payment structure and KPIs, and provide details regarding the bidders' prior experience.

## 4.2. RFP Design Requirements and Materials

As with the RFA, the Statewide New Construction was similarly structured, but contained additional instructions necessary to prepare more expansive and detailed descriptions including energy savings estimates, and budget forecasts. Assigned IEs were particularly focused on ensuring that the materials requested mapped directly to the expected scoring criteria to be used during the evaluation process. The solicitation documents were generally well-designed, and PG&E attempted to strike an appropriate balance between obtaining sufficient information while not burdening bidders.

PG&E worked with IEs and their internal technical leads to develop a process to help improve the quality of bidders' CET submissions. For electric-only proposal PG&E also provided a tool for use for calculating the net benefits associated with the avoided gas infrastructure. While this tool was not approved by the CPUC, it was PG&E's intent that it be used to inform the process, and help evaluators better understand the cost effectiveness impacts of electric-only proposals.

All documents, references, and training materials were made available to bidders through the PowerAdvocate web portal.

For the proposals selected for the RFP stage, Bidders were asked to provide, among other things, a complete program description along with detailed budget information and cost-effectiveness forecasts based on the output from the CPUC's approved Cost Effectiveness Tool (CET). As introduced above, bidders were asked to further refine their proposals to consider either projects served by electricity and natural gas (mixed-fuel programs), or projects that would be served exclusively by electricity (electric only programs) (see Table 9 below). For electric-only proposals Bidders were asked to complete While this tool was not approved by the CPUC, it was PG&E's intent that it be used to inform the process and help them better understand the cost effectiveness impacts of an electric-only proposal.

Category	Description
Category 1	Non-Residential mixed-fuel buildings
Category 2	Non-Residential all-electric buildings
Category 3	Residential mixed-fuel buildings
Category 4	Residential all-electric buildings

The final RFP and scorecard incorporated changes based on extensive input from the IEs, the other IOUs, and the PRG. Based on experience with CETs during the Local, Multi-Sector solicitation, IEs encouraged PG&E to provide SWNC bidders ways to improve their CET submissions. The RFP included an opportunity for bidders to discuss their CETs with PG&E staff after submitting their RFP(s). Bidders were allowed one opportunity to update their CETs based on input provided by PG&E staff. PG&E provided clear instructions on how to participate in the voluntary early CET review process. The instructions included reference materials such as the CET guidance document.

## 4.3. Response to PRG and IE Advice

### 4.3.1. RFA

In the first quarter of 2019, the RFA instructions went through extensive revisions and the process was open and transparent. High level recommendations from the IE focused on things such as:

- Including more Statewide vision and context from PG&E’s business plan;
- Including CPUC/legislative decisions, references and definitions;
- Better emphasis on the importance of increased savings, cost, and cost-effectiveness;
- Requiring Bidders to explain how, and under which circumstances, they will qualify alterations for inclusion as new construction;
- Rephrasing RFA language to encourage bidders to be more innovative in their abstracts;
- [REDACTED]

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

The RFA process was open and transparent. In addition to PG&E listening to and addressing IE recommendations, PG&E was very responsive to recommendations on main scoring criteria, scorecard guidance, scoring team development, and established good processes for incorporating lessons learned for process improvement. The team of IEs and PG&E worked well together as processes were established, despite tight timelines.

#### **4.3.2. RFP**

The RFP instructions and data response form went through extensive review and feedback between PG&E and the IEs before the RFPs release. PG&E encouraged extensive and ongoing dialogue throughout the process. PG&E held weekly meetings with the IEs to discuss progress in the development of the RFP materials. There was extensive discussion regarding the Scorecard criteria and weightings, as well.

The comment tracker given to PRG in March 2020 records all IE and PRG feedback as well as documenting and confirming PG&E’s responses. It includes 112 comments from the assigned IEs. PG&E accepted or partially accepted 101 of these comments and recommendations (nearly 90%).

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

PG&E’s process and checklist for screening bids was fair and the information was clearly presented in both the RFA and RFP materials. Scorecard development, scorer training, evaluation procedures, calibration meetings, and shortlisting meetings were transparent and consistent to ensure all bid responses were fairly evaluated and compared.

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

PG&E reviewed and evaluated all submitted bids for completeness and compliance with eligibility criteria as the first step of review in both the RFA and RFP stages. For the RFA, 11 bidders submitted 13 abstracts by the June 28, 2019 deadline. An overall summary of the responses is reflected in Table 5 above.

For the RFP, 6 bidders submitted 13 proposals by the May 11, 2020 due date. An overall summary of the responses is reflected in Table 6 above.

### **5.2. Scoring Rubric Design**

### 5.2.1. RFA

The RFA scoring criteria are shown below in Table 10. The criteria categories of Program Concept, Company Experience and Qualifications are shown with their corresponding sub-criteria and weightings. An additional pass/fail criterion was used to assessed whether bidders complied with the RFA instructions provided in the bid materials. The criteria and sub-criteria were further defined in the detailed scorecards used by PG&E’s scoring team when evaluating and scoring each proposal.

Table 10: Statewide New Construction RFA Scoring Criteria		
Criteria		
<b>Program Concept</b>		
Assessment of Program Design and Benefits		
Assessment of support for future codes and standards		
Program Feasibility		
Innovative Program Design Features		
<b>Company Experience and Qualifications</b>		
Team Composition and Qualifications		
Prior Program Implementation Experience		
<b>Conformance to Format</b>		
RFA Format and Submission Rules		
<b>TOTAL SCORE</b>		

Responses to the RFA were evaluated by PG&E subject matter experts. Their positions are reflected in Table 11 below:

Table 11: Statewide New Construction IOU Evaluation Team		
Position Title	Position Role	Area Scored

### 5.2.2. RFP

For the RFP, the two-tier criteria are shown in Table 12 below. During the RFP scoring process, proposals were evaluated as to their design, benefits and feasibility. In addition to the standard program function of EE savings acquisition, HTR/DAC were optional program functions sought in the solicitation.

Overall, the scorecard captured the needs of PG&E in terms of resource acquisition while balancing the policy interests of the CPUC.



bidders or potential bidders regarding any aspect of the solicitation and bidders were instructed to use the PowerAdvocate web portal to ask questions, to seek clarification, and to solicit additional guidance regarding the solicitations. There were no reported violations of this code by either PG&E or bidder personnel.

An Evaluator Code of Conduct (rules that evaluators must follow during proposal scoring) was made very clear to all scorers, particularly as it relates to implementers of existing programs who are also bidding on new programs.

Scoring team training took place on May 11, 2020 and included all evaluators and IEs. [REDACTED]. In addition, the scoring guidance had not been finalized at the time of the scoring. However, the discussion between participants was robust. IEs recommended [REDACTED]

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

There were several meetings between PG&E and the assigned IEs to discuss the scorecard criteria and sub-criteria. While some process details were not finalized until just before scoring began, by and large, IEs and PRG recognized and appreciated PG&E's approach. The bid evaluation methodology was discussed at the PRG meeting in August 2019.

[REDACTED]

In the end, PG&E adopted most of the IEs recommendation resulting in better guidance to evaluators when scoring the proposals.

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

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

As described in Section 5.1, PG&E screened all submitted bids for completeness and compliance with eligibility criteria as the first step of review.

As described earlier, 13 proposals from 11 bidders were submitted in response to the RFA on June 28, 2019. Scoring team training had been completed on June 19, 2019, so the proposals were distributed to

team members for evaluation and scoring. Scoring calibration meeting was conducted on July 26, 2019. Six abstracts were disqualified at this point, so 7 abstracts from 6 bidders were invited to submit complete proposals in the RFP stage.

As discussed above, 13 proposals were submitted from the same 6 bidders in response to the RFP. The increase in the number of bids is a direct consequence of PG&E’s refinement of the bid scope. This refinement allowed bidders to submit bids specifying whether it would address either electric only programs and/or to submit a mixed fuel program that included both electric and natural gas measures. For the RFP, most bidders elected to provide both an electric only proposal and a mixed fuel proposal (see Table 6 above).

All 13 RFP proposals submitted were compliant with the instructions so that none were excluded from the evaluation process. For the RFP, PG&E completed scoring team training on May 11, 2020, and proposal evaluations were completed by July 6, 2020. PG&E conducted a scoring calibration meeting on July 22, 2020 in conformance with its established criteria and process for the RFP. Shortlisting of the proposals was completed in time for presentation at scheduled July PRG meeting.

## 6.2. Management of Deficient Bids

No Bids were screened out based on what was submitted.

## 6.3. Shortlist and Final Selections

Based on the evaluation and calibration process, PG&E presented its list of proposals to be considered for the next phase: competitive negotiations.

**TABLE 14: Statewide New Construction RFP Shortlist**

Company Name	Proposal Type
[REDACTED]	[REDACTED]

[REDACTED]

<sup>13</sup> Willdan’s submitted two proposals in response to the RFP. One proposal specifically targeted electric only new construction projects, while the second proposal addressed mixed fuel new construction projects.

Table 15: Statewide Non-Residential New Construction Program Selected		
Company	Description	Innovative Features
Willdan Energy Solutions	[REDACTED]	The programs' innovative design features are described in Section 9.3.

The IEs monitored bidder contract negotiation meetings by phone and through PG&E's PowerAdvocate system. As appropriate, IEs provided feedback to PG&E about ongoing negotiations outside of the meetings with bidders. The IEs reviewed initial contracts provided by PG&E to bidders to confirm fairness and consistency with the CPUC's guidance and policies, as well as the Standard and Modifiable Contract Terms and Conditions.

*Conformance with Established Evaluation Processes*

[REDACTED]

[REDACTED]

*Portfolio Fit*

The **NRNC** Commercial market proposal helps PG&E to meet its threshold 40% budget requirement for programs designed and implemented by third-party implementers. PG&E's selection of this proposal also provides program statewide coverage of the Non-residential New Construction market sector.

*Response to PRG and IE Advice*

PG&E presented the shortlist of bidders from the RFP at the July 2020 meeting. The short list contained a total of eight bids from four bidders. Five bids from two bidders were designated for dismissal from the overall bid list. PG&E presentation included the final score from the calibration meetings.

Several members noted there was a large variation between the highest score to the lowest scores of those bids selected for negotiations. These members wondered if the shortlist should be shortened further by dismissing the lowest scoring bids to reduce the time and expense of negotiations with bidders with little likelihood of being selected.

PG&E countered that negotiations could uncover issues with the top scoring bid that would lead to dismissal. Having a pool of potential bidders in reserve from this second tier would allow them flexibility during negotiations if an impasse was reached with a "top-tier" bidder.

Following the PRG, the Public Advocates Office, and later, the Energy Division wrote letters of concern to PG&E summarizing their concerns about PG&E's negotiation plan the SWNC program.

At the August PRG meeting, PG&E addressed the concerns expressed by the PRG members. PG&E's response is summarized below:

- The process used for selecting bids for negotiations for SWNC contracts, was exactly the same process used for the previous solicitation;

- PG&E received and considered the PRG's comments on the SWNC RFP shortlist;
- After internal discussion and consultation with the IEs, PG&E decided to move forward with the original proposed shortlist;
- PG&E started negotiations with the top tier bidders, held the middle tier bidders as alternate negotiation options, and dismissed the bottom tier of bidders; and
- [REDACTED]

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

No affiliate bids were received, nor did PG&E determine that any conflicts of interest existed among the proposals submitted during either the RFA or RFP stages.

### **7. Final Bid Selection Assessment**

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

PG&E conducted its RFA stage evaluation in conformance with its established scoring criteria and defined process. The calibration meeting during which scorers discussed their different scores was thorough with scorers actively engaged in constructive, respectful reviews of individual bids, and scoring criteria. No bids were dismissed due to non-conformance.

#### **7.2. Management of Deficient Bids**

During the RFA stage, there were no bids disqualified based on deficiencies.

#### **7.3. Shortlist and Final Selections**

##### **7.3.1. RFA**

PG&E's RFA scoring team and the IEs scored 13 abstracts from 11 companies, conducted the calibration meeting, and held a shortlist meeting.

PG&E set a separate meeting to present the final scoring results (including calibration) and provide the entire scoring team an opportunity to discuss the results (with the IEs present). The scoring team held a spirited discussion about the rankings and proposed to advance the seven highest scoring abstracts to the RFP stage.

Overall, the scoring and shortlisting processes went very well with reviewers engaging in very substantive and productive discussions about the bids, demonstrating a collective willingness to change scores based on insights from other scorers and reaching an agreement on the list of bidders who should be invited to the RFP stage.

One lesson learned from the scoring process is to have more frequent "check-ins" among scorers and IEs to allow individuals to ask questions about the scoring criteria (but not to discuss specific bids).

#### **7.4. RFP**

### 7.4.1. RFP Shortlist

The RFP shortlist is provided in Table 13, Section 6.3.

### 7.4.2. Conformance with Established Evaluation Processes

Contract amounts and other program metrics for the selected bidder are shown in Tables 16, 17, and 18 below.

Table 16: Final Contract Awards – Non-Res New Construction			
Program	Company	Contract NTE	Date Executed
NRNC - Mixed Fuel	Willdan Energy Solutions	[REDACTED]	[REDACTED]
NRNC - Electric Only	Willdan Energy Solutions	[REDACTED]	[REDACTED]

Work for both **NRNC** programs shall commence when directed by PG&E and completed by the completion dates specified by the Contract Work Authorization (CWA) (typically five years after the authorization date). Barring any delays or protests to PG&E’s Advice Filing, work is expected to begin following CPUC approval in the Spring 2021 and continue for the five-year period.

Table 17 Statewide New Construction Non-Residential <i>Mixed Fuel</i> Program								
PROGRAM BENEFITS								PROGRAM BUDGET
CET OUTPUT		GROSS ENERGY SAVINGS			CALCULATED NET-TO-GROSS			BUDGET
TRC	PAC	Lifecycle KWH	Lifecycle KW	Lifecycle THERMS	KWH	KW	THERMS	TOTAL
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Table 18: Statewide New Construction Non-Residential <i>Electric Only</i> Program								
PROGRAM BENEFITS								PROGRAM BUDGET
CET OUTPUT		GROSS ENERGY SAVINGS			CALCULATED NET-TO-GROSS			BUDGET
TRC	PAC	Lifecycle KWH	Lifecycle KW	Lifecycle THERMS	KWH	KW	THERMS	TOTAL

### 7.4.3. Portfolio Fit

Willdan’s NRNC Program is designed to provide comprehensive EE services for the five subsectors of the Non-residential New Construction market (commercial, public, industrial, agriculture, and high-rise multifamily) across all four IOU service territories.

### 7.4.4. Response to PRG and IE Advice

[REDACTED]

### 7.5. Affiliate Bids and Conflict of Interest

For the New Construction Program proposals, all bidders (including the prime contractor and its subcontractor) affirmed they were not an affiliate of a California IOU. All bidders affirmed there were no conflicts of interest that would prevent them from providing the services described in their bid.

## 8. Assessment of Selected Bids

During the negotiations, PG&E used the following program metrics to determine which programs would be selected for contracts:

[REDACTED]

For the Non-Residential new construction market [REDACTED]

Willdan’s estimates of project participation and energy savings for “Greenfield”, T24 Alterations, and Non-T24 Alterations are shown in Table 19 below.

Table 19: Willdan’s NRNC Program				
	Mixed Fuel		All-Electric	
Type	Projects	Savings	Projects	Savings
New Construction and Additions	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
T24 Alterations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Non-T24 Alterations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The final contract financial and performance statistics are reflected in Table 20 that follows:

TABLE 20: Willdan’s NRNC Program		
Willdan Energy Solutions	Mixed Fuel	Electric Only
Topic	[REDACTED]	[REDACTED]
Budget	[REDACTED]	[REDACTED]
Net kWh	[REDACTED]	[REDACTED]
Net kW	[REDACTED]	[REDACTED]

15 [REDACTED]

TABLE 20: Willdan's NRNC Program		
Willdan Energy Solutions	Mixed Fuel	Electric Only
Net Therms	[REDACTED]	[REDACTED]
TRC Costs	[REDACTED]	[REDACTED]
TRC Ratio	[REDACTED]	[REDACTED]
PAC Ratio	[REDACTED]	[REDACTED]
Therms Benefits	[REDACTED]	[REDACTED]
kWh Benefits	[REDACTED]	[REDACTED]
Lifecycle Net Thm	[REDACTED]	[REDACTED]
Lifecycle Net kWh	[REDACTED]	[REDACTED]
PAC Levelized Costs Per Therm	[REDACTED]	[REDACTED]
PAC Levelized Costs Per kWh	[REDACTED]	[REDACTED]

### 8.1. Bid Selections Respond to Portfolio Needs

At present, the execution of Willdan's NRNC Program contract only provides statewide coverage of the Non-residential New Construction market. PG&E has not yet completed negotiations with the bidder selected to provide statewide coverage of the Residential sector.

### 8.2. Bid Selections Provide Best Overall Value to Ratepayers

The two contracts executed for the Statewide Non-Residential New Construction market provides good ratepayer value as compared to the existing Savings by Design program offered by the utilities.

Based on the two executed contracts, value to ratepayers is quantified and substantiated by the following:

1. NPV of Net Life-cycle benefits – See Table 20 above
2. Cost-Efficiency – See Table 20 above
3. Simple acquisition cost – The NRNC program provides simple acquisition costs of [REDACTED]
4. Lifecycle acquisition cost (PAC levelized cost) – See Table 20 above
5. Alignment with California's energy efficiency polices and the CPUC's overarching solicitation policy objectives – The NRNC program is aligned with the CPUC's EE policies and designed to meet its solicitation objectives.
6. NRNC targets the Statewide Non-Residential New Construction market, with [REDACTED] of the savings derived from "greenfield" projects and the remainder of the savings achieved through qualifying alterations.
7. TRC – See Table 20 above
8. Innovation – Innovative features are described in Section 9.4.3.
9. [REDACTED]





## 9. Reasonableness of Contracting Process

### 9.1. Collaboration on Final Program Design and Scope

While the final program design for the **NRNC** program remains the same, the scope of the program changed in response to the revised budgets given by PG&E for the program. Tables 16 and 17 above provides and “before and after” summary of the changes for the Mixed Fuel and Electric Only components due to adjustments made before and during the negotiations. In summary, the **NRNC** program energy and demand savings were reduced due to these budget reductions. [REDACTED]

### 9.2. Fairness of Negotiations

During the negotiations and contract review process for the **NRNC** sector, EAJ Energy Advisors, LLC did not observe or otherwise uncover any issues that would prevent contract execution at this time or indicate that any revisions are needed to any contract documents prior to contract execution. The results of the negotiations related to the contract’s terms and conditions, payment terms and other requirements are both reasonable and appropriate. The negotiations were characterized by open and frank discussions of issues raised by the bidder and PG&E. Both parties to the negotiations demonstrated flexibility in arriving at an agreement.

### 9.3. Changes to Contract Terms & Conditions

CPUC standard terms are unmodified in the final Program Implementation Agreement (PIA). They are identical to the latest contract templates reviewed by IEs/PRG, and other IOU terms do not supersede them. [REDACTED]

[REDACTED] PG&E provided a table that maps the elements of the Modifiable Contract Terms and Conditions to the contract.

### 9.4. Conformance with CPUC Policies and Objectives

#### 9.4.1. Incentive Design

The incentive design for Willdan’s **NRNC** programs (Electric Only and Mixed Fuel) are described as follows:

- Both programs offer incentives consisting of three components:
  - **Technical Assistance** – Real-time energy modeling and customized ROI provided at project start, determine potential financing and cash incentive needs to overcome barriers.
  - **Project Financing** – Provide access to additional capital beyond current project, at construction start.
  - **Cash Incentives** – Offer one-time tiered cash payment at project verification.

In addition, both programs include four participation paths with incentives and/or services, as well as no cash incentives, tailored to meet specific participant needs:

- Technical Assistance Only,
- Technical Assistance and Financing
- Technical Assistance and Cash Incentive
- Technical Assistance, Financing and Cash Incentive

### 9.4.2. NMEC Savings

For the Willdan’s **NRNC** contract will not use the NMEC platform for measurement of savings.

### 9.4.3. Innovative Program Features

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

*“...increase the uptake of cost-effective EE by advancing a technology, marketing strategy, or delivery approach in a manner different from previous efforts.”<sup>17</sup> Ideally, such strategies could be scalable and replicable across sectors, segments, and technologies in the future, or seek to integrate other demand side technologies where feasible, such as demand response and distributed generation. While each innovative program may not individually be cost-effective, the intent is to lead to cost-effective savings over time.”*

The Innovative features of Willdan’s NRNC program include the following:

- Measure bundles and Path to Optimal Carbonization (Electric Only and Mixed) – “Genetic” search function finds the optimal bundle of measures leading to a projected [REDACTED] in savings with no increase in customer incremental costs.
- Real-time Energy Modeling (Electric Only and Mixed) – program uses over 100 custom measures prioritized by kW, kWh, dollar or carbon impact.
- Analysis Early in the Design Phase (Electric Only and Mixed) – Allows for iterations of strategies and fuel mix as design proceeds for greater influence. All electric solutions implemented at [REDACTED] times the national average allowing for multiple iterations of strategies applied to multiple all-electric options.
- Targeting of Grid-constrained Areas (Mixed)– Using LoadSEER for strategic outreach, the program is designed to provide [REDACTED] per kW, kWh, or therm saved in grid-constrained areas.
- Proactive Outreach (Electric Only and Mixed) - Achieve [REDACTED] times greater market penetration by leveraging more than [REDACTED] existing California architectural and engineering firms and [REDACTED] of the California developers.
- Flexible Incentives and Financing (Electric Only and Mixed) – [REDACTED] financing options provide cash-flow positive solutions, and lower barriers to HTR/DAC customers.
- Technical Assistance as Program Incentive (Electric Only and Mixed) – Key stakeholder meeting with real time modeling decisions leads to [REDACTED] of selected measures implemented.
- Online Application and Platform (Electric Only and Mixed)– Projected [REDACTED] increase in enrollments while reducing administration costs by on a per net kWh basis.
- Ongoing Performance Monitoring (Electric Only and Mixed) – Projected to achieve a [REDACTED] realization rate that will decrease the uncertainty of savings projections while informing future modeling.

## 9.5. Contract Execution Deadline

Willdan's Statewide **NRNC** Program met the CPUC requirements and was executed on [REDACTED] prior to the December 31, 2020 CPUC deadline.

## 9.6. Uniformity of Contract Changes

For the Statewide **NRNC** program, PG&E selected two proposals (Mixed Fuel and Electric Only) from a single bidder, Willdan Energy Solutions, to cover the Statewide New Construction Non-Residential EE services. PG&E reached agreement with Willdan [REDACTED] on all issues that surfaced during negotiations. While the final executed contracts are different from other negotiated contracts with respect to the unique aspects of each program's design, all options were uniformly available to the bidder during the negotiations.

# **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.

## **Attachment C**

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

### **PG&E Letter and Email Response from Energy Division**

**(Public)**

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[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

**Subject:** Re: AGIC: Question about statewide values

Hello [REDACTED],

Please proceed with negotiation of the new construction contracts. PG&E can use its AGIC values in the Advice Letter for contract approval of the statewide all-electric new construction contracts.

Please confirm you've received this and are moving again on the process to bring these contracts to execution and submit to CPUC via Advice Letter.

Sincerest

[REDACTED]

-

-----Original Appointment-----

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]

PG&E would appreciate Energy Division guidance regarding the preferred regulatory path for adoption of ex-ante Avoided Gas Infrastructure Costs (AGIC) and modification of Energy Division's CEDARS reporting system and CET models to accommodate AGIC. This meeting is to discuss this topic with you and get your input on how to proceed, particularly with regards to the Statewide New Construction (SWNC) program solicitation.

Please see the attached documents for some background of this discussion:

1. Background document further explaining our request and recommended approach to this issue
2. Response to PG&E from Energy Division on some initial policy-related questions regarding inclusion of AGIC in the SWNC program

3. Memo that PG&E submitted to the CEC in December 2019 with estimated gas infrastructure costs for PG&E

Thank you.

Regards,

[REDACTED]

---

December 4, 2020

**Subject: *PG&E request for Energy Division guidance regarding the preferred regulatory path for adoption of ex-ante Avoided Gas Infrastructure Costs (AGIC) and modification of Energy Division's CEDARS reporting system and CET models to accommodate AGIC.***

Dear [REDACTED],

### ***Background***

PG&E is the Statewide New Construction Programs administrator. Over the past year we have conducted a solicitation for vendors to implement both residential and non-residential statewide new construction programs. This process was overseen by the Commission's independent evaluators and the four selected contracts, two non-residential and two residential, were presented to the PRG. [REDACTED]

[REDACTED]

The proposed all-electric programs will generate significant avoided gas infrastructure cost (AGIC) benefits to ratepayers since gas lines will not be extended to new all electric home participants, gas meters will not be required, and gas piping on the customer side of the meter will not be needed. PG&E has estimated AGIC benefits for both residential and non-residential customers using historical construction and equipment costs<sup>1</sup>. We have discussed the inclusion of AGIC benefits with Energy Division and have received informal support for the concept through the attached May 13, 2020 memo.

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<sup>1</sup> We have not been successful in obtaining methodologically similar cost estimates from the Sempra utilities at this time.

## ***Issues for consideration***

We are now seeking advice on the proper regulatory path to follow in order to ensure: 1) formal approval of AGIC benefits and 2) an ability to report program-specific AGIC values that can be included in required Commission cost-effectiveness calculations.

### **What ex-ante AGIC values would be filed?**

PG&E proposes to resubmit AGIC values previously submitted to the CEC (December 5, 2019).

### **What regulatory vehicle should be used to file the ex-ante AGIC values?**

PG&E suggests that the AGIC values be included with our Tier 2 Advice Letters seeking approval of the statewide new construction contracts.

### **How would ED approve the ex-ante AGIC values?**

PG&E suggests that interim approval come with approval of the aforementioned Tier 2 Advice Letters, but that the AGIC values would be publicly reviewed as part of Rulemaking 14-10-003 which updates the avoided cost calculator every two years. The avoided cost proceeding begins again with an ED workshop on August 1, 2021<sup>2</sup> and will result in Commission adoption of updated avoided costs in April/May of 2022. PG&E requires interim approval of AGIC in order to include accurate prospective cost effectiveness values for the Statewide New Construction program in its Advice letter filing<sup>3</sup> for approval of the program and in the September 2021 ABAL filing. Inclusion of AGIC values for program accomplishments would not occur until the second half of 2022 (owing to ramp-up time for new construction program efforts), hence program accomplishments reporting would use the Commission-approved values from the 2022 avoided cost proceeding.

### **How would ED affirm that CEDARS and the CET would be modified to accept AGIC values?**

PG&E believes that it is fully within the purview of Energy Division to modify its energy efficiency reporting system (CEDARS) and the associated energy efficiency cost effectiveness calculator (CET).<sup>4</sup> Furthermore, we believe that the latitude provided by D. 12-05-015 allows for ED to adopt PG&E's filed AGIC values on an interim basis until AGIC values are more formally adopted as part of the next avoided cost proceeding, thereby allowing for inclusion of AGIC benefits in its 2021 ABAL filing. PG&E is prepared to provide funding support for Commission consultants to make appropriate modifications to the CEDARS data structure and CET calculator.

---

<sup>2</sup> D. 20-04-010, p.74

<sup>3</sup> The advice letter would show all-electric program cost effectiveness based on a manual calculation. AGIC benefits would be added to those from the CET output and be divided by the CET costs in order to capture the accurate net benefits and cost effectiveness ratios.

<sup>4</sup> D. 12-05-015 Conclusion of Law 79 *The Commission Staff should perform the review and make recommendations as to the ex ante values we should adopt.* and Conclusion of Law 80. *Our Staff should have significant latitude in performing DEER and other policy oversight functions and, absent specific directives to the contrary, should not be required to consult with or otherwise utilize any other groups to perform this work.*

We appreciate your attention to and consideration of these matters as they are essential to ensuring broad IOU support for the all-electric components of the Statewide New Construction programs. At your convenience we would be happy to discuss these issues and proposed solutions further with you.

Regards,

## **Attachment D**

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

### **PG&E Letter to the CEC Regarding Gas Extension Costs**



**Pacific Gas and  
Electric Company**

Janice Berman  
Director – Grid Edge  
Pacific Gas and Electric Company  
Mail Code B9F  
P.O. Box 770000  
San Francisco, CA 94177-0001

December 5, 2019

Energy Commission Staff:

On March 2, 2018, PG&E provided gas extension cost estimates for residential existing and new subdivisions (see attached memo). We have recently updated our estimates and are therefore providing an updated memo.

In addition to mainline and service extension costs, we are also providing estimates of the cost of gas meters for different building types including both residential and commercial customers. These estimates are based on PG&E historical jobs.

Developing gas extension cost estimates is complex and the actual costs are project dependent. Costs vary widely with location, terrain, distance to the nearest main, joint trenching, materials, number of dwellings per development, and several other site and job-specific conditions. For these reasons, it is not practical to come up with estimates that represent every case. Instead we are including estimates based on historical averages taken from projects within PG&E's territory. It is not recommended to compare specific project costs to these estimates as any number of factors could lead to higher or lower costs than these averages are representing.

We are also including estimates for in-house gas infrastructure costs and specific plan review costs. These estimates are from external sources, and are not based on PG&E data, but have been provided for the sake of completeness and for use in energy efficiency analysis.

To further anchor the estimates, several assumptions have been made:

1. It is assumed that during new construction, gas infrastructure will likely be joint trenched with electric infrastructure. As a result, the incremental cost of trenching associated with the gas infrastructure alone is minimal. Therefore, all mainline cost estimates exclude trench costs. Service extension cost estimates include both estimates with and without trench costs. In the case where new construction would require overhead electric and underground gas infrastructure, the estimates with trench costs included for service extensions should be utilized.
2. It is assumed that new construction in an existing subdivision would not generally require a mainline extension. In cases where a mainline extension would be required to an existing subdivision, the costs are highly dependent on the location, terrain, and distance to the nearest main.



3. These estimates are for total costs. The cost estimates have not been reduced to account for the portion of the costs paid by all customers due to application of Rule 15<sup>1</sup> and Rule 16<sup>2</sup> allowances. Hence, costs to the specific customer may be lower than the estimates below, as the specific customer benefits from the Rule 15 and Rule 16 allowances.

Table 1: PG&E Gas Infrastructure Cost Estimates

	Existing Subdivision/Development	New Greenfield Subdivision/Development
Mainline Extension	N/A <sup>3</sup>	<u>Single-Family</u> \$17/ft <sup>4</sup>  <u>Multi-Family</u> \$11/ft <sup>4</sup>
Service Extension (Typically 1” pipe from mainline to the meter)	\$6750 per service/building <sup>4</sup> (excludes trench costs)  \$9200 per service/building <sup>4</sup> (includes trench costs)	\$1300 per service/building <sup>4</sup> (includes mainline extension costs within the subdivision; excludes trench costs)  \$1850 per service/building <sup>4</sup> (includes mainline extension costs within the subdivision; includes trench costs)
Meter	<u>Residential Single Family</u> \$300 per meter <sup>5</sup>  <u>Residential Multi-Family</u> \$300 per meter + \$300 per meter manifold outlet <sup>5</sup>  <u>Small/Medium Commercial</u> \$3600 per meter <sup>6</sup>	<u>Residential Single Family</u> \$300 per meter <sup>5</sup>  <u>Residential Multi-Family</u> \$300 per meter + \$300 per meter manifold outlet <sup>5</sup>  <u>Small/Medium Commercial</u> \$3600 per meter <sup>6</sup>

<sup>1</sup> [https://www.pge.com/tariffs/tm2/pdf/ELEC\\_RULES\\_15.pdf](https://www.pge.com/tariffs/tm2/pdf/ELEC_RULES_15.pdf)

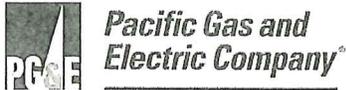
<sup>2</sup> [https://www.pge.com/tariffs/tm2/pdf/ELEC\\_RULES\\_16.pdf](https://www.pge.com/tariffs/tm2/pdf/ELEC_RULES_16.pdf)

<sup>3</sup> It is assumed that new construction in an existing subdivision would not require a main extension.

<sup>4</sup> Estimates based on PG&E jobs from Jan 2016 - Dec 2017 from PG&E’s Service Planning team.

<sup>5</sup> Estimates from PG&E’s Dedicated Estimating Team. For Multi-Family units, the costs of \$300 per meter and \$300 per meter manifold outlet should be combined for a total of \$600 per meter.

<sup>6</sup> PG&E Marginal Customer Access Cost Estimates presented in the 2018 Gas Cost Allocation Proceedings (GCAP), A.17-09-006, Exhibit PG&E-2, Appendix A, Section A, Table A-1. The Average Connection Cost per Customer values were included in the MCAC workpaper that accompanied the GCAP testimony



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 Director – Grid Edge  
 Pacific Gas and Electric Company  
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 San Francisco, CA 94177-0001

	<u>Large Commercial</u> \$32,000 per meter <sup>6</sup>	<u>Large Commercial</u> \$32,000 per meter <sup>6</sup>
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Note: Service extension cost estimates for New Greenfield Subdivisions include mainline extension costs as well. Therefore, mainline cost estimates can be ignored for the purpose of estimating total project costs.

Table 2: Gas Infrastructure Cost Estimates from Other Sources

	Existing Subdivision/Development	New Greenfield Subdivision/Development
In-House Infrastructure	<u>Single-Family</u> \$800 <sup>7</sup>	<u>Single-Family</u> \$800 <sup>7</sup>
	<u>Multi-Family</u> \$600 per unit <sup>7</sup>	<u>Multi-Family</u> \$600 per unit <sup>7</sup>
	<u>Medium Office</u> \$600-4500 <sup>7,8</sup>	<u>Medium Office</u> \$600-4500 <sup>7,8</sup>
	<u>Medium Retail</u> \$10,000 <sup>8</sup>	<u>Medium Retail</u> \$10,000 <sup>8</sup>
Plan Review (Will vary by city and often not a fixed fee)	<u>Residential</u> Palo Alto - \$850 <sup>9</sup>	<u>Residential</u> Palo Alto - \$850 <sup>9</sup>
	<u>Nonresidential</u> Palo Alto - \$2316 <sup>9</sup>	<u>Nonresidential</u> Palo Alto - \$2316 <sup>9</sup>

Please let us know if there are any follow-up questions or clarifications.

Best regards,

<sup>7</sup> Frontier Energy, Inc., Misti Bruceri & Associates, LLC. 2019. "2019 Cost-effectiveness Study: Low Rise Residential New Construction." Available at: <https://localenergycodes.com/content/performance-ordinances>

<sup>8</sup> TRC, EnergySoft. 2019. "2019 Nonresidential New Construction Reach Code Cost Effectiveness Study." Available at: <https://localenergycodes.com/content/performance-ordinances>

<sup>9</sup> TRC. 2018. "City of Palo Alto 2019 Title 24 Energy Reach Code Cost Effectiveness Analysis Draft." Available at: <http://cityofpaloalto.org/civicax/filebank/documents/66742>

March 2, 2018

Energy Commission staff,

PG&E appreciates the opportunity to provide input to be considered as part of the 2019 Building Energy Efficiency Standards rulemaking process. On January 22, 2018, PG&E provided some information on four questions regarding the electric baseline rate, the definition of “natural gas available”, and gas extension costs. PG&E’s original response is included as Attachment A.

As a follow-up to our discussion on Monday, January 22<sup>nd</sup>, 2018 the Energy Commission asked PG&E to provide further clarification on the gas extension cost estimates. In particular, Staff thought the cost estimate provided for mainline extension seemed high.

The table below provides a summary of the cost estimates and what is included or not included in each.

	Existing Subdivision	New Greenfield Subdivision
<b>Mainline Extension</b>	<p><b>\$568/foot</b></p> <p><u>Includes:</u></p> <ul style="list-style-type: none"> <li>• Materials and Labor</li> <li>• Trenching through paved, developed area</li> <li>• Service line extension</li> </ul> <p><u>Does Not Include:</u></p> <ul style="list-style-type: none"> <li>• Allowances credited to Developer</li> </ul>	<p><b>\$11/foot (Multi-Family)</b> <b>\$17/foot (Single-Family)</b></p> <p><u>Includes:</u></p> <ul style="list-style-type: none"> <li>• Materials and Labor</li> <li>• Allowances credited to Developer</li> </ul> <p><u>Does Not Include:</u></p> <ul style="list-style-type: none"> <li>• Trenching (sharing joint trench)</li> </ul>
<p><b>Service Extension</b></p> <p>(&lt; 1” line from main to building)</p>	<p><b>\$10,000 - \$16,000 per service*</b></p> <p><u>Includes:</u></p> <ul style="list-style-type: none"> <li>• Materials and Labor</li> <li>• Trenching through paved, developed area</li> <li>• Inspection</li> </ul> <p><u>Does Not Include:</u></p> <ul style="list-style-type: none"> <li>• Allowances credited to Customer</li> </ul>	<p><b>\$533 - \$625 per service</b></p> <p><u>Includes:</u></p> <ul style="list-style-type: none"> <li>• Materials and Labor</li> <li>• Trenching greenfield, undeveloped land</li> </ul> <p><u>Does Not Include:</u></p> <ul style="list-style-type: none"> <li>• Allowances credited to Developer</li> </ul>

\* Historical data review indicated this may approach \$18,000 in some scenarios.

The table highlights that it is significantly more expensive to extend either distribution mainline or service through existing, developed subdivisions with paving, structures, and other underground installations.

Please let us know if we can be of further assistance,

Janice Berman  
 Director, Grid Innovation  
 PG&E

**Question #3:** Can we provide a pricing range to extend gas service for a typical new subdivision in PG&E's territory per dwelling (prioritizing single family homes, then multi-family complexes, and pursuing data on existing subdivision single and multi-family as possible)?

The table below provides estimates of the cost to extend a gas service line from the gas distribution pipe to a single location where PG&E's provides natural gas. A single location may include one or more dwellings or buildings served from the single service line. The table provides historic data from PG&E's 2017 GRC.

**Table 1:** Shows the \$/service to install service lines in new construction on undeveloped land

	2010	2011	2012	2013	2014
Cost per service (\$/service)	\$625	\$586	\$534	\$533	\$552

Table 1 is an average of many projects and individual project costs can vary significantly due to the specific conditions and complexities at each site.

Costs to install in developed areas are higher due to additional construction considerations not required in undeveloped areas, such as paving, permitting, traffic control, landscaping, protection of underground infrastructure, etc. PG&E estimates costs for new service extensions in existing subdivision at \$10,000 - \$16,000/service line, on average, but is still tracking down the historical costs.

The estimate we have provided for the cost of gas service is to be used as an approximation to inform Energy Commission decisions on how, and when, natural gas availability and cost-effectiveness options are presented to the user of the Title 24, Part 6 compliance software.

**Question #4:** What is the average cost of extending a main, per 100 feet, to a new subdivision in PG&E territory?

The price to extend a main to a new subdivision is approximately \$568 per foot.<sup>[1]</sup> The costs can vary significantly due to digging and trenching to install the pipe, paving, easement, permit, and inspection costs. Furthermore, costs to extend gas service can be used to support extending underground electric service.

The estimate we have provided for the cost of extending a main is to be used as an approximation to inform Energy Commission decisions on how, and when, natural gas availability and cost-effectiveness options are presented to the user of the Title 24, Part 6 compliance software.

We look forward to our discussion this morning.

Thank you,  
Kelly

<sup>[1]</sup> This estimate was provided in a recently published data response in the Santa Rosa post-fire recovery efforts.

# **PACIFIC GAS AND ELECTRIC COMPANY**

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## **PART 2 CONFIDENTIAL VERSION**

February 19, 2021

## **Attachment C**

### **PG&E Letter and Email Response from Energy Division**

**(Confidential)**

# **Confidential Appendix A**

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

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



# **Confidential Appendix B**

## **Statewide New Construction Energy Efficiency Third-Party Solicitation Advice Letter**

### **Solicitation Process Overview (Confidential)**

# **Confidential Appendix C**

## **Statewide New Construction 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  
Albion Power Company

Alta Power Group, LLC  
Anderson & Poole

Atlas ReFuel  
BART

Barkovich & Yap, Inc.  
California Cotton Ginners & Growers Assn  
California Energy Commission

California Hub for Energy Efficiency  
Financing

California Alternative Energy and  
Advanced Transportation Financing  
Authority  
California Public Utilities Commission  
Calpine

Cameron-Daniel, P.C.  
Casner, Steve  
Cenergy Power  
Center for Biological Diversity

Chevron Pipeline and Power  
City of Palo Alto

City of San Jose  
Clean Power Research  
Coast Economic Consulting  
Commercial Energy  
Crossborder Energy  
Crown Road Energy, LLC  
Davis Wright Tremaine LLP  
Day Carter Murphy

Dept of General Services  
Don Pickett & Associates, Inc.  
Douglass & Liddell

East Bay Community Energy Ellison  
Schneider & Harris LLP Energy  
Management Service  
Engineers and Scientists of California

GenOn Energy, Inc.  
Goodin, MacBride, Squeri, Schlotz &  
Ritchie

Green Power Institute  
Hanna & Morton  
ICF

IGS Energy  
International Power Technology  
Intestate Gas Services, Inc.  
Kelly Group  
Ken Bohn Consulting  
Keyes & Fox LLP  
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated  
Waste Management Task Force  
MRW & Associates  
Manatt Phelps Phillips  
Marin Energy Authority  
McKenzie & Associates

Modesto Irrigation District  
NLine Energy, Inc.  
NRG Solar

Office of Ratepayer Advocates  
OnGrid Solar  
Pacific Gas and Electric Company  
Peninsula Clean Energy

Pioneer Community Energy

Redwood Coast Energy Authority  
Regulatory & Cogeneration Service, Inc.  
SCD Energy Solutions  
San Diego Gas & Electric Company

SPURR  
San Francisco Water Power and Sewer  
Sempra Utilities

Sierra Telephone Company, Inc.  
Southern California Edison Company  
Southern California Gas Company  
Spark Energy  
Sun Light & Power  
Sunshine Design  
Tecogen, Inc.  
TerraVerde Renewable Partners  
Tiger Natural Gas, Inc.

TransCanada  
Utility Cost Management  
Utility Power Solutions  
Water and Energy Consulting Wellhead  
Electric Company  
Western Manufactured Housing  
Communities Association (WMA)  
Yep Energy