

## PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



November 17, 2022

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

**Subject: Staff Disposition of Pacific Gas and Electric's Advice Letter (AL) 4664-G/6734-E for Approval of Energy Efficiency (EE) Third-Party Solicitation for Third-Party Contract with Resource Innovations.**

Dear Mr. Dietz,

The California Public Utilities Commission's (CPUC) Energy Division (ED) approves Pacific Gas & Electric's (PG&E) AL 4664-G/6734-E with an effective date of November 11, 2022.

**Background**

On October 12, 2022, Pursuant to Ordering Paragraph (OP) 2 of D.18-01-004, PG&E submitted AL 4664-G/6734-E, containing its Micro and Small Business Energy Efficiency Third-Party Contract with Resource Innovations.

Decision D.18-01-004, the Third-Party Solicitation Process Decision, requires the four California Investor-Owned Utilities (IOUs) to file a Tier 2 advice letter for any third-party contracts that are valued at \$5 million or more and/or that have contract terms of longer than three years.<sup>1</sup> This contract meets that threshold and is valued at \$9,992,829 and with a term of 39 months.

**Protests**

No protests to the AL were filed.

**Discussion**

In operationalizing the review of 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 CPUC approval of future program implementation. It is PG&E's responsibility to manage its portfolio to ensure it remains in compliance with its approved business plan and all CPUC Decisions.

*Implementation Plan Development*

Decision D.18-05-041, the Business Plan Decision, Ordering Paragraph 2 requires IPs to be posted within 60 days of contract execution, or within 60 days of CPUC approval if the contract meets the advice letter threshold. With the issuance of this disposition, the implementation plan for this program is due to be updated and posted no later than January 15, 2023.

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<sup>1</sup> D.18-01-004, pg. 57

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



Please direct any questions regarding Energy Division's findings in this non-standard disposition to Yeshi Lemma at [yeshi.lemma@cpuc.ca.gov](mailto:yeshi.lemma@cpuc.ca.gov).

Sincerely,

A handwritten signature in black ink that reads "Leuwam Tesfai".

Leuwam Tesfai  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division  
California Public Utilities Commission

Cc: Service List R.13-11-005  
Simon Baker, Energy Division  
Jennifer Kalafut, Energy Division  
Alison LaBonte, Energy Division  
Justin Galle, Energy Division

October 12, 2022

**Advice 4664-G/6734-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 Micro and Small Business Equity Program solicitation, executed between Resource Innovations 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's ("Commission" or "CPUC") approval of the Energy Efficiency ("EE") Program Implementation Agreement ("PIA" or "Contract") executed between PG&E and Resource Innovations. This Contract results from PG&E's Micro and Small Business Equity Program solicitation for EE customer programs and will contribute towards meeting PG&E's 60 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.

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

## **Compliance Requirements**

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

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

**Table 1: Required Content for Advice Letter Submission**

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

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

## **Protests**

Anyone wishing to protest this submittal may do so by letter sent electronically via E-mail, no later than November 1, 2022, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to PG&E via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

Sidney Bob Dietz II  
Director, Regulatory Relations  
c/o Megan Lawson  
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 and 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, November 11, 2022, 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 to parties shown on the attached list and the parties on the service list for R.13-11-005. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process\_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

                  /S/                    
Sidney Bob Dietz II  
Director, Regulatory Relations

cc: Service List R.13-11-005



# ADVICE LETTER SUMMARY

## ENERGY UTILITY

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

Company name/CPUC Utility No.: Pacific Gas and Electric Company (U 39 M)

Utility type:

ELC       GAS       WATER  
 PLC       HEAT

Contact Person: Stuart Rubio

Phone #: (415) 973-4587

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: SHR8@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) #: 4664-G/6734-E

Tier Designation: 2

Subject of AL: Advice Letter Submittal of Pacific Gas and Electric Company's Third-Party Solicitations resulting from its Micro and Small Business Equity Program solicitation, executed between Resource Innovations 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: N/A

Confidential treatment requested?  Yes  No

If yes, specification of confidential information: See Confidential 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, matthew.braunwarth@pge.com

Resolution required?  Yes  No

Requested effective date: 11/11/22

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

California Public Utilities Commission  
Energy Division Tariff Unit Email:  
[EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Contact Name: Sidnev Bob Dietz II. c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility/Entity Name: Pacific Gas and Electric Company  
  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx:  
Email: PGETariffs@pge.com

Contact Name:  
Title:  
Utility/Entity Name:  
  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

CPUC  
Energy Division Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Clear Form

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

**DECLARATION SUPPORTING CONFIDENTIAL DESIGNATION  
ON BEHALF OF  
PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)**

1. I, Matthew Braunwarth, am the manager of Energy Efficiency procurement department at Pacific Gas and Electric Company (“PG&E”), a California corporation. Aaron August, the Vice President, Business Development and Customer Engagement of PG&E, delegated authority to me to sign this declaration. My business office is located at:

Pacific Gas and Electric Company  
300 Lakeside Dr.  
Oakland, CA 94612

2. PG&E will produce the information identified in Paragraph 3 of this Declaration to the California Public Utilities Commission (“CPUC”) or departments within or contractors retained by the CPUC in response to a CPUC audit, data request, proceeding, or other CPUC request.

Name or Docket No. of CPUC Proceeding (if applicable): Application 17-01-013 and R. 13-11-005.

3. Title and description of document(s): PGE Advice Letter for Micro Small Equity Program\_CONFIDENTIAL VERSION.pdf (pages 7-9); 4.0 Confidential Appendix A Final IE Report MSB GWE.pdf; 5.0 Confidential Appendix B Solicitation Process Overview; 6.1 PGE MSB Solicitation Selection Spreadsheet CONFIDENTIAL.xlsx; 7.0 Confidential Appendix D Third-Party Contract Summary; 8.0 Confidential Appendix E MSA C48243 Resource Innovations.pdf; 8.1 Confidential Appendix E CWA C49841 Resource Innovations.pdf

4. These documents contain confidential information that, based on my information and belief, has not been publicly disclosed. These documents have been marked as confidential, and the

basis for confidential treatment and where the confidential information is located on the documents are identified on the following chart:

Check	Basis for Confidential Treatment	Where Confidential Information is Located on the Documents
<input type="checkbox"/>	<p>Customer-specific data, which may include demand, loads, names, addresses, and billing data.</p> <p>(Protected under PUC § 8380; Civ. Code §§ 1798 <i>et seq.</i>; Govt. Code § 6254; Public Util. Code § 8380; Decisions (D.) 14-05-016, 04-08-055, 06-12-029)</p>	
<input type="checkbox"/>	<p>Personal information that identifies or describes an individual (including employees), 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>(Protected under Civ. Code §§ 1798 <i>et seq.</i>; Govt. Code § 6254; 42 U.S.C. § 1320d-6; and General Order (G.O.) 77-M)</p>	
<input type="checkbox"/>	<p>Physical facility, cyber-security sensitive, or critical infrastructure data, including without limitation critical energy infrastructure information (CEII) as defined by the regulations of the Federal Energy Regulatory Commission at 18 C.F.R. § 388.113 and/or General Order 66-D (“The subject information: (1) is not customarily in the public domain by providing a declaration in compliance with Section 3.2(c) stating that the subject information is not related to the location of a physical structure that is visible with the naked eye or is available publicly online or in print; <b>and</b> (2) the subject information either: could allow a bad actor to attack, compromise or incapacitate physically or electronically a facility providing critical utility service; or discusses vulnerabilities of a facility providing critical utility service”).</p> <p>(Protected under Govt. Code § 6254(k), (ab); 6 U.S.C. § 131; 6 CFR § 29.2)</p>	
<input checked="" type="checkbox"/>	<p>Proprietary and trade secret information or other intellectual property and protected market sensitive/competitive data.</p> <p>(Protected under Civ. Code §§3426 <i>et seq.</i>; Govt. Code §§ 6254, <i>et seq.</i>, e.g., 6254(e), 6254(k), 6254.15; Govt. Code § 6276.44; Evid. Code §1060; D.11-01-036)</p>	<p>PGE Advice Letter for Micro Small Equity Program_CONFIDENTIAL VERSION.pdf (pages 7-9)</p>

Corporate financial records.  
(Protected under Govt. Code §§ 6254(k), 6254.15)

Third-Party information subject to non-disclosure or confidentiality agreements or obligations.  
(Protected under Govt. Code § 6254(k); see, e.g., CPUC D.11-01-036)

Other categories where disclosure would be against the public interest (Govt. Code § 6255(a) [NEED TO EXPLAIN HOW THE PUBLIC INTEREST SERVED BY NOT DISCLOSING THE RECORD CLEARLY OUTWEIGHS THE PUBLIC INTEREST SERVED BY DISCLOSURE]):

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\_\_\_\_\_  
\_\_\_\_\_

5. The importance of maintaining the confidentiality of this information outweighs any public interest in disclosure of this information. This information should be exempt from the public disclosure requirements under the Public Records Act and should be withheld from disclosure.
6. I declare under penalty of perjury that the foregoing is true, correct, and complete to the best of my knowledge.
7. Executed on this 11th day of October, 2022 at San Francisco, California.

/Matthew Braunwarth/  
Matthew Braunwarth

**Manager, Energy Efficiency Procurement**

Pacific Gas and Electric Company

**PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)**

**Application 17-01-013 and R. 13-11-005  
ATTACHMENT TO DECLARATION  
October 11, 2022**

<b>ATTACHMENT NAME</b>	<b>DOCUMENT NAME</b>	<b>CATEGORY OF CONFIDENTIALITY</b>	<b>LOCATION</b>
PGE Advice Letter for Micro Small Equity Program_CONFIDENTIAL VERSION.pdf	PGE Advice Letter for Micro Small Equity Program_CONFIDENTIAL VERSION.pdf	Protected market sensitive/competitive data	Advice Letter 4664-G/6734-E
4.0 Confidential Appendix A Final IE Report MSB GWE.pdf	4.0 Confidential Appendix A Final IE Report MSB GWE.pdf	Protected market sensitive/competitive data	Advice Letter 4664-G/6734-E
5.0 Confidential Appendix B Solicitation Process Overview;	5.0 Confidential Appendix B Solicitation Process Overview;	Protected market sensitive/competitive data	Advice Letter 4664-G/6734-E
6.1 PGE MSB Solicitation Selection Spreadsheet CONFIDENTIAL.xlsx;	6.1 PGE MSB Solicitation Selection Spreadsheet CONFIDENTIAL.xlsx	Protected market sensitive/competitive data	Advice Letter 4664-G/6734-E

ATTACHMENT NAME	DOCUMENT NAME	CATEGORY OF CONFIDENTIALITY	LOCATION
7.0 Confidential Appendix D Third-Party Contract Summary;	7.0 Confidential Appendix D Third-Party Contract Summary	Protected market sensitive/competitive data	Advice Letter 4664-G/6734-E
8.0 Confidential Appendix E MSA C48243 Resource Innovations.pdf;	8.0 Confidential Appendix E MSA C48243 Resource Innovations.pdf	Protected market sensitive/competitive data	Advice Letter 4664-G/6734-E
8.1 Confidential Appendix E CWA C49841 Resource Innovations.pdf	8.1 Confidential Appendix E CWA C49841 Resource Innovations.pdf	Protected market sensitive/competitive data	Advice Letter 4664-G/6734-E

# **PACIFIC GAS AND ELECTRIC COMPANY**

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## **Approval of Resource Innovations Contract Resulting from Micro and Small Business Equity Program Competitive Solicitation for Local Third-Party Energy Efficiency Customer Programs**

### **PART 1 PUBLIC VERSION**

October 12, 2022

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ATTACHMENT A: Final IE Report (Public)

ATTACHMENT B: Program-Level Measurement & Verification Plan

# ADVICE LETTER PART 1: PUBLIC SECTION

## 1. INTRODUCTION

### A. Purpose

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

The Simplified Savings Program serves micro and small businesses within designated Disadvantaged Communities and/or those considered Hard to Reach customers within PG&E’s territory. With a current total program budget of \$9.9 million across 3.25 years, the Simplified Savings Program will fall within PG&E’s 2018-2025 Business Plan annual budget levels approved by the Commission in D. 18-05-041.<sup>1</sup> The contract executed between PG&E and Resource Innovations was fully executed on October 11, 2022 and contributes towards meeting PG&E’s 60 percent third-party outsourcing compliance target.

### I. Background

On August 18, 2016, the CPUC issued D.16-08-019 – Decision Providing Guidance for Initial Energy Efficiency Rolling Portfolio Business Plan Filings, which, for EE program purposes, defined the term “third-party program”<sup>2</sup> and further defined the term “statewide”.<sup>3</sup>

Pursuant to the Commission’s April 14, 2017 Scoping Memo and Ruling,<sup>4</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

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<sup>1</sup> PG&E’s 2018-2025 Business Plan annual budgets were approved via D.18-05-041, p.2. The business plan budgets set expectations for the total annual EE portfolio spending and cost recovery budgets that are requested via an Annual Budget Advice Letter (ABAL) filed in September of each year (see D.15-10-028 pp.43, 62, and OP 4, p.123). The ABAL requests CPUC authorization of PG&E’s total EE portfolio budget for spending and cost recovery in the upcoming program year, and the ABAL EE portfolio budget is comprised of individual program budgets forecasted for the upcoming program year. The EE portfolio budget spending request is generally capped at the approved business plan budget for that program year, however an ABAL budget can exceed the business plan budget in a given year as long as PG&E’s cumulative budget for 2018-2025 remains within the total approved cumulative budget for 2018-2025 (D.18-05-041 OP 45, p.192). PG&E will include the annual forecasted AESAP program budget in its upcoming ABAL portfolio budgets and expects these total ABAL portfolio budgets to fall within the current approved business plan annual portfolio budget caps.

<sup>2</sup> D.16-08-019, p. 111, Ordering Paragraph (OP) 10.

<sup>3</sup> D.16-08-019, p. 109, OP 5.

<sup>4</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)

portfolio.<sup>5</sup> On January 11, 2018, the Commission issued D.18-01-004 – Decision Addressing 3P<sup>6</sup> Solicitation Process EE Programs, which formalized the third-party solicitation process for EE programs and established key milestones on the path to maintaining a predominantly third-party implemented EE portfolio by 2023.

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

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

In accordance with D.18-01-004,<sup>7</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>8</sup> and in consultation with the PRG, PG&E also solicited for and established a pool of Independent Evaluators (IEs) with specific EE subject matter expertise to monitor the solicitation process for fairness and transparency, support PRG oversight efforts, and provide additional feedback to the IOUs. The Energy Division (ED) of the CPUC approved PG&E’s IE pool via letter to PG&E on August 31, 2018.<sup>9</sup>

On May 26, 2021, the Commission issued D. 21-05-031 – Assessment of Energy Efficiency Potential and Goals and Modification of Portfolio Approval and Oversight Process. D.21-05-031 addresses policy issues surrounding the identification of energy efficiency potential and the setting of goals for program administrators to achieve in the design and implementation of energy efficiency programs. The decision adopts a new approach to segmenting the energy efficiency program portfolios, into programs whose primary purposes are resource acquisition, market support, or equity.

The Simplified Savings Program will function as an equity segment program. The equity segment is described as follows<sup>10</sup>: Programs with a primary purpose of providing energy efficiency to hard-to-reach or underserved customers and disadvantaged communities in advancement of the Commission’s Environmental and Social Justice (ESJ) Action Plan. Specifically, improving access to energy efficiency for ESJ communities, providing corollary

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<sup>5</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>6</sup> Third-Party.

<sup>7</sup> D. 18-01-004, pgs. 61-62, OP 3-4.

<sup>8</sup> D. 18-01-004, pgs. 62-63, OP 5.

<sup>9</sup> Edward Randolph Letter to Erik B. Jacobson regarding “Approval of Energy Efficiency Independent Evaluators.” August 31, 2018.

<sup>10</sup> D. 21-05-031, p.14-15

benefits such as increased comfort and safety, improved indoor air quality, and more affordable utility bills, consistent with Goals 1, 2, and 5 in the ESJ Action Plan.

## **II. The Solicitation is in Conformance with PG&E's Energy Efficiency 2024-2027 Portfolio Plan**

As described in PG&E's EE 2024-2027 Portfolio Plan<sup>11</sup>, PG&E plans to increase participation and resulting energy savings for micro, small, and medium sized commercial customers that face barriers to participation, and those who fall under the HTR and DAC designations. Micro, small, and medium -sized commercial customers may lack the internal resources to participate in EE projects and thus may need additional assistance that is not needed for larger commercial customers. PG&E conducted this solicitation with the objective of increasing the participation of specifically small and micro customers that fall under the HTR and DAC designation.

PG&E worked collaboratively with the Resource Innovations team to ensure the Simplified Savings program would meet PG&E's portfolio needs, support key equity goals and metrics, and provide superior service to customers.

### **Program Design:**

The Simplified Savings program is designed as a trade ally (TA) driven program for eligible non-residential Micro and Small Business (MSB) customers with demand <50kW. The program will use a combination of direct install measures along with rebated "add-on" measures for which an incentive will be provided to buy down the equipment costs. The program will provide targeted outreach to DAC and HTR areas as well as other prioritized areas, such as tribal communities and those affected by wildfires, as jointly agreed upon with PG&E. Resource Innovations will serve eligible MSB customers in four primary commercial business types – retail, small office, restaurant, and small food/convenience store - throughout PG&E's service territory.

Customers will participate via two pathways - as either Market Support Participants (MSP) or Resource Acquisition Participants (RAP). MSPs will have the option to receive a free facility assessment, have their online MyAccount with Energy Check-up tool set up, receive energy savings and education tips, and will be offered a menu of direct install measures. RAPs will be provided with direct installation of bill savings and health, safety, and comfort (HSC) measures, and may also choose to continue with deeper savings through rebated "add-on measures" and sustained engagement with program personnel.

### **Innovation:**

Key design and implementation innovations will enable better project management and program facilitation and enhance the customer experience. Extensive local and diverse partnerships with TAs, Community Based Organizations (CBOs), and California Green

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<sup>11</sup> PG&E's Energy Efficiency 2024-2027 Portfolio Plan. [452751516.pdf \(ca.gov\)](#)

Business Network drive customer recruitment. A web-based project and program facilitation tool will be used by program subcontractors, TAs, and outreach partners in CBOs to provide a backbone for implementation. Using this tool, TAs and CBOs will conduct virtual and/or on-site visits and assessments to promote the program. The TA will act as the customer’s energy concierge, managing the project and customer Program applications This enabling infrastructure supports recruiting and successfully utilizing new TAs and CBO partners.

## B. Subject

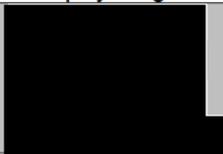
Table A below lists the contract award resulting from negotiations following PG&E’s Micro and Small Business Equity Program solicitation. Per D.18-01-004, since the contract resulting from this solicitation has a term longer than 36 months and/or is valued above \$5 million, this contract will require CPUC for approval via Tier 2 advice letter<sup>12</sup>.

<b>Table A: Contract Resulting From PG&amp;E’s Micro and Small Business Equity Program Solicitation</b>			
		<b>Budget (\$M)</b>	<b>Duration (months)</b>
<b>Commercial Sector</b>			
1.1	Resource Innovations Simplified Savings Program	\$9.9M	39

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.

<b>Table B General Contract Summary –Resource Innovations Simplified Savings Program</b>		
1	Solicitation name	Micro and Small Business Equity Program
2	Type of program: local, regional or statewide	Local Equity Segment Program
	Third-Party Implementer/Subcontractor name	Resource Innovations - Implementer Environmental Innovations - Subcontractor The Ortiz Group - Subcontractor
	Name of program or service	Simplified Savings Program

<sup>12</sup> D. 18-01-004, p. 61, OP 2.

3	Delivery Type and Targeting	
	a. Direct Install/Downstream Customer Targeting (Yes or No)	Yes
	b. Customer Targeting brief description, if applicable	Micro and Small Business Customers within Disadvantaged Communities/HTR Customers with usage <50kW
	c. Midstream/Upstream Market Actors receiving incentives, if applicable	Yes - Trade Allies (via direct install payments and rebates for post-DI projects that directly pay down customers' project costs)
4	Market /Sector(s)	Commercial (primary)/Ag/Industrial
5	Customer Segment(s)	Micro and Small Business Customers within Disadvantaged Communities/HTR Customers with usage <50kW
6	Third-Party Implementer/Subcontractor name	Resource Innovations - Implementer Environmental Innovations - Subcontractor The Ortiz Group - Subcontractor
7	Name of program or service	Simplified Savings Program
8	Brief description of program or service (2-3 sentences)	The Simplified Saving Program will provide marketing, outreach and education, direct install services, financing and incentives for deeper bill savings as well as health, comfort and safety benefits to Micro and Small businesses within Disadvantaged Communities and HTR customers. This is an Equity Program.
9	Total \$ Bill Savings (First year) for each year of program	
10	Total Claimable kWh Energy Savings (First year, net) for each year of program (for Resource Acquisition only)	

11	Total Claimable MW Energy Savings (First year, net) for each year of program (for Resource Acquisition only)	[REDACTED]
12	Total Claimable therms Energy Savings (First year, net) for each year of program (for Resource Acquisition only)	[REDACTED]
13	Total Peak Reduction (First year) for each year of program	[REDACTED]
14	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	[REDACTED]
15	Disadvantaged Community (DAC) Customers. Provide forecasted total number of DAC customer accounts (by customer segment) receiving program and total savings (net first year kWh, kW, and therms) to DAC customers from program over all years program in effect	[REDACTED]
16	Forecasted Number of Customers Served by Program Year	[REDACTED]

17	Area(s) Served (including service territory, climate zones, cities, and/or counties, as applicable)	Entire PG&E Service Territory
18	Program TRC ratio (CET output)	N/A
19	Program PAC ratio (CET output)	N/A
20	Program \$/kWh (TRC levelized cost, CET output)*	N/A
21	Program \$/kWh (PAC levelized cost, CET output)*	N/A
22	Program \$/MW (TRC levelized cost, CET output)	N/A
23	Program \$/MW (PAC levelized cost, CET output)	N/A
24	Program \$/them (TRC levelized cost, CET output)*	N/A
25	Program \$/them (PAC levelized cost, CET output)*	N/A
26	EE Budget: Forecast budget by program year for each year of program	
27	EE Budget: Forecast expenditures by program year (PY) for each year contract in effect	
28	EE Budget: Total Program Budget	\$9,992,829
29	Budget: If IDSM component to the program, provide dollar amount and percent of total budget dedicated to IDSM	N/A
30	Measure(s)	
31	Savings Determination Type for claimable savings (i.e. custom, deemed, Net Metered Energy Consumption (specify population or site level), or Randomized Control Trial)	
32	Savings Calculation Method(s) (Meter-Based, Deemed, Calculated, Multiple and/or Other) If Multiple or Other, please specify	
33	Contract start date and end date	10/01/2022* - 12/31/2025

		*Estimated start date as CPUC approval is required.
34	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.	01/01/2023 - 10/31/2025

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

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

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

## Solicitation Process Overview

### I. Solicitation Strategy & Design

As prescribed in D.18-01-004,<sup>13</sup> PG&E designed a two-stage solicitation process that included an initial RFA solicitation stage followed by an RFP solicitation stage. Bidders were asked to design and propose to implement a new equity program providing the benefits of energy efficiency to micro and small business customers. The primary objective was to achieve increased participation and provide targeted services to customers and regions which don't historically receive it. Programs proposed were encouraged to utilize smart technologies commonly available to this customer group and leverage existing community-based programs and resources. Proposed programs were instructed to achieve maximum measurable benefit. Bidders were allowed to target activity in specific locations or markets if that resulted in efficiencies of scale and/or increased benefits.

Bidders shortlisted in the RFA were invited to participate in the RFP. Bidders shortlisted in the RFP were invited to participate in contract negotiations to determine final contract awards.

Great Work Energy was assigned as the Independent Evaluator (IE) 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, monitoring interviews, contract template review, and monitoring contract negotiations. The IE and company are listed below in *Figure 1 – PG&E Micro and Small Business Independent Evaluator*.

<sup>13</sup> D.18-01-004, p. 57, Conclusion of Law (COL) 5.

FIGURE 1 – PG&E Micro & Small Business Independent Evaluator	
Organization / Company	Independent Evaluator
Great Work Energy LLC	Kim Crossman

## 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 RFA process. A detailed RFA solicitation timeline can be found in *Figure 7 – RFA and RFP Solicitation Process Events*.

**RFA Scope & Structure:** PG&E structured the RFA and RFP to complement each other and intentionally removed any redundancy between the two stages. The RFA scope was designed to focus on Program Concept, Implementer Experience and Qualifications, and Supply Chain Responsibility. In alignment with D. 21-05-031, PG&E promoted the inclusion of equity-based outcomes highlighted in the decision. Specifically, the RFA clarified that PG&E intended to procure a program that provides EE services to qualifying small businesses located in disadvantaged communities and/or that qualify as hard to reach customers.

**RFA Eligibility:** PG&E desired broad participation in this RFA process and strived to lower barriers to participation by keeping eligibility requirements to a minimum. Bidders were allowed to submit an unlimited number of program ideas. Each submission was limited in length to reduce the burden on solicitation participants to respond and also promote the efficient evaluation of a large number of program submissions.

**RFA Submission Format:** A complete RFA submission consisted of two documents; a Narrative Response Form which was provided as a pre-formatted Microsoft (MS) Word document collecting text question responses and a Program Data Response Form which was a pre-formatted MS Excel worksheet to collect numerical program information and facilitate automated data extraction for quantitative analysis. PG&E worked collaboratively with the IE 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 to register and use the solicitation management platform Power Advocate when submitting documents or questions to PG&E.

**RFA Evaluation Criteria:** The RFA prompted bidders to provide descriptions of the proposed program design, innovative program features, quantifiable outcomes, team qualifications, prior implementation experience, and small business enterprise status. *Figure 2 – PG&E Micro Small Business RFA Evaluation Criteria* lists the various criteria used to

evaluate abstract submissions.

<b>FIGURE 2 – PG&amp;E Micro Small Business RFA Evaluation Criteria</b>	
<b>Tier I Scoring Criteria</b>	<b>Tier II Scoring Criteria</b>
Program Concept	Program Design and Market Understanding Quantifiable Outcomes Program Innovation
Company Qualifications & Experience	Team Composition & Qualifications Prior Program Implementation Experience
Supply Chain Responsibility	Small Business Enterprise

Each abstract submission received the same evaluation. Additional information such as indicative budget and savings estimates 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 August 2021, 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 comments and points of feedback from IE and the PRG regarding the overall RFA process and the RFA solicitation documents. PG&E provided a response to each comment and explained what action, if any, it planned to take with each comment. A high-level summary of the feedback received from the PRG and IE pool during the RFA document review can be found in section 1.C.IX.

**RFA Launch:** PG&E issued its Micro and Small Business Equity RFA solicitation on September 7, 2021, as planned. PG&E uploaded all RFA solicitation documents to PG&E's EE Solicitations website where they were available for download without needing to register in Power Advocate. PG&E raised awareness of the solicitation launch by posting a Contract Opportunity Announcement (COA) to the California Statewide IOU and EE Proposal Evaluation & Proposal Management Application (PEPMA) website, PG&E's Business to Business Opportunities website, PG&E's Service List of Community Based Organizations, and the service list maintained by the State of California's Department of General Services - Office of Small Business and DVBE Services.

**RFA Bidders Conference:** The RFA Bidders' Conference was held on September 16, 2021, via Microsoft Teams with 37 participants attending (inclusive of PG&E, PRG, and IE staff). The IE provided feedback on the presentation materials prior to the conference and

monitored the discussion during the event for accuracy and fairness. The presentation deck was posted to PowerAdvocate following the webinar and was available to all who had registered for the solicitation.

**RFA Question and Answer Period:** The deadline for bidders to submit written questions to PG&E via the Power Advocate platform was September 23, 2021. In total, PG&E received 21 questions from bidders. PG&E uploaded responses to questions in Power Advocate for all bidders to access on October 1, 2021. 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 4 subject matter experts who had an in-depth understanding of micro and small business customers and 1 subject matter expert focused exclusively on supply chain responsibility. Evaluators 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 with the evaluation team and IE 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 October 25, 2021, PG&E received 11 Abstracts from 11 unique counterparties submitted through the PowerAdvocate platform. Prior to scoring, each Abstract was reviewed for conformance with solicitation eligibility requirements. PG&E did not eliminate any Abstracts. A breakdown of the abstracts received can be found below in *Figure 3 – Abstracts Received*.

FIGURE 3 – Abstracts Received		
Abstracts Received	Non-Conforming	Abstracts Evaluated
11	0	11

**RFA Evaluation:** The abstract evaluation process lasted from October 27 – November 10. Each Abstract was reviewed against the six Tier 2 level evaluation criteria: program design and market understanding, program outcomes, program innovation, team qualifications, implementation experience, and small business enterprise. For each abstract, PG&E evaluation team members individually assigned a preliminary score for each of the six evaluation criteria. The IE performed a parallel evaluation of each abstract.

**RFA Calibration:** After RFA evaluation, PG&E conducted calibration discussions across all scoring criteria. Preliminary scores from the PG&E evaluation team members and the IE 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. IE 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 focused on abstracts with scores (including IE scores) with a range of 3 or more 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 IE.

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

**RFA Shortlist:** PG&E presented the RFA evaluation process and discussed several shortlist options with the PRG at the regular monthly meeting in November 2021. The process for shortlisting proposals was straightforward. PG&E advanced the highest scoring abstracts. 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. *Figure 4 – PG&E Micro and Small Business Equity RFA Shortlist.*

<b>FIGURE 4 – PG&amp;E Micro and Small Business Equity RFA Shortlist</b>				
<b>Abstracts Received</b>	<b>Non-Conforming</b>	<b>Abstracts Evaluated</b>	<b>Shortlisted in RFA</b>	<b>Advancing to RFP</b>
11	0	11	5	5

PG&E dismissed 6 abstracts from the RFA and shortlisted 5 abstracts yielding an overall pass rate of 45% for the RFA.

### **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 RFP process. A detailed RFP solicitation timeline can be found in *Figure 14 – RFA and RFP Solicitation Process Events.*

**RFP Scope & Structure:** PG&E structured the RFA and RFP to complement each other and intentionally removed any redundancy between the two stages. Doing so lessened the overall number of questions needed which lessened the burden placed on Bidders and streamlined the evaluation process. The RFP focused on program outcomes and costs, program implementation and feasibility, compensation and performance, and supply chain responsibility. Bidders invited to the RFP stage provided a program budget, a quantification of program benefits and costs, compensation structure, program performance metrics, program implementation practices, Supply Chain Responsibility information, and other details related to program feasibility to provide a comprehensive understanding of the program.

**RFP Eligibility:** Participation in the RFP was by invitation only and limited to bidders of the

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

**RFP Submission Format:** A complete RFP submission consisted of a Narrative Response Form which was provided as a pre-formatted MS Word document collecting text question responses, a Program Data Response Form which was a pre-formatted MS Excel worksheet to collect numerical program information and facilitated automated data extraction for quantitative analysis, a transmittal letter, a Subcontracting Plan, and lastly the direct entry of Supply Chain Responsibility information into the Power Advocate platform.

**RFP Evaluation Criteria:** In the RFP, PG&E deliberately chose not to duplicate criteria that had already been evaluated in the RFA stage. Instead, bidders were requested to submit a program proposal that provided program outcomes, budget, feasibility, and compensation. *Figure 5 – PG&E Micro and Small Business Equity RFP Evaluation Criteria* lists the various sub-criteria used to evaluate each proposal submission.

FIGURE 5 – PG&E Micro and Small Business Equity RFP Evaluation Criteria	
Tier I Criteria	Tier II Criteria
Program Outcomes & Costs	Program Outcomes
	Program Budget & Costs
Program Implementation & Feasibility	Schedule
	Risk Management
	Customer Acquisition & Incentives
	Program M&V and Reporting
Compensation & Performance	Payment Structure
	Key Performance Indicators
Supply Chain Responsibility	Small Business Enterprise
	Diverse Business Enterprise

**RFP Final Document Review:** In the months leading up to RFP launch, PG&E presented to the PRG the MSB RFP structure and RFP scoring methodology for early feedback. In November 2021, PG&E presented the completed RFP solicitation documents including the solicitation instructions, the scoring criteria and weighting, and the narrative and data response forms for PRG review. During the process PG&E collected comments and points

of feedback from IE and the PRG regarding the overall RFP process and the RFP documents. PG&E provided a response to each comment and explained what action, if any, it planned to take with each comment. A high-level summary of the feedback received from the PRG and IE pool during the RFP document review can be found in section 1.C.IX.

**RFP Launch:** PG&E issued the MSB RFP solicitation on December 8, 2021. Since participation in the RFP was by invitation only, PG&E notified bidders of the RFP directly via the Power Advocate platform and did not broadly circulate a contract opportunity announcement as was done for the RFA. As this was a 'closed' solicitation, PG&E provided all RFP solicitation documents to bidders through Power Advocate only.

**RFP Bidders Conference:** The RFP Bidders' Conference was held on December 15, 2021, via webinar. The webinar was attended by 30 individuals, inclusive of IOU, PRG, and IE staff. The IE reviewed the presentation materials prior to the conference and monitored the discussion during the event for accuracy and fairness.

**RFP Question and Answer Period:** The deadline for bidders to submit written questions to PG&E via the Power Advocate platform was January 10, 2022. In total, PG&E received 7 questions from bidders. After reviewing with the IE, PG&E uploaded the final Bidder Q&A Log to Power Advocate on January 13, 2022, for all bidders to access (4 days before the planned deadline). 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 remained the same as the evaluation team used for the RFA, with 4 subject matter experts evaluating proposals. Prior to receiving proposals for evaluation, PG&E conducted a training session with the evaluation team and IE 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:** On February 9, 2022, PG&E received 5 proposals from 5 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 6 – Proposals Received*.

<b>Proposals Received</b>	<b>Non-Conforming</b>	<b>Proposals Evaluated</b>
5	0	5

**RFP Evaluation:** Individual scoring of proposals started in February, lasted for 2.5 weeks, and were due on February 25th. Each proposal was reviewed against the evaluation criteria and sub-criteria listed in *Figure 5 – PG&E Micro Small Business Equity RFP Evaluation Criteria*. PG&E evaluation team members individually assigned a preliminary score for each

sub-criterion within their area of specialization. IE performed a parallel evaluation of each proposal.

**RFP Calibration:** PG&E conducted a calibration discussion on February 28, 2022. Preliminary scores from the PG&E evaluation team members and the IE 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. The IE participated in these calibration meetings and also monitored to ensure the discussion did not impart unfair bias for/against any Bidder. The process prioritized discussions on criteria that exhibited high levels of disagreement and were limited to proposals with sub criteria scores (including IE scores) with a range between the maximum and minimum score of 2 or greater. A limited number of changes were made to individual scorecards, but it did not substantively change the outcome.

**RFP Interviews:** With the intent of reducing the number of bidders advancing to negotiations and reducing the amount of time spent in negotiations, PG&E incorporated interviews into the proposal evaluation. All bidders were invited to participate, and all received the same set of questions and interview topics to address. All topics were based upon RFA and RFP criteria. Bidders were provided topics and agenda one week prior to the interviews. The interviews occurred over two days, after which the score team was allowed to revisit their RFA and RFP scores and make any changes.

**RFP Final Scores:** Following interviews, final proposal scores were calculated. Unlike prior solicitations, the new approach combined final individual RFA and RFP scorecards. Scores were averaged and weighted, and these rankings provided the basis for the shortlist recommendation. Final scores only considered PG&E evaluation team scores and did not include IE scores.

**Negotiations Shortlist:** In the March 2022 PRG meeting, PG&E presented the RFP evaluation process to the PRG and recommended that the top scoring bid from Resource Innovations advance to negotiations.

#### **IV. Contract Negotiations**

PG&E's EE Program Implementation Agreement (PIA) and Attachment 1 Program Requirements (Att 1) served as the starting point for negotiations as they contain all of the PG&E and CPUC terms. Attachment 2 Narrative and Attachment 2 Data Form function as the Scope of Work for the program being contracted. This contract was reviewed by the IE and presented to the PRG.

Contract negotiations initially focused on defining what participation in this equity program entailed and refining metrics and outcomes proposed in the RFP. PG&E and Resource Innovations worked collaboratively to define the measures being installed within the program engaged in detailed discussions of pricing & compensation, measure costs, performance contracting terms, key performance indicators (KPIs), program scope and budget

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

#### V. Solicitation Timelines

The following table depicts the planned timeline of solicitation events for PG&E's Micro Small Business Equity RFA and RFP compared to the actual timeline with notes on when and why deviations occurred.

<b>FIGURE 7 – RFA and RFP Solicitation Process Events</b>			
<b>Event</b>	<b>Planned Date</b>	<b>Actual Date</b>	<b>Notes</b>
<b>RFA Material Development</b> Developed solicitation materials, evaluation criteria and definitions, and reviewed by IE and PRG members.	Summer 2021	Summer 2021	
<b>RFA Issued</b> RFA documents were available to bidders on PG&E's EE Solicitation Website as well as PowerAdvocate for download.	September 7, 2021	September 7, 2021	Week 1
<b>RFA Pre-Bid Conference</b> Conference made available both In-person and via online to all interested participants.	September 16, 2021	September 16, 2021	Week 2
<b>RFA Q&amp;A Deadline</b> Deadline to submit written questions to PG&E in PowerAdvocate.	September 23, 2021	September 23, 2021	Week 3
<b>PG&amp;E Q&amp;A Response Deadline</b> Deadline to respond to bidders' questions. Bidders had access to all written questions and to PG&E's responses in PowerAdvocate.	October 1, 2021	October 1, 2021	Week 4
<b>Abstract Submission Deadline</b> Abstract submission due date. Registration in PowerAdvocate was required to submit an Abstract to PG&E.	October 25, 2021	October 25, 2021	Week 7

**FIGURE 7 – RFA and RFP Solicitation Process Events**

<b>Event</b>	<b>Planned Date</b>	<b>Actual Date</b>	<b>Notes</b>
<b>RFA Evaluation and Scoring</b> Scoring and Calibration	October 27, 2021 – November 12, 2021	October 27, 2021 – November 12, 2021	Week 7 – 9
<b>RFA Shortlist Finalized</b>	November 15-19, 2021	November 15-19, 2021	Week 10
<b>RFA Shortlist Presented to PRG</b>	November 30, 2021	November 30, 2021	Week 12: PRG delayed 1 week due to holiday.
<b>RFA Shortlist Notification</b> Bidders were notified whether their Abstract(s) were shortlisted through PowerAdvocate.	December 1, 2021	December 6, 2021	Week 13: Feedback from PRG delayed due to holiday.
<b>RFP Material Development</b> Developed solicitation materials, scoring rubric, scoring elements and criteria and presented to and reviewed by IE and PRG members.	September – November, 2021	September – November, 2021	Week 1-12
<b>RFP Issued</b> RFP documents were available to bidders in PowerAdvocate for download.	December 8, 2021	December 8, 2021	Week 14
<b>RFP Pre-Bid Conference</b> Webinar access instructions provided in PowerAdvocate.	December 15, 2021	December 15, 2021	Week 15
<b>RFP Q&amp;A Deadline</b> Written questions regarding the RFP were due to PG&E in PowerAdvocate.	January 10, 2022	January 10, 2022	Week 19
<b>PG&amp;E Q&amp;A Response Deadline</b> Bidders had access to review PG&E's responses to all written questions.	January 17, 2022	January 17, 2022	Week 20
<b>Proposal Submission Deadline</b> Bidders Proposals submission due date.	February 9, 2022	February 9, 2022	Week 22
<b>RFP Evaluation and Scoring</b> Scoring and calibration	February 11 – February 28, 2022	February 11 – February 28, 2022	Week 22-24

<b>FIGURE 7 – RFA and RFP Solicitation Process Events</b>			
<b>Event</b>	<b>Planned Date</b>	<b>Actual Date</b>	<b>Notes</b>
<b>RFP Interviews</b>	March 10 – 11, 2022	March 10 – 11, 2022	Week 26
<b>RFP Shortlist Finalized</b> Shortlist to Negotiations	March 14 - 18, 2022	March 14 - 18, 2022	Week 27
<b>RFA Shortlist Presented to PRG</b>	March 22, 2022	March 22, 2022	Week 28
<b>RFP Shortlist Notification</b> Bidders were notified whether their Proposal advanced	April 1, 2022	April 1, 2022	Week 29
<b>Contract Negotiations</b> Detailed contract discussion	April – May, 2022	April – July, 2022	Week: 30 - 44
<b>Executed Agreements</b> Successful agreement with counterparties reflected in executed Agreements	July 2022	October 11, 2022	Week: 56
<b>Advice Letter</b> PG&E filed 1 Advice Letter	August 2022	October 12, 2022	Week 56

## **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
- PG&E’s Service List of Community Based Organizations
- Service list maintained by the State of California’s Department of General Services - Office of Small Business and DVBE Services.

## **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. Posting materials outside of Power Advocate also make them visible in internet searches.

## **VIII. Communications with Bidders**

Whenever possible, communications between PG&E and bidders were managed within the Power Advocate platform. Use of a single communications platform during a solicitation reduces the risk of conflicting information being shared in different venues, maintains a complete record of communications, and allows easy access for IE to monitor discussion for bias.

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

In addition to the typical questions regarding submission documents and format requirements, the RFA question themes included scoring of Small Business Enterprise (SBE) Bidders, how to qualify as an SBE, whether PG&E could provide site count data to support bidders in targeting the market, whether a proposed program could incorporate on-bill financing, and whether a future program could leverage incentives from other programs.

PG&E provided responses to these questions along with a data set containing the estimated number of micro and small business sites in DACs by county within PG&E territory.

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

In the RFP question and answer period, PG&E observed the following question themes: clarification around the terms “resource acquisition” and “market support” within the Equity segment context, clarification around the HTR requirement found within the RFP, and clarification around customer eligibility for the program.

PG&E provided responses to these questions during the RFP drafting period.

## **IX. Independent Evaluator**

PG&E engaged one IE from the Commission's approved list of IEs for this Micro and Small Business Equity RFA/RFP process. PG&E engaged the IE throughout the solicitation process. IE feedback was openly received, considered, and discussed. The principal areas of engagement with the IE 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>14</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, the IE 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. 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:

- Increasing the budget allocated to the program;
- Refining the scoring process and scoring criterion to be used by the evaluation team;
- Refining the language and approach used in evaluating supply chain responsibility.

### **(b) Summary of IE input in RFP**

Throughout the development of the RFP solicitation materials and during the review of final solicitation documents, the IE recorded in a comment tracker all input and recommendations to: the general instructions and response forms; the contract term sheet, scoring criteria and weightings; and alignment between the scoring criteria and solicitation documents. PG&E generally accepted or partially accepted IE and PRG feedback. A summary of overall IE

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<sup>14</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.

observations that PG&E incorporated into the RFP process included the following:

- Revisions to General Instructions, Narrative and Data Response Forms to improve clarity and completeness;
- Clarification around use of 'resource acquisition', 'market support', and 'underserved' within the new Equity segment;
- Revising how 'claimable energy savings' is treated within the RFP.

(c) Summary of IE input in Negotiations

The IE monitored communications between PG&E and Resource Innovations during contract negotiations. The IE also reviewed the draft contract forms prior to kicking off contract negotiations. The IE also monitored communications between PG&E and bidders during contract negotiations to ensure discussions were conducted fairly.

## 2. TRANSITION PLAN FROM EXISTING TO NEW PROGRAM

PG&E summarizes the transition from similar existing programs serving the Commercial sector to the new third party implemented program in *Figure 8 – Transition Plan* below. For existing similar programs being fully replaced, the table defines the replacement programs, including; all new third party implemented programs and existing programs.

*Figure 8: Transition Plan from similar existing PG&E programs to the new third party implemented program.*

Figure 8 – Transition Plan				
Transition Plan to New 3P Program	EXISTING COMMERCIAL PROGRAMS			
	PrgID	Program Name	Subprogram Name / Program Common Name	Subsector
Full Replacement by the following program: Resource Innovations – Simplified Savings Program	PGE2110 051	LGEAR Staples Program	Staples Energy	Small/Med Commercial

## 3. CONFIDENTIALITY

In support of this advice letter, PG&E provides the following confidential information: executed Third-Party Implementer Energy Efficiency Program contract, information about the participants and offers submitted in response to PG&E's MSB solicitation 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: Micro Small Business Program Selection

Confidential Appendix D: Third-Party Contract Summary

- a) Table 1 Contract Summary
- b) Table 2 and 3 Major Contract Provisions
- c) Table B (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)**

OCTOBER 11, 2022



# FINAL SOLICITATION REPORT

## PG&E MICRO- AND SMALL BUSINESS EE EQUITY PROGRAM

**Disclaimer: This report includes sensitive and confidential information.**

KIM CROSSMAN  
GREAT WORK ENERGY LLC  
Independent Evaluator

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## 1 Summary

Beginning in September 2021, PG&E administered a two-stage solicitation for a third-party equity program to provide the benefits of energy efficiency (EE) to micro-and small businesses (MSB) in disadvantaged communities in PG&E territory. The solicitation for the MSB Equity program concluded in August 2022 with a final contract executed with Resource Innovations (RI) for the Simplified Savings program, with a total budget of ~\$10 million supporting a three-year program implementation period.

Great Work Energy (GWE) was the Independent Evaluator (IE) assigned to monitor and report on the MSB Equity solicitation. PG&E encouraged and enabled IE monitoring and feedback on materials, process steps and all decisions made throughout the process, without exception.

GWE found that PG&E was receptive to IE and PRG feedback and the process was transparent to IEs and PRG. PG&E treated all bidders consistently in the solicitation and outcomes were fair and appropriate. IE observations and assessments are detailed in this Final Report, including:

- RFA and RFP materials were well designed, clear and straightforward to use. They were streamlined in comparison to prior third-party solicitations monitored by GWE IE.
- Market participation in the solicitation was sufficient to support robust competition, and in line with expectations.
- Scored criteria reflected the most important characteristics and unique metrics (participation of DAC/ HTR customers, participant bill savings) sought from this first PG&E Equity segment solicitation.
- Scorecards incorporated feedback from the Independent Evaluator (IE) and Procurement Review Group (PRG).
- PG&E consistently applied the evaluation methodology to all bids to determine final scores and recommended shortlists.
- The negotiation process was fair, well managed and productive.
- The final negotiated program design retains all elements and aspects of RI's original proposed program design.
- The final contract meets the objectives laid out in the solicitation and supports goal achievement.

## 2 Introduction

### 2.1 Purpose of the Report

The Final Solicitation Report provides an assessment of the Pacific Gas and Electric Company's (PG&E or the Company) third-party energy efficiency (EE) program solicitation process and outcome by the assigned Independent Evaluator (IE). To be in compliance with California Public Utilities Commission (CPUC) direction, an individual report on the solicitation process resulting in any contract award \$5 million or greater and/or with a contract term of longer than three years is required to be submitted along with the Tier 2 advice letter seeking Commission review of such contracts.

This report by Great Work Energy provides information on the Micro- and Small Business EE Equity solicitation process and outcomes and assesses the fairness and transparency of these processes. The report is intended to accompany the contract and Advice Letter being submitted by the IOU for Commission review and approval and will be submitted to PRG.

### 2.2 Background: A Timeline for Transition to Third-Party EE Programs

In August 2016, the California Public Utilities Commission (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<sup>1</sup> the four California Investor-Owned Utilities (IOUs)—Pacific Gas & Electric (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*

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<sup>1</sup> Decision 18-01-004, OP 5.d

*year forecast budgets under contract for programs designed and implemented by third parties by no later than December 19, 2019.*

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. The standard two-stage solicitation includes a Request for Abstract (RFA), followed by a Request for Proposal (RFP) stage.

The MSB program contract is expected to be part of PG&E's drive to meet the final 60% minimum target by the end of 2022.

### 2.3 Role of the PRG and IE in Third-Party EE Solicitations

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

Each IOU is required to select and utilize a pool of EE IEs to serve as consultants to the PRG. The IEs are directed to observe and report on the IOU's entire solicitation, evaluation, selection, and contracting process. The IEs review and monitor the IOU solicitation process, valuation methodologies, selection processes, and contracting to confirm that an unbiased, fair, and transparent competitive process is conducted that is devoid of market collusion or manipulation. The IEs are privy to viewing all submissions. The IEs are invited to participate in the IOU's solicitation-related discussions and are bound by confidentiality obligations.

## 3 Solicitation Overview

The descriptions of the solicitation provided in the Overview section of this report are taken from PG&E's RFA and RFP General Instructions documents. The Scope and Objectives of the solicitation described below were communicated to potential bidders, the assigned IE Great Work Energy (GWE), and the PRG.

### 3.1 Scope of Solicitation

“Decision 21-05-031 adopted a new approach to partitioning the energy efficiency program portfolios into program segmentations whose primary purposes are resource acquisition, market support, or equity. PG&E envisions the Micro- and Small Business Equity Program to function as its first equity-focused program.

**Equity:** Programs with a primary purpose of providing energy efficiency to Hard to Reach (HTR) or underserved customers and Disadvantaged Communities (DAC) in advancement of the Commission’s Environmental and Social Justice (ESJ) Action Plan. Specifically, improving access to energy efficiency for ESJ communities, providing corollary benefits such as increased comfort and safety, improved indoor air quality, and more affordable utility bills, consistent with Goals 1, 2, and 5 in the ESJ Action Plan.

Bidders will design and propose to implement a new equity program providing the benefits of energy efficiency to micro and small business customers. As an equity program, the primary objective is to achieve increased participation and provide targeted services to customers and regions which don’t historically receive it. Proposed programs should strive to achieve maximum measurable benefit. Bidders may target activity in specific locations or markets if that results in efficiencies of scale and/or increased benefits.

The total number of contracts PG&E will ultimately execute in this solicitation is dependent upon the size, scale and comprehensiveness of the programs that are ultimately selected. The contracting target in total dollar amount that PG&E may award for this program is \$10 million.”

### 3.2 Objectives of Solicitation

“PG&E is seeking abstract(s) for programs that employ innovative approaches and strategies to achieve program outcomes including:

- A large number of micro- and small businesses are served by the program.
- Most program participants are from DACs and/or HTR.
- Energy saving projects and practices implemented at participant sites reduce customer energy bills, improve comfort, health, safety, and climate resilience.
- High customer satisfaction with the program.
- Provide load reduction during peak hours and other IDSM [Integrated Demand-Side Management] solutions.

A working group at the CAEECC has developed recommendations for reportable metrics for ratepayer-funded EE equity programs. The outcomes sought in the RFA still represent the most central objectives for this solicitation, and they should continue to anchor bidders' programs. PG&E has incorporated proposed equity program metrics into the RFP that align with the equity segment metrics proposed by the CAEECC working group. In addition, PG&E clarified that it prefers program designs that produce energy and bills savings for the participant. While bidders may propose market support activities, bidders should strive to incorporate activities which result in direct energy and bill savings. If needed, bidders may modify their program designs to address these new metrics more effectively.

PG&E envisions that the Micro and Small Business Equity Program will target customers that meet the following characteristics:

- Largely serve customers in the Commercial sector, with some Industrial and Agriculture customers potentially served as well.
- Peak demand of customer sites served will fall below 50kW.
- Minimum of 75 percent of customers served by the program will be from DACs.
- HTR customers should be included in the program but customers in DACs are the primary target
- Customers served have no more than 10 sites under their ownership and must fit the California Code of Regulations definition of Small Business Enterprise.

In this solicitation, PG&E invites bidders to submit program designs that include approaches tailored to meet the unique needs and address barriers specifically relevant to residents in DACs and HTR customers. DAC/HTR programs within PG&E's portfolio will contribute towards the following portfolio needs:

- Maximize energy savings for DACs, in line with SB 350 and Commission direction.
- Increase participation rates for HTR customers.
- Contribute to the PA's requirement to meet its portfolio-level market penetration targets for serving small commercial customers."

### 3.3 Milestones in the Solicitation Process

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

- The RFA process yielded 11 abstracts. The abstracts were screened, evaluated and scored, a shortlist was created and 5 were invited to participate in the RFP stage. The RFA process began in August 2021 with materials development and concluded in December 2021 with an approved shortlist to proceed to RFP and notifications to bidders.
- The RFP process yielded 5 proposals, which were screened, scored and ranked. The highest-ranking proposal was selected to move into active negotiations. The RFP process began in November 2021 with development of the RFP documents and forms and concluded in April 2022 with bidder notification.
- The Contracting stage of the solicitation began in April 2022 when negotiations kicked off with the selected bidder. Negotiations concluded in July 2022 and a final contract was executed October 11, 2022.

The solicitation schedule was consistent with the information shared in the IOU Dynamic Schedule that is posted on PEPMA and linked through the CAECC website. Overall, executing the MSB Equity two-stage solicitation process from solicitation launch to Advice letter submission took approximately a year.

Table 1: Key Milestones in MSB Equity Solicitation Process		
Milestones	Completion Date	Weeks To Complete
RFA Stage		
Solicitation Launch	September 7, 2021	13 weeks
Bidders Conference	September 16, 2021	
Offer Submittal Deadline	October 25, 2021	
RFA Shortlist to PRG	November 30, 2021	
Shortlisting Notification	December 6, 2021	
RFP Stage		
Solicitation Launch	December 8, 2021	16 weeks
Bidders Conference	December 15, 2021	
Offer Submittal Deadline	February 9, 2022	
Bidder Interviews	March 10-11, 2022	
RFP Shortlist to PRG	March 22, 2022	

Table 1: Key Milestones in MSB Equity Solicitation Process		
Milestones	Completion Date	Weeks To Complete
Shortlisting Notification	April 1, 2022	
Contracting Stage		
Contracting and Negotiations Period	April 1, 2022 – August 5, 2022	27 weeks
Contracts Presented to PRG	July 26, 2022	
Contract Execution	October 11, 2022	

### 3.4 Key Observations

Table 2 represents a collection of key issues and outcomes observed by the assigned IE, Great Work Energy (GWE IE), which were reported and discussed with the PRG and PG&E during the MSB solicitation.

Table 2: Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Eliminating redundancy in RFA & RFP scoring criteria.  (Effective Practice)	In the MSB solicitation, PG&E wanted to reduce the timeline and effort that has been associated with previous two-stage solicitations. PG&E’s proposed approach of testing discrete criteria in either the RFA or RFP stage, but not in both, has the potential to reduce effort and time for all parties.	GWE was supportive of the plan generally. GWE’s only concern about this approach was the risk that key criteria tested only in the RFA (program design, innovation, and team structure) might not factor into final selection at all.	PG&E laid out a plan for bid evaluation that effectively addressed GWE’s concern. Following the RFP, PG&E ranked the bids and developed the shortlist based on weighted scores from both the RFA and RFP.  PG&E’s approach to streamlining the RFA was very effective in yielding shorter, more focused abstracts and proposals. The time required to review and score abstracts and proposals was cut in half, compared to previous PG&E solicitations monitored by GWE. It is reasonable to assume that bidders experienced a similar, major reduction of effort and complexity in preparing their abstracts and proposals for submission.

Table 2: Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Eliminating Delays Between Stages.  (Effective Practice)	PG&E wanted to reduce the timeline associated with previous two-stage solicitations in the MSB solicitation. They sped up the schedule for internal solicitation development steps to reduce time between the RFA and RFP stages, and between the RFP selection and contracting/negotiations.	GWE was highly supportive of the proposed accelerated solicitation schedule and optimistic about PG&E's ability to execute it.	PG&E successfully completed development and revision of the RFP package in time to present for PRG review along with the RFA shortlist, for the first time. Due to these efforts, there was no lag between shortlist notification and launching the RFP.  The contract templates were prepared and presented to PRG along with the RFP shortlist recommendation and are ready for distribution as negotiations begin. These efficiencies in the solicitation development and PRG review process reduced the overall solicitation timeline by two to three months compared to past practice.
Equity Program Metrics	The "Equity" EE segment is new, and a CAEECC working group was drafting guidance for equity program metrics when the RFA was released. Not having full clarity on the outcomes being sought during the RFA could impact the programs that bidders design.	GWE recommended that bidders should be informed in the RFA that the RFP may incorporate additional equity metrics or other requirements that are approved by CPUC. Bidders should be allowed to revise program designs in the RFP stage to appropriately respond to adopted changes.	PG&E agreed and accepted the proposed edits to the RFA.  The RFP incorporated the framework recommended by the CAEECC equity metrics working group, which was well aligned with the objectives that had been laid out in the MSB RFA.  Bidders were invited to adjust their proposed program designs as appropriate to maximize their program's primary equity outcomes of MSB participation and customer bill savings.

**Table 2: Issues and Observations**

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Supply Chain Diversity	Solicitation materials initially lacked information about SBE and DBE definitions, so it was unclear what would be evaluated and scored. GWE IE was concerned that PG&E’s standard approach would not appropriately value teams that include SBE and DBE as implementers.	GWE requested that PG&E be more transparent and reconsider the supplier diversity criteria and evaluation methodology for this equity solicitation.	PG&E devised a simple, approach to encouraging and scoring participation of small businesses in the RFA in hopes of gaining maximum participation by small, local California businesses in the RFP. This appeared to be effective based on results at the RFA stage. PG&E was transparent about the approach they took to scoring DBEs and SBE at the RFP stage of this equity solicitation. While the evaluation methodology remains overly complicated, all bidders were given a fair opportunity and the information needed to score well on this criterion. Some bidders had added more diverse subcontractors to their teams in the RFP, an indicator of success. This improved their proposals and had been encouraged by PG&E.
Provide Bidder Feedback After RFA Stage  (Effective Practice)	In response to Stakeholder and PRG feedback, PG&E made three significant changes to improve bidder feedback.  1) Provide better, more actionable information about their bid’s performance against the criteria and against the pool of bids submitted.  2) Provide rapid feedback to RFA bidders, instead of waiting until after	GWE thought that PG&E’s planned changes could provide a significant leap forward in IOU bidder feedback processes for third-party EE solicitations and was highly supportive of these changes.  The sole concern was that this approach could introduce a risk to fairness if inconsistent information was provided to bidders who are in the middle of a two-stage solicitation process.	PG&E effectively avoided the risk to fairness for those proceeding to the RFP stage. They tightly clustered the debrief sessions, consistently used the same slide deck, script and feedback methodology for each debrief. They did not answer any questions bidders posed seeking more information about PG&E’s evaluation of their abstract or the upcoming RFP. It helped that the RFP bidders conference and start of the RFP Q&A period was scheduled to occur just days later, so PG&E could redirect RFP questions to that venue.  Bidder feedback following the RFA stage was acknowledged and very

**Table 2: Issues and Observations**

Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
	<p>contract is approved many months later.</p> <p>3) Provide feedback on abstracts to those advancing to RFP to support them improving their bid between stages.</p>	<p>GWE recommended prioritizing feedback to those proceeding to RFP and advised careful management of the process to ensure consistency and accuracy of information conveyed.</p>	<p>well received by the MSB RFA bidders. In addition to directly answering the call for better and more timely feedback, PG&amp;E's decision to provide an RFA debrief before advancing bidders prepare their RFP appeared to yield better engagement and stronger proposals.</p>
Interviews	<p>To ensure fairness, PG&amp;E planned to interview all RFP respondents before final selection for negotiations. In hindsight, interviewing all RFP bidders may not have been the optimal way to approach interviews for this solicitation, as there was clear distinction between higher and lower scoring bids after calculating the combined RFA and RFP scores.</p>	<p>While PG&amp;E had hoped to give all bidders a chance to shine in interviews, it probably was not ideal to put lower-scoring bidders through another round of effort unnecessarily.</p>	<p>PG&amp;E mitigated this by keeping the interview structure simple and reducing bidder effort associated with preparing for interviews.</p>

Table 2: Issues and Observations			
Topic	Observation	IE Recommendation(s)	Outcome (IOU Action/Response)
Interviews	Some bidders asked probing questions of PG&E program staff during their interview, seeking direct feedback on elements of their proposal. The score team did not seem well enough prepared to quickly defer these types of probing bidder feedback questions. While fairness was not compromised this time, unstructured two-way communication of this kind during interviews introduces risk.	For interviews in future solicitations, additional structure and training on interview Dos and Don'ts would be helpful for the score team, similar to what PG&E provides during score team training for RFAs and RFPs. Bidder feedback should be deferred until the formal, structured Bidder Feedback sessions.	PG&E staff agreed that score team members participating in interviews could be better prepared in the future to avoid potential pitfalls.

## 4 Request for Abstracts

### 4.1 RFA Development

RFA documents were thoughtfully designed to gather information that was essential for assessing abstracts (program design/innovation and team qualifications). The RFA did not request information for criteria assessed at the RFP stage (program feasibility, quantifiable outcomes, cost/compensation). In addition to covering critical policy context, program scope and instructions for participation, the General Instructions provided bidders with insight into future requirements and long-term objectives of the solicitation, to inform their design of an effective program that could ultimately be successful in the solicitation. Information requested from bidders in the Narrative and Data Forms they submit was narrowly constrained just to those items needed to assess if the abstract describes a program design and team that has the potential for success.

As the first third-party equity solicitation, and with the EE equity regulatory framework just emerging, there were still unknowns about whether and how some CPUC policies that apply to resource programs would also apply to equity programs. These things were handled appropriately by PG&E in the RFA solicitation documents at the time or were deferred until the RFP stage when metrics, measurement and verification (M&V) and other feasibility and compliance items would be addressed.

## 4.2 Bidder Outreach

There are a large number of potential Implementers for a program targeting small commercial businesses, and a successful MSB RFA was expected to yield 10-15 abstracts submitted. To meet these expectations, PG&E took actions to notify potential bidders. PG&E published the solicitation and all associated materials on the PG&E website and in PowerAdvocate. PG&E also sent out notice of the solicitation to their supplier diversity service list.

In addition to these standard outreach practices, PG&E wanted to reach more small and diverse California businesses who might be interested in bidding on an EE equity program. To help get the word out, the Contract Opportunity Announcement (COA) was posted to the following places:

- Proposal Evaluation and Proposal Management Application (PEPMA)
- PG&E's Website—Business to Business Opportunities: [https://www.pge.com/en\\_US/for-our-business-partners/purchasing-program/bid-opportunities/bid-opportunities.page](https://www.pge.com/en_US/for-our-business-partners/purchasing-program/bid-opportunities/bid-opportunities.page)
- PG&E's Service List of Community Based Organizations: The COA was distributed to over 60 organizations in Northern California that promote small and diverse business development including chambers of commerce, community development organizations, commissions, business associations, business networks, and business councils.
- State of California's Office of Small Business: The COA was distributed to partner organizations to disseminate to their membership and local businesses.
- PG&E's Energy Efficiency Website

## 4.3 Bidders' Conference and Q&A

The Bidders' Conference webinar was held on September 16 with approximately 30 potential bidders in attendance. Information presented about the program objectives and target market

for the MSB program was clear and taken directly from the published RFA materials. PG&E staff effectively emphasized critical logistical details for the solicitation, such as deadlines for submission of questions and abstracts. The presentation slide deck was posted to PowerAdvocate immediately following the webinar and was accessible to all who had registered for the solicitation.

Questions during the Bidders’ Conference were invited via chat. PG&E clearly communicated that all questions would be answered in writing and posted to PowerAdvocate, along with any other questions received from bidders via PowerAdvocate throughout the Q&A period.

Bidders submitted useful questions indicating their familiarity with the solicitation documents. Themes of questions included how to qualify as a Small Business Enterprise (SBE); whether PG&E could provide usage, site count or other data to support bidders in better targeting the market; whether a proposed program could incorporate on-bill financing, and whether it could leverage incentives from other programs.

The last day for bidders to submit questions was September 23. PG&E coordinated internally to develop answers to 22 submitted bidder questions and engaged GWE IE to provide review and feedback before finalizing and posting these to PowerAdvocate on the scheduled due date of October 1. All final answers provided by PG&E were thoughtful and well-aligned with the RFA documents and intent. In response to bidder requests, PG&E also provided a data set with the estimated number of micro-and small business sites (under 50 kW) in DACs in PG&E territory, by county.

Table 3: RFA Bidders Conference	
RFA Bidders Conference Date	September 16, 2021
Number of Attendees	30 potential bidders
Number of Questions Received	22

4.4 RFA Bidders Response

Abstracts were submitted on October 25, 2021. Responses to the Request for Abstracts were in line with IOU expectations for participation.

Table 4: Solicitation Abstract Response	
Abstracts Expected	10-15
Abstracts Received	11

Table 4: Solicitation Abstract Response	
Abstracts Disqualified	0
Abstracts Shortlisted	5

## 4.5 Abstract Selection Process

### 4.5.1 Bid Screening Process and Management of Deficient Bids

In the RFA General Instructions, bidders were told that their abstracts would be screened and could be eliminated from scoring for any reason including late submission, incompleteness, exceeding the stated word counts, conflict of interest and not being responsive to the objectives of the solicitation.

PG&E screened all abstracts received for conformance with solicitation eligibility requirements prior to releasing them for scoring. Two of the 11 abstracts received were flagged as possibly out of scope or incomplete. After requesting review and input from GWE IE, PG&E appropriately determined that the issues noted were minor and decided that the abstracts should not be disqualified. All 11 abstracts submitted passed the bid screening and moved on to individual scoring. None were considered deficient.

### 4.5.2 Evaluation Team Profile

PG&E recruited and trained a well-qualified score team to evaluate abstracts. PG&E provided the names, titles, and biographies of the proposed Score Team members for GWE review. All scorers had deep, direct experience working with small commercial businesses and were well-qualified to effectively evaluate MSB bids.

PG&E prepared training materials for the score team and provided these to GWE for review and feedback on October 18. PG&E accepted all IE feedback and made suggested edits to the training materials.

PG&E provided score team training which familiarized reviewers with the components of the scorecard and RFA/RFP documents, goals and objectives of the solicitation, company procurement policies, and the third-party solicitation process and roles. Code of conduct rules were made clear to all scorers. All score team members attended the scoring training held on October 22.

Table 5: IOU Evaluation Team		
Position Title	Position Role	Area Scored
[REDACTED]	[REDACTED]	■

#### 4.5.3 RFA Scoring Rubric Design

During the week of October 11, PG&E finalized the detailed scoring instructions for each criterion. Established criteria were based on the MSB RFA scoring rubric that had been reviewed by PRG and were precisely aligned with the preferences expressed to bidders in the RFA materials. PG&E finalized the scorecard and instructions that were used to support and document individual evaluation of abstracts by Score Team members on October 18.

Table 6: RFA Scoring Rubric		
Category	Sub-Category	Weighting
Program Design	Market Understanding	■
	Program Design	■
	Program Outcomes	■
Innovation	Innovation	■
Company Qualifications	Team Composition	■
	Prior Experience	■
Small Business Enterprise	Small Business Enterprise	■
Total		100%

#### 4.5.4 Evaluation Processes and Scoring Calibration

**Individual scoring** of submitted abstracts was executed over a two-week period, from October 27–November 10, 2021. Submitted abstracts were evaluated and scored by PG&E’s assigned Score Team. GWE IE also “shadow” scored all submitted abstracts, following the same evaluation methodology and instructions used by the Score Team. (IE “shadow” scoring informs calibration and support IE monitoring and reporting on the fairness of the evaluation process, but IE scores do not count in bid shortlisting and selection processes.)

As a follow-up to score team training that was provided on October 22, PG&E hosted optional weekly meetings during this period for reviewers to ask questions and discuss any challenges they were having in understanding or applying the evaluation methodology. The first was well attended and allowed the PG&E Solicitation Lead to reinforce a shared understanding of defined scoring criteria and scoring best practices. Most scorers had already completed the task prior to the second meeting.

PG&E’s approach to streamlining the RFA was very effective in yielding shorter, more focused abstracts. The average time for GWE to evaluate and assign scores in previous PG&E RFAs was approximately six hours per abstract. In contrast, the review time in the MSB RFA was less than two hours per abstract. This was a consistent finding across PG&E scorers as well—review times were generally less than two hours per abstract. It is reasonable to assume that bidders experienced a similar major reduction of effort and complexity in preparing their abstracts for submission.

After reviewing and shadow scoring all abstracts, GWE observed that PG&E had received a competitive number of strong, viable abstracts that were well aligned with the objectives of the solicitation. The RFA scoring rubric supported identification of the most important strengths and weaknesses of the submitted abstracts and served well to distinguish between them.

**Scoring Calibration:** PG&E hosted the scoring calibration meeting with the MSB score team on November 12. GWE IE monitored and participated in the meeting.

PG&E approached calibration similarly to the process followed in their other recent third-party solicitations. PG&E compiled and analyzed score team and IE scores, identifying bids and criteria where reviewers’ score deviated by 2 points or more (out of a 5-point scale) as the focus for score team discussion and calibration. Each abstract was summarized and discussed briefly by the team, before addressing diverging scores on sub-criteria.

There were a very small number of minor changes (+/- 1 point) made to individual scores or scoring notes during and following calibration. None of these changes changed the overall ranking of bids.

Individual scores received from the score team were more aligned pre-calibration than has been observed in prior PG&E solicitations. This combined with the small number of scored criteria in the RFA made calibration a quick and easy process and allowed time to discuss each of the abstracts submitted. At least two factors contributed to the strong alignment of individual scores: 1) the expertise of the score team in working with the target market (small commercial businesses) and 2) the clarity of the scoring instructions/established criteria definitions.

To summarize, PG&E conformed with planned and established evaluation processes for the RFA.

- PG&E screened bids for completeness and compliance with RFA instructions according to their established and published bid screening criteria. No abstracts were screened out for non-compliance, all were passed through for evaluation by the score team.
- PG&E evaluated abstracts using the established scoring criteria and processes, with no deviations. The integrity of the process was upheld throughout the review and scoring phase.
- GWE observed that PG&E scorers demonstrated diligence and care in their assigned individual scoring responsibilities and calibration meetings.
- The RFA scoring rubric supported identification of the most important strengths and weaknesses of the submitted abstracts and served well to distinguish between them.
- Calibration further clarified different interpretations of the scoring criteria or objectives of the solicitation, but there were only a small number of revisions made to individual scores or scoring notes during and following calibration.

#### 4.5.5 Abstract Selections

Following individual score adjustments in calibration, PG&E applied the PRG-approved scoring rubric weightings to the Score Team scores to rank bids and develop the shortlist. The final stack of scores included clear, natural breaks between better and worse abstracts. No adjustments were proposed or made; the shortlists proposed were simply based on the ranking of bids.

The new approach PG&E developed to scoring Supplier Diversity (focused on SBE) in the RFA did not affect the rankings of bids that scored highest and lowest but did have a material outcome on bid rankings in the middle of the pack. Due to high scores in this criterion, two bids were included in the RFA shortlist that otherwise would have been on the margin or possibly below the cut line. This outcome was well aligned with the intention for this criterion, as it increased the number of small businesses participating in the RFP.

Table 7: IE Observations on Abstract Scoring and Shortlist Summary	
Scoring and Shortlisting Summary	IE Finding
Was there a conflict of interest with any of the scorers?	No COI
Was it a fair process?	Yes, consistently
Does GWE agree with the scoring?	Yes, the assessment of abstracts was well aligned with PG&E evaluator scores, especially at top and bottom rankings
Were there major differences of opinions on scoring team? If so, why?	No major differences, scoring team was unusually well-aligned.
Did all evaluators understand the scoring criteria similarly?	Yes
Did PG&E articulate a clear philosophy about how many abstracts to advance to the next stage? Did they adhere to this plan?	Yes, PG&E focused on natural breaks in final abstract score rankings and not advancing bids with low potential for success.
Does PG&E's approach to drawing the line make sense and comport with the overall goals of the two-stage solicitation process?	Yes
Did the IOU identify the marginal cases (hard calls)? <ul style="list-style-type: none"> <li>• Did the marginal cases that the IOU identified match your own identifications?</li> <li>• Did the IOU have a robust discussion about what to do with the marginal cases?</li> </ul>	Yes, shortlist discussion focused on whether two bids in the lower middle of the pack should be included in RFP or not. With five other bids above them, few strengths and some weaknesses, PG&E made the right decision not to include them on the RFA shortlist.

Table 7: IE Observations on Abstract Scoring and Shortlist Summary	
Scoring and Shortlisting Summary	IE Finding
Things to fix moving forward? Did the bid review and scoring reveal any places where the solicitation instructions were unclear or incomplete?	<p>Information to clarify in RFP:</p> <ul style="list-style-type: none"> <li>• Integration/coordination with the new statewide small business pilot</li> <li>• How “underserved” is defined in this solicitation</li> <li>• Need to better understand workforce aspects of proposed programs</li> </ul>

PRG members expressed support for the proposed RFA shortlist at the meeting, and ED staff sent an email confirming that they had no further questions or concerns on December 3. PG&E notified all RFA bidders of their status (Advancing or Not Advancing) via PowerAdvocate on December 6. For the first time, this notification letter also included an offer for RFA debrief to all bidders, provided multiple dates and times for these debriefs and requested their response with availability to meet if interested.

#### 4.6 Bidder Debriefs

For the first time in a third party EE solicitation, PG&E offered RFA debriefs to all bidders immediately following notification, including both those advancing to RFP and those who were not advancing. GWE IE monitored all bidder debrief meetings.

Information was provided consistently to all bidders in these debrief meetings. This included a review of the scored sub-criteria and a verbal walkthrough of how the bidder’s response fared against each of these criteria. PG&E presented the bidder’s results in two dimensions:

- An “absolute” evaluation based on how their average score in each criterion fared against the 1-5 rankings. (Strength, Weakness or Neither Strength nor Weakness)
- A relative evaluation of how their average scored fared against the pool of all bidders. (Much Higher, Slightly Higher, No Material Difference, Slightly Lower and Much Lower)

PG&E prioritized debriefs with those advancing to RFP first and completed all five debriefs with those on the shortlist between December 10-14. Five out of six bidders not advancing also requested debriefs, and these were completed on December 16-17.

**Effective Practice:** In response to Stakeholder and PRG feedback, PG&E made three significant changes to improve bidder feedback.

- Provide better, more actionable information about their bid’s performance against the criteria and against the pool of bids submitted, as described above.
- Provide rapid feedback to RFA bidders, instead of waiting until after contract is approved many months later.
- Provide feedback on abstracts to those advancing to RFP to support them improving their bid between stages.

This represents a significant leap forward in IOU bidder feedback processes for third party EE solicitations, which was acknowledged and very well received by the MSB RFA bidders. In addition to directly answering the call for better and more timely feedback, PG&E’s decision to provide an RFA debrief before advancing bidders prepare their RFP appeared to yield better engagement and stronger proposals.

GWE raised a concern that this approach could introduce a risk to fairness if inconsistent information was provided to bidders in the middle of a two-stage solicitation process. PG&E carefully managed and effectively avoided this risk by tightly clustering the debrief sessions, consistently using the same slide deck, script, and feedback methodology for each debrief, and not answering any questions bidders posed seeking more information about PG&E’s evaluation of their abstract or the upcoming RFP. It helped that the RFP bidders’ conference and start of the RFP Q&A period was scheduled to occur just days later, so PG&E could redirect bidders to ask their RFP questions in that venue.

## 4.7 PRG and IE Feedback for Abstract Process and Selections

### 4.7.1 Adherence to PRG Guidance and Feedback

In response to early presentations of PG&E’s proposed approach to this solicitation, multiple PRG members expressed concern about the adequacy of the program budget to serve this large potential market. PRG recommended that PG&E consider either increasing the budget or targeting activity in specific locations/markets to achieve maximum measurable benefit. GWE IE agreed and encouraged PG&E to adopt both recommendations.

PG&E accepted PRG’s recommendations. The budget target was increased to \$10 million. In addition, the RFA General Instructions were edited to better emphasize that bidders could propose programs that target activity in specific locations/markets if that helped them achieve maximum measurable benefits and/or leverage economies of scale.

All feedback and advice provided by the PRG was incorporated into the final RFA design and materials. There were no areas of disagreement, and PG&E adopted all PRG recommendations.

PRG members provided input on the scoring criteria and weightings and reviewed the scoring methodology and outcomes of that process. PRG fully supported PG&E's proposed RFA shortlist advancing five of the eleven submitted abstracts to RFP.

#### 4.7.2 Response to IE Feedback

PG&E was transparent and fully responsive to IE advice and feedback throughout the RFA process.

PG&E and GWE IE worked collaboratively to finalize the detailed scoring instructions for each criterion. GWE confirmed that the final established criteria were based on the MSB RFA scoring rubric that had been reviewed by PRG and that these were precisely aligned with the preferences communicated to bidders in the RFA materials.

GWE's assessment of the submitted abstracts and merits of the proposed shortlist lined up well with the outcomes of PG&E's scoring process and resulting recommendations, and there were no areas of disagreement.

## 5 Request for Proposals

### 5.1 RFP Development

PG&E effectively incorporated new topics/approaches that were planned at the RFA stage into their development of the MSB RFP structure and documents:

- **Equity program metrics and indicators** were drawn from the CAEECC Equity Metrics Working Group (EMWG) final report that had been released in October 2021. These recommendations were well-aligned with what had been communicated to bidders in the RFA and provided the structure and basis for quantifiable outcomes and key performance indicators requested in the RFP. The primary quantifiable outcomes (goals) for the MSB equity program are Participants Served and Bill Savings. Claimable energy savings were included as a Key Performance Indicator (KPI).
- **Streamlining the two-stage solicitation process:** PG&E was trying to eliminate redundancy in scoring criteria and information requested from bidders in the RFA and RFP stages. PG&E planned to use both RFA and RFP scores to develop the final bid rankings and RFP shortlist. This had been very successful in reducing complexity and effort in the RFA stage. The RFP structure, scoring rubric and materials continued this

approach.

- **SBE/DBE scoring:** PG&E's sourcing team engaged actively and transparently with GWE IE as they reconsidered their approach to scoring Supplier Diversity for the MSB RFP. GWE's assessment was that the evaluation methodology proposed for the MSB RFP was an improvement over past practice and aligned with the objective of encouraging supplier diversity.

The RFP documents submitted for PRG review directly addressed information needs that were noted following scoring of the MSB RFA, incorporated lessons learned from prior solicitations and were well- designed to support effective scoring and selection.

PG&E received a single PRG comment on the RFP documents, a concern that the method PG&E had developed to support consistent calculation of participant bill savings outcomes in the RFP could potentially lead to misleading calculations, as it did not appear to include the size and number of sites served. PG&E responded that only small customers are eligible for this program, and that bidders would provide the number of participants served as a quantifiable outcome, alongside these customer bill savings numbers. PG&E communicated their intention to walk bidders through the calculation methodology during the RFP Bidders' Conference. Finally, in response to this concern, PG&E added language into the RFP instructions asking bidders to explain any number skewing they thought may be occurring due to the bill savings calculation methodology requested by PG&E. ED staff confirmed their support for this response and the RFP was published to PowerAdvocate on December 8.

Effective Practice: PG&E successfully completed development and revision of the RFP package in time to present for PRG review along with the RFA shortlist, as planned, for the first time. Executing the RFA scoring and selection processes while simultaneously developing the RFP materials required the PG&E solicitation lead's intensive, focused effort, which was well-executed. Due to these efforts, there was no lag between shortlist notification and launching the RFP, which reduced the overall solicitation timeline by two to three months compared to past practice.

## 5.2 Bidders Conference and Q&A

PG&E held the Bidders Conference on December 15, 2021. In addition to PG&E staff, there were twenty people in attendance, including one or more representatives from each of the five bid teams and seven PRG members. PG&E had provided the draft slide deck for GWE review on December 10th and made minor changes in response to IE feedback.

In the first half of the meeting, PG&E staff provided an overview of the information in the RFP General Instructions, including RFP logistics, schedule and requirements, Supply Chain Responsibility, solicitation objectives and the RFP evaluation criteria and sub-criteria being assessed. A PG&E engineer walked through an example of the bill savings calculation methodology that PG&E has asked bidders to use in the RFP and emphasized assumptions that bidders should document in their Narrative response.

While PG&E had set aside an hour on the agenda for live Q&A, only two questions were submitted by advancing bidders during the meeting. These were answered by PG&E, and the meeting ended an hour early. Bidders were encouraged to submit questions via PowerAdvocate until January 10, 2022 and told that PG&E would respond to these by January 17. PG&E repeatedly encouraged bidders to download and review the RFP documents to surface any questions they would like to submit before the due date of January 10. RFP materials also provided clear instructions about how and when bidders could submit questions.

Only seven bidder questions were received from three of five RFP bidders. Bidders sought clarifications about the definition of HTR and how the terms “resource acquisition” and “market support” were being used in the context of this equity solicitation. There were two questions about the types of customers eligible for the program and a question about PG&E preferences for DAC targeting.

None of the questions were difficult to answer objectively. PG&E turned around answers quickly, and provided these for IE review on January 12, 2022, prior to posting to PowerAdvocate on January 13.

Table 8: RFP Bidders’ Conference	
RFP Bidders’ Conference Date	December 15, 2021
No. of Attendees (potential bidders only)	13
No. of Bidder Questions Received	7

### 5.3 RFP Bidders Response

Five proposals were received by the RFP due date of February 9, 2022. All bidders whose abstracts were invited into the RFP submitted a proposal.

Table 9: Solicitation RFP Response	
Proposals Expected	5
Proposals Received	5
Proposals Disqualified	0

## 5.4 Proposal Selection Process

### 5.4.1 Bid Screening Process and Management of Deficient Bids

All bids passed the screening process as compliant with solicitation instructions including completeness and not exceeding the published word count limits. None were screened out or considered deficient, all were passed through for scoring.

### 5.4.2 Evaluation Team Profile

The RFP was scored by the same individuals who scored the RFA, providing continuity and undergirding PG&E's approach of testing discrete criteria in the RFA and RFP stages. As noted previously, all score team members were well-qualified, with directly relevant professional experience working with and for micro- and small business customers at PG&E.

Table 10: IOU Evaluation Team		
Position Title	Position Role	Area Scored
[REDACTED]	[REDACTED]	[REDACTED]

### 5.4.3 RFP Scoring Rubric Design

As previously described, the RFP scoring rubric did not duplicate criteria that had already been evaluated in the RFA stage (Program Design, Innovation and Team Qualifications). Instead, the RFP tested other discrete selection criteria related to program outcomes, budget, performance and feasibility.

Table 11: RFP Scoring Rubric		
Category	Sub-Category	Weighting
Program Outcomes & Costs	Program Outcomes	
	Program Budget and Costs	
Program Implementation & Feasibility	Risk Management and Workforce Strategies	
	Schedule	
	Customer Acquisition & Incentives	
	Program M&V and Reporting	
Compensation & Performance	Payment Structure	
	Key Performance Indicators	
Supply Chain Responsibility	Small Business Enterprise	
	Diverse Business Enterprise	
Total		100%

#### 5.4.4 Evaluation Processes and Scoring Calibration

**Individual Scoring.** All score team members completed their evaluation and submitted scores and associated comments on time, by February 25, 2022. GWE IE also reviewed and “shadow” scored the five submitted proposals during the same period.

IE review of the submitted scorecards and associated comments confirmed that all scorers effectively and consistently applied the scoring methodology and instructions when evaluating submitted proposals.

**RFP Scoring Calibration:** PG&E hosted the calibration meeting with the MSB score team on February 28. GWE IE monitored and participated in the meeting. PG&E approached calibration using the same process followed in their other recent third-party EE solicitations. PG&E compiled and analyzed score team and IE scores, identifying bids and criteria where reviewers’ score deviated by 2 points or more (out of a 5-point scale) as the focus for score team discussion and calibration. There were a small number of minor changes made to individual scores during and immediately following calibration.

**Effective Practice:** After completing evaluation of the submitted proposals, GWE IE confirmed that review and evaluation time was cut in half, compared to previous PG&E RFPs scored by GWE. This same outcome was reported to PRG at the RFA stage. It appears that PG&E’s approach of eliminating redundancy of criteria tested between the RFA and RFP significantly reduced time and effort for both bidders and scorers, in both phases of the solicitation.

Table 12: Bid Review and Evaluation Time Reduction		
Average time for GWE IE scoring per bid	Prior solicitations	MSB solicitation
RFA	5-6 hours	2 hours
RFP	7-8 hours	3 hours

5.4.5 Interviews

PG&E planned to incorporate interviews into this bid evaluation process, thinking that interviews would help them better understand and distinguish between bids. In addition, they hoped that better understanding of the bids would reduce time spent in active negotiations.

PG&E developed a plan and methodology for incorporating interviews into the selection process, solicited feedback from GWE IE and the PRG and then executed according to that plan, as follows:

- PG&E developed the interview questions/topics with score team and IE input, drawing upon the bid strengths and weaknesses noted in RFA and RFP score cards and focused on clarifying uncertainties or confusion discussed in prior scoring calibration sessions.
- All RFP bidders received the same set of questions/interview topics to address. The interview topics/questions were based on previous RFA and RFP topics, directly tied to scored criteria, and did not require bidders to develop new information or submit written responses. Questions/presentation topics were provided to all bidders one week before interviews. Bidders were asked to submit a slide deck by March 9 addressing these topics, and all did so.
- Interviews occurred on March 10 and 11, following RFP scoring calibration and before the bid rankings and final shortlist was developed. This timing and approach worked well. All four PG&E scorers participated in all bidder interviews, and each bidder received thoughtful, clarifying questions about their presentation and proposal.

- Following interviews, scorers individually revisited their post-calibration RFA and RFP criteria scores. Where they thought it was appropriate, based on information gained in the interview, they revised some of their scores and update the associated comment to reflect their justification for final score. These final scores were submitted by March 14.

Overarchingly, PG&E's preparation and management of the interviews was executed well and fairly.

**IE Observations/Recommendations on Interviews:** In hindsight, interviewing all RFP bidders may not have been the optimal way to approach interviews for this solicitation, as there was clear distinction between higher and lower scoring bids after calculating the combined RFA and RFP scores. While PG&E hoped to give all bidders a chance to shine in interviews, it probably was not ideal to put lower-scoring bidders through another round of effort unnecessarily. PG&E tried to mitigate this by keeping the interview structure simple and reducing effort associated with interview prep, as reflected in the information shared above.

For interviews in future solicitations, additional structure and training on interview Dos and Don'ts would be very helpful for the score team, like what PG&E provides during score team training for RFAs and RFPs. For example, some bidders asked probing questions of PG&E program staff during their interview seeking direct feedback on elements of their proposal. The team did not seem well enough prepared to quickly defer these types of probing bidder questions, and it was a bit awkward. Without clearer guidance, two-way communication of this type during interviews introduces risk and could jeopardize fairness.

#### 5.4.6 Shortlist and Final Selections

PG&E's new approach to this two-stage solicitation drove a change in their methodology for shortlisting. Criteria scores from the final individual RFA and RFP scorecards were combined, averaged, and weighted to derive the final bid rankings. These rankings provided the basis for shortlist recommendation and final selection to proceed to negotiations. GWE review of the final scores, criteria weighting, calculations, and final rankings found no errors.

The stack of final scores shows clear, natural breaks between the bidders with a large gap between the top-scoring bid and all others. At the PRG meeting on March 22, PG&E presented this information and recommended that the top bid from Resource Innovations be invited into active contract negotiations.

From GWE’s perspective, this recommendation is logical and appropriate. The abstract and proposal RI submitted were scored highest, consistently, by all scorers and by GWE, because it was most precisely aligned with all objectives of this MSB equity solicitation. Other proposals submitted were also high quality and had compelling elements or aspects, but not across all criteria and not more so than the leading bid, which was reflected in final scores.

PRG had no questions or concerns about the proposed shortlist and on April 1, 2022, bidders were notified via PowerAdvocate. Resource Innovations was invited into active negotiations and the other four bidders were informed that they would not be moving forward.

Table 13: IE Observations on RFP Scoring and Shortlist Summary	
Scoring and Shortlisting Summary	IE Finding
Was there a conflict of interest with any of the scorers?	No COI
Was it a fair process?	Yes, consistently
Does GWE agree with the scoring?	Yes, IE assessment was well-aligned with PG&E evaluator scores.
Were there major differences of opinions on scoring team? If so, why?	No major differences, scoring team was well-aligned.
Did all evaluators understand the scoring criteria similarly?	Yes
Did PG&E articulate a clear philosophy about how many bidders to advance to the negotiations? Did they adhere to this plan?	PG&E was open to contracting with one or more than one Implementer in this solicitation and adhered to this plan.
Does PG&E’s approach to drawing the line make sense and comport with the overall goals of the two-stage solicitation process?	Yes
Did the IOU identify the marginal cases (hard calls)?	There were no hard calls or marginal cases.
Things to fix moving forward? Did the bid review and scoring reveal any places where the solicitation instructions were unclear or incomplete?	No. All RFP criteria/scoring worked well as planned.

## 5.5 PRG and IE Feedback to Proposal Process and Selections

### 5.5.1 Adherence to PRG Guidance and Feedback

As described in previous sections, PG&E planned and executed this solicitation's processes in active coordination with the IE and PRG. PG&E was testing multiple, significant changes in this solicitation to streamline the two-stage solicitation process, in addition to running their first EE Equity solicitation. Their consistent adherence to and management of PRG review processes and responsiveness to PRG feedback provided a strong foundation to consider and develop new and improved approaches.

### 5.5.2 Response to IE Feedback

PG&E proactively engaged GWE IE during all steps of the MSB RFP development and scoring, interviews, and shortlisting. IE ideas and opinions were sought and usually accepted as these processes were planned and executed. All issues raised by GWE were thoughtfully considered and adequately addressed by PG&E staff.

## 6 Contracting

### 6.1 Development of Contract Templates

PG&E provided GWE with the full set of draft MSB Equity contract templates on February 24, allowing almost two weeks for thorough IE review of the documents and another week for clarification and discussion on issues identified, revisions and final confirmation of changes made.

The CPUC standards terms and conditions were appropriately addressed in the draft contract templates. Unmodifiable terms were compliant with requirements. Modifiable terms were appropriately altered to reflect PG&E's full contract terms used in recent solicitations, as appropriate for this MSB equity solicitation. The matrix PG&E developed and provided in negotiations along with the contract templates allowed the bidder to clearly see the CPUC standard terms with PG&E's proposed redline as the starting point for negotiations.

All GWE comments on the MSB contract templates were sufficiently addressed by PG&E prior to distribution to the PRG for review on March 22. The templates were fully aligned with the PRG guidelines for contracting, and PRG members had no additional concerns or questions.

The structure of the contract package and function of each section is the same as prior PG&E contracts reviewed by PRG in 2020 - 2021.

- The Program Implementation Agreement (PIA) and Attachment 1 Program Requirements (Att 1) form the master services agreement. These documents contain all of the CPUC and PG&E contract terms and conditions. PG&E prepared a matrix accompanying these documents that maps CPUC standard terms to their location in the templates, and clearly identifies in redline changes that PG&E had made to some of the modifiable terms.
- Attachment 2 Narrative and Attachment 2 Data Form are the Scope of Work for the program being contracted. As templates, they are basically just outline headers and blank tables, which align with sections of the proposals submitted by bidders. During negotiations, Finalists transfer their proposals into these forms, where applicable incorporating mutually agreeable changes that come out of negotiation discussions with PG&E.
- Funding for the program described in Attachment 2 is disbursed annually through contract work authorizations (CWAs) with associated purchase orders (POs). Through this mechanism, goals and budgets for an upcoming year will be considered in light of current performance and forecasts and can be adjusted if appropriate. The total contract amount is capped across the contract period at the not-to-exceed (NTE) total budget amount listed in Attachment 2 Data Form, Budget and Compensation tabs.

## 6.2 Contract Negotiations

Negotiations began April 7, 2022 with a kick-off meeting with finalist Resource Innovations (RI). PG&E provided the contract templates to RI for review immediately following the kick-off meeting. Weekly meetings and follow-up communications via PowerAdvocate were executed well and consistently by PG&E throughout the negotiations period. Both parties engaged actively and cooperatively, and there was consistent forward progress.

- Early discussions focused on better defining program participation and how RI and PG&E would operationalize data collection, tracking and reporting of this primary equity metric and other MSB equity program metrics and indicators such as customer bill savings and claimable energy savings.
- PG&E and RI collaborated to better define the list of deemed measures being deployed by the program and associated bill savings. Other conversations focused on how best to administer and pay for Direct Install labor and materials costs and incentivized follow-on measures. Agreement on the approach was reached and details regarding costs and savings of Direct Install measures and prescriptive follow-on measures that will be

offered by the program were incorporated in the contract and used as the basis for the final program goals and budget.

- New concerns about customer data sharing were raised by PG&E in June, which pushed back completing negotiations by a month. The parties worked collaboratively to identify what would be required to allow the program to share leads with Trade Allies. A workable solution was negotiated which should not create new barriers to the success of the program in effectively serving micro- and small business customers. Before sharing leads, RI program outreach staff and subcontractors performing outreach will get customer signature on a form authorizing the program to share their contact information with a Trade Ally.

PG&E reached negotiated agreement (“pencils down”) on all contract elements with RI on July 18, 2022. From the beginning of negotiations to their conclusion, PG&E hosted 13 weekly negotiation meetings with RI, representing 13.25 hours of discussion, and the parties exchanged more than a hundred messages and files through PowerAdvocate.

PG&E re-opened negotiations to address PRG questions and feedback on the final contract that were received on August 2. PRG feedback was focused primarily on ensuring that the participants served would be appropriate targets for an EE Equity program – that they would primarily be in Disadvantaged Communities (DAC) or meet the definition of Hard-to Reach (HTR) customers. PG&E drafted a small number of clarifying redlines to Attachment 1 and the Scope of Work (Attachment 2 Narrative and Data Form) and provided these to RI to review and respond to via PowerAdvocate. None of these redlines were out of alignment with what had already been agreed to by both parties. RI confirmed their acceptance of these minor, clarifying contract changes via PowerAdvocate, and there was no need to meet to discuss.

### 6.2.1 Collaboration on Final Program Design and Scope

The final program scope retains all aspects of the Implementer’s original proposed program design. In negotiations, PG&E program staff emphasized gaining a shared understanding of what was planned, especially as it related to how the target market of small commercial customers would be reached and what measures, information and other services they would receive in this program. PG&E asked clarifying questions and requested changes in approach or contract language as needed to better support progress tracking and reporting, paying compensation tied to participation and evaluating outcomes for the program that RI designed.

As PG&E’s first Equity program under the new EE portfolio segmentation structure (Resource, Equity and Market Support programs), there was a need to work collaboratively with RI in

negotiations to define the equity metrics for this program and how these would be tracked and reported. PG&E program and technical subject matter experts worked with RI to develop and vet the program’s list of deemed measures and their costs, energy savings and customer bill savings attributes, for both Direct Install measures that will be provided at no cost to participants and for incentivized follow-on measures that will be available to participants who want to go deeper. Developing this measure list during negotiations and incorporating it in the contract provided a transparent basis for build-up of the program budget and customer bill savings targets. Using a deemed approach will support more streamlined implementation and administration of the Simplified Savings program and will improve program evaluability.

Changes to quantifiable outcomes, budget and compensation between the proposal submitted by Resource Innovations and the final negotiated contract are summarized in the table below. The context and reasons for significant changes are described below the table.

<b>Table 14: Comparison of Proposal to Final Contract</b>		
<b>Budget</b>	<b>Proposal</b>	<b>Contract</b>
Administration	██████████	██████████
Marketing	██████████	██████████
Direct Implementation - Incentives	██████████	██████████
Direct Implementation – Non-Incentive (DINI)	██████████	██████████
<b>Total Program Budget</b>	██████████	██████████
<b>Quantifiable Outcomes</b>	<b>Proposal</b>	<b>Contract</b>
MSB Customers Served – Market Support Only	██████████	██████████
MSB Customers Served - Resource	██████████	██████████
Total MSB Customers Served	██████████	██████████
MSB Participants in DAC (%)	██████████	██████████
MSB Participants HTR % (not including those also in DAC)	██████████	██████████
First-year Customer Bill Savings (\$)	██████████	██████████
<b>Compensation (%)</b>	<b>Proposal</b>	<b>Contract</b>
T&M	██████████	██████████
Fixed Fee	██████████	██████████

Table 14: Comparison of Proposal to Final Contract		
Deliverables/ Milestones	[REDACTED]	[REDACTED]
Program Outcomes – Resource Participants	[REDACTED]	[REDACTED]
Program Outcomes – Direct Install costs	[REDACTED]	[REDACTED]
Customer Incentives	[REDACTED]	[REDACTED]

**Changes to Budget:** [REDACTED]

[REDACTED] GWE IE notes that CPUC cost category targets are tied primarily to resource acquisition programs. While the Admin cost cap amount may be appropriate regardless of program segment, allocation of costs in the other categories will diverge from these targets in well-designed equity and market support programs.

[REDACTED] Current CPUC cost category guidance is not perfectly clear but appears to want Direct Install costs to be accounted for as DINI, rather than customer Incentives, because “incentives” have been narrowly defined as providing a check to a customer to buy down a portion of their EE investment. GWE IE notes that Direct Install is actually a 100% customer incentive, from the customer’s perspective. [REDACTED]

**Changes to Quantifiable Outcomes:** [REDACTED]

**Changes to Compensation:** [REDACTED]



### 6.2.2 Fairness of Negotiations

The negotiation process was planned and executed consistently. There was no evidence of either positive or negative bias in negotiations. GWE's assessment is that both the negotiation process and its outcomes were fair. IE observations supporting this assessment include:

- PG&E invited the single top-scoring finalist into active negotiations, and they were ultimately successful at reaching mutually agreeable terms.
- PG&E communicated regularly, consistently and transparently with RI regarding the status of negotiations, including schedule, contract documents and outstanding topics under discussion.
- PG&E staff quickly and thoughtfully reviewed the redlines, information and questions posed by RI and came to negotiation meetings prepared to discuss these.
- The PG&E program lead and other internal subject matter experts were highly engaged in the negotiations. They responded quickly and accurately to bidder questions about program metrics and reporting and collaboratively problem-solved to help this first equity program meet emerging regulatory and administrative objectives.
- The tone set by PG&E staff in all negotiations meetings was collaborative and respectful of RI's expertise and proposed role as the third-party designer and implementer of the program. GWE witnessed this same attitude consistently maintained behind the scenes in internal PG&E negotiation team meetings. RI was not asked for excessive or unnecessary information that would have caused them to incur significant, uncompensated costs, and rework was minimized in the process.
- RI participated in the process capably and consistently. They responded quickly to requests for information about their proposed program. In contract negotiations, they demonstrated reasonableness and flexibility. But they also showed a commitment to maintaining their program design and strategy by appropriately pushing back if PG&E questions or requests were perceived to be a risk to effective implementation.

### 6.2.3 Changes to Contract Terms and Conditions

**CPUC standard terms are unmodified in the final contract.** They are identical to the MSB contract templates provided to PRG for review in March 2022, and other IOU terms in the PIA and Attachment 1 do not supersede them.

**Some CPUC modifiable terms were revised in the final contract.** These revisions are fully and accurately identified as redlines to the text of the MSB Contract Template in PG&E’s “Confidential Third-Party Contract Summary” document, which PG&E provided along with the final contract documents for IE and PRG review. [REDACTED]

**The final program scope, target market and outcomes documented in the Scope of Work are well aligned with what was sought in the solicitation, and with CPUC decision defining the Equity segment.** Terms and information about program scope, metrics, cost and compensation are entirely consistent with what was discussed and agreed to between Parties in the negotiation process. Changes to budget, program outcomes and compensation are described in section 6.2.1 Collaboration on Final Program Design and Scope, above. The final program scope retains all aspects of the Implementer’s original proposed program design.

### 6.2.4 Conformance with CPUC Policies and Objectives

The Final Contract conforms with CPUC policies and objectives for contracting in third-party EE solicitations.

**Solicitation Process:** As planned and executed, the solicitation process was in accordance with the CPUC-adopted IOU Solicitation Plan, including using a two-stage RFA/RFP process and allowing IE/PRG monitoring and feedback on all aspects of the solicitation. CPUC standard non-modifiable and modifiable contract terms were clearly communicated to bidders, along with PG&Es proposed redlines to the modifiable terms, as the starting point for negotiations.

**Program Evaluability:** Evaluation can sometimes pose a challenge in non-resource programs, which are focused primarily on achieving program results other than cost-effective, claimable energy savings. Program M&V and Reporting was a scored criterion in the RFP and clarifying and refining the approach to program M&V was a major focus of both PG&E and the Implementer in negotiations. Through discussion and mutual agreement, edits were made during contract negotiations to refine and better define the program’s quantifiable outcomes and KPIs. In addition to improving evaluability, the final language better supports reporting and administration of performance-based compensation tied to participation outcomes.

**Solicitation Schedule Management:** To reduce schedule delays in administration of 3P solicitations, in November 2019, CPUC recommended maximum timelines for the two-stage solicitation process<sup>2</sup>. PG&E’s performance against these timelines is represented in the table below. It does not include Advice Letter filing, CPUC approval and Implementation Plan steps that occur before program implementation begins.

Regarding the timeliness of the solicitation schedule reported below, GWE wants to emphasize:

- The overall timeline for the two-stage MSB solicitation was just over a year, which is an improvement when compared to PG&E’s initial set of third-party solicitations.
- PG&E sought to speed up the 2-stage solicitation process in this solicitation, and saw success through planned, intentional improvements to the RFA and RFP stages of the solicitation. There is still room for improvement in the contracting stage.
- As reported to PRG in a previous solicitation, GWE believes that the 12-week target duration for the contracting stage set by ED management is not realistic given the steps involved in negotiating and finalizing contracts. GWE recommends that this target duration be revised to 16 weeks, to create a still aggressive but more feasible target that could drive meaningful improvements in the typical timeline for Contracting.

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<sup>2</sup> CPUC Executive Director letter to the IOUs regarding the “Request of Time to Comply with Ordering Paragraph 4 of D.18-05-041,” November 25, 2019

Table 15: Timeliness of Solicitation Schedule			
Solicitation Stage	CPUC Recommended Maximum Timeline	Actual Timeline of MSB Equity Solicitation	IE Assessment of Delays or Discrepancies
<b>RFA</b>	Up to 12 weeks from RFA release to notification of bidder invitation to RFP	13 weeks	No delays. RFA process was streamlined/ efficient.
<b>RFP</b>	Up to 15 weeks from RFP release to bidder notification of invitation to contract negotiation	16 weeks	No real delay given holidays. The inclusion of interviews in the RFP process extended the schedule for this stage of the solicitation by 2 weeks. This was more than offset by PG&E making multiple improvements to the RFP process that reduced timeline by 4-8 weeks, as described in Table 2: Issues and Observations.
<b>Contracting</b>	Execute contract by 12 weeks after invitation to contract negotiation (unless there are specific complexities or challenges)	27 weeks	The contracting stage of this solicitation proceeded smoothly, and there were no major issues or obstacles to progress in negotiations. But at 6 months from post-RFP bidder notification until contract execution, there is still a need and opportunity to reduce the duration of this stage. As the PG&E PMO team has successfully done for RFAs, RFPs and their bidder feedback process, this would require planned, intentional improvements in how PG&E prepares for and executes the contracting stage of solicitations.

### 6.3 Contract Execution

The contract with RI was fully executed on October 11, 2022.

Table 16: Bid Selected for Contract Execution		
Bidder	Years	Program
Resource Innovations	3.5	Simplified Savings

#### 6.4 PRG and IE Feedback to Contracting

Negotiations and contracting efforts by PG&E comported with PRG guidance<sup>3</sup> related to negotiations, contracting and final contract review, including the following:

- PG&E had presented the planned contract negotiation process to the IE and PRG for feedback in November 2021. The process executed was in line with what was planned.
- GWE monitored all electronic communication and document exchange via PowerAdvocate and attended all negotiation meetings, both those with the bidders and the internal PG&E negotiations team planning and debrief meetings.
- PG&E explained the steps in the negotiation process and provided a timeline in the first negotiation meeting with the bidder.

Great Work Energy monitored all negotiation meetings and communications between RI and PG&E via PowerAdvocate throughout the negotiations period, from April - August 2022. There were no gaps in IE monitoring of negotiations and no issues outstanding at contract execution.

- Throughout the negotiations phase, GWE tracked proposed modifications to the contract template, by either party, and quickly communicated questions or concerns to PG&E. There were few instances of this during MSB contract negotiations, and none were of major importance, but PG&E always addressed GWE IE’s feedback quickly, thoughtfully and completely.
- Detailed review was performed on all final contract documents (PIA, Attachment 1, Attachment 2 (Scope of Work) Narrative and Attachment 2 Data Form) for the solicitation between July 18 – 21, 2022. GWE compared the final contracts to the MSB contract template (reviewed by PRG in March 2022) and associated matrix of CPUC

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<sup>3</sup> PRG EE Solicitation Guidelines, Sections 3.6, 6.2, 6.3 and Appendix L

terms and conditions, IE negotiation meeting notes, files and communications exchanged through PowerAdvocate during negotiations, and the original proposal that bidders had submitted.

- In August, a last set of minor contract changes was made in response to PRG feedback following their review of the final contract. PRG members wanted to be sure that this program was fully focused on benefitting the appropriate customers and communities that should be targeted with an equity program. Clarifying language was added to the contract by PG&E, and RI readily accepted these last redlines. GWE IE re-reviewed these sections of the final contract documents to confirm that the contract changes aligned with the final disposition conveyed to PRG.

## 7 IE Assessment of Final Contract

- **Great Work Energy did not uncover any issues that would prevent contract execution** at this time or indicate that a revision is needed to any contract documents prior to contract execution.
- **Final program scope, objectives and outcomes are consistent with what was sought in the solicitation**, and with CPUC decision defining the Equity segment. The final program scope retains all aspects of the Implementer’s original proposed program design.
- **The final contract provides a good basis for administration and performance management**, for both PG&E and the Implementer. Emphasis in negotiations was on clarifying, improving and consistently defining KPIs and Quantifiable Outcomes. Work on how to quantify and track EE benefits to customers and on defining Participation, [REDACTED] [REDACTED] was cooperative and productive. Changes agreed to in negotiations are all included in the final contract documents.
- The **payment structure appropriately balances performance risk** between the ratepayer and the Implementer for this hard-to-serve segment. [REDACTED]  
[REDACTED]  
[REDACTED]
- The final negotiated contract terms reflect both parties’ interest in avoiding negative impacts to small/ diverse subcontractors and Trade Allies. [REDACTED]  
[REDACTED]  
[REDACTED]

[REDACTED]

[REDACTED]

7.1 Bid Selections Respond to Portfolio Needs

PG&E is driving their overall EE portfolio towards their target of a minimum of 60% of annual EE program budget being under contract to third-party Program Implementers by December 31, 2022. This contract will contribute to meeting that goal.

The MSB solicitation was scoped to effectively source a third-party EE Equity program that would fill gaps in PG&E’s current EE portfolio. The program’s purpose is to bring the benefits of EE to micro- and small commercial businesses in PG&E territory, targeting those located in disadvantaged communities (DAC) and underserved, hard-to-reach (HTR) customers. The contracted program’s target market and quantifiable outcomes (metrics) of participation and customer bill savings are well and directly aligned with both current CPUC policy and definitions establishing the Equity segment within the new EE portfolio structure<sup>4</sup> and with CAEECC Equity Metrics Working Group recommendations<sup>5</sup>.

- RFA and RFP documents clearly communicated what was being sought in this first equity solicitation. Scoring rubrics developed for the RFA and RFP appropriately valued the most essential program attributes. Information requested from bidders was precisely aligned with the scoring criteria.
- The evaluation structure and process worked exactly as designed, and the five bids

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<sup>4</sup> D.21-05-031  
<sup>5</sup> CAEECC-Hosted Equity Metrics Working Group- Report and Recommendations to the CPUC and Energy Efficiency Program Administrators, October 20, 2021

selected at the RFA stage and single bid selected at the RFP stage were those whose programs and proposals clearly were higher ranking and best aligned with the solicitation's objectives.

- PG&E always maintained full transparency with the IE and PRG. PG&E invited input at every step of the process and consistently accepted recommendations and other feedback. Final selection of RI's Simplified Savings program conforms to all PRG requirements regarding selection.

The Simplified Savings program will be a downstream, trade-ally driven program serving micro- and small business customers (< 50 kW) in PG&E territory. At least 75% of those served will be in disadvantaged communities (DAC). At least 70% of the remaining participants not in DAC will meet the CPUC definition of Hard-to-Reach (HTR) customers.

In the Final Contract scope of work, RI summarizes the purpose and services of the Simplified Savings program as follows, directly addressing all objectives of the solicitation:

"The Simplified Savings Program will provide marketing, outreach and education, direct install services, financing and incentives for deeper bill savings as well as health, comfort and safety benefits to Micro and Small Businesses (MSB) within Disadvantaged Communities and Hard-to-Reach customers.

During the program term the goal is to engage [REDACTED] customers as either Market Support or Resource Acquisition Participants (MSP) or (RAP). MSPs will have the option to receive a free facility assessment, have their online MyAccount with Energy Check-up tool set up, receive energy savings and education tips, and will be offered a menu of direct install measures. RAPs will be provided with direct installation of bill savings and health, safety, and comfort (HSC) measures, and may also choose to continue with deeper savings through rebated "add-on measures" and sustained engagement with program personnel."

## 7.2 Bid Selections Provide the Best Overall Value to Ratepayers

Because Simplified Savings is a not a resource program, quantitative assessments that would be performed to compare simple acquisition cost, program cost-effectiveness or amount of energy savings are not directly applicable for this solicitation. Great Work Energy's assessment is that the RI bid provided the best overall value to ratepayers out of the field of bidders.

**Budget and Outcomes:** The budget and types of outcomes sought from an MSB equity program were well-defined in the RFA and RFP documents, and PG&E emphasized their preference for

maximizing the number of MSBs served with the budget available. The budget available for the MSB program was \$10 million, including 3 years of program implementation in the market and costs for pre-launch and ramp-down activities.

The task for bidders was to design a program and put together an implementation team that could effectively deliver the best and highest outcomes within the budget available. Two primary Quantifiable Outcomes were defined by PG&E in the RFP Data Form, where bidders were asked to estimate their program’s annual outcomes for each of the 3 program years.

- Participation. Number of MSBs participating, including
  - Number of participants receiving only market support services from the program (for example, training, information, assistance with registering for online billing and data access)
  - Number of participants receiving energy and bill savings benefits due to direct install or installation of incented measures.
    - Note that this participation type is called “resource acquisition” in the solicitation and contract, but the term is standing in for “participants saving energy and thereby receiving the direct benefits of EE”. It is not referring specifically to claimable resource savings in this equity program context. The program is designed to book some claimable savings, where applicable, such as in the follow-on, incented measures that are offered.  
[REDACTED]
  - % Of those served who are located in disadvantaged communities (DAC)
  - % Of those served who are Hard-to-Reach (HTR)
- Customer Bill Savings, first-year bill savings estimated for Resource participants

For the MSB Equity solicitation, PG&E instructed bidders to focus primarily on program designs that produce energy and bill savings for participants. While bidders were allowed to propose market support activities, they were encouraged to focus on activities which result in direct energy and bill savings for equity participants.

[REDACTED]

GWE’s review and shadow-scoring of the proposals agreed with the PG&E scoring team’s assessment, and found the following about the RI bid:

- [Redacted]
- [Redacted]
- [Redacted]

Comparing the RI proposal to the final contract that was negotiated, changes were minimal, and the positive characteristics of the bid were maintained and improved.

The contracted budget and quantifiable outcomes (i.e., metrics) by year are shown in the tables below.

Table 17: Budget by Calendar Year	
Calendar Year	Annual Budget (\$)
2022	[Redacted]
2023	[Redacted]
2024	[Redacted]
2025	[Redacted]
Total Contracted Budget	\$9,992,829

Table 18: Quantifiable Outcomes by Calendar Year						
	Participation (Number of MSBs)					Bill Savings (\$)
Calendar Year	Market Support Only	Resource	Total Participants Served	Minimum DAC Participants	Minimum HTR Participants	First-year \$ savings for Resource participants
2023	[REDACTED]	[REDACTED]	[REDACTED]	> 75% of Total Participants Served	>70% of participants who are not in DAC	[REDACTED]
2024	[REDACTED]	[REDACTED]	[REDACTED]			
2025	[REDACTED]	[REDACTED]	[REDACTED]			
Total	[REDACTED]	[REDACTED]	[REDACTED]			

**Performance and Compensation**

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]

[Redacted]

- [Redacted]

[Redacted]

In addition to the primary program metrics (Quantifiable Outcomes) of participation and bill savings, the final contract includes substantive Key Performance Indicators (KPIs), including definition of the indicator, how it will be measured, targets and remedies for underperformance. KPIs will be reported and discussed with PG&E quarterly to help assess progress towards goals and identify and adjust to challenges. The final KPIs in the contract address:

- [Redacted]

**Innovation**

The PRG adopted definition of innovation is grounded in advancing a technology, marketing strategy or delivery approach in a manner different from previous efforts. GWE IE review of abstracts found that innovative elements of RI's Simplified Savings program were well-integrated aspects of the program design and compelling. The program strategy and team put

forward by RI translates the objectives of the solicitation into a fully designed, actionable, innovative program with elements including:

- A web-based project and program facilitation tool will be used by program subcontractors, Trade Allies, and outreach partners in community-based organizations to provide a backbone for implementation. The tool supports facility assessment and generation of incentive applications and other forms for this program and other relevant third party/ CCA/ REN programs. This enabling infrastructure supports recruiting and successfully utilizing new Trade Allies and CBO partners.
- Program is fully scalable and can offer hyper-targeted campaigns in strategic areas like DACs and to HTR customers in grid-constrained zones.
- Program leverages the resources of the California Green Business Network, which provides certification and local funding for small businesses interested in sustainability. This provides a pathway for motivated MSB participants to go deeper.

### 7.3 Summary: Overall Assessment of Solicitation

As planned and executed, the solicitation process was in accordance with the CPUC-adopted IOU Solicitation Plan, including using a two-stage RFA/RFP process and allowing IE/PRG monitoring and feedback on all aspects of the solicitation.

As has been detailed throughout this report, PG&E was fair and consistent with all bidders in their administration of the MSB solicitation. Great Work Energy saw no indication of conflict of interest or positive or negative bias from PG&E staff at any time in the process. PG&E consistently maintained strict communication protocols with bidders and did not stray from planned evaluation methodologies that had been presented to PRG.

The solicitation process resulted in the best bid being selected. Negotiations produced a fair contract that reasonably shares performance risk, supports program evaluability and retains all elements of RI's compelling program design and strategy. IE monitoring of the entire solicitation process and review of the final contract did not find any outstanding issues and there appear to be no concerns that should be addressed prior to approving the contract.

# **Public Attachment B**

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

### **Program-Level Measurement & Verification Plan**

## **Attachment B: Program-Level & Measurement & Verification Plan**

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

# **PACIFIC GAS AND ELECTRIC COMPANY**

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## **PART 2 CONFIDENTIAL VERSION**

October 12, 2022

# **Confidential Appendix A**

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

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

# **Confidential Appendix B**

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

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

# **Confidential Appendix C**

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

### **Selection Spreadsheet (Confidential)**

# **Confidential Appendix D**

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

### **Third-Party Contract Summary (Confidential)**

# **Confidential Appendix E**

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

### **Third-Party Contract (Confidential)**

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

AT&T  
Albion Power Company

Alta Power Group, LLC  
Anderson & Poole

Atlas ReFuel  
BART

Barkovich & Yap, Inc.  
Braun Blasing Smith Wynne, P.C.  
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  
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  
Engineers and Scientists of California

GenOn Energy, Inc.  
Goodin, MacBride, Squeri, Schlotz &  
Ritchie  
Green Power Institute  
Hanna & Morton  
ICF  
International Power Technology

Intertie

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  
McClintock IP  
McKenzie & Associates

Modesto Irrigation District  
NLine Energy, Inc.  
NRG Solar

OnGrid Solar  
Pacific Gas and Electric Company  
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

Redwood Coast Energy Authority  
Regulatory & Cogeneration Service, Inc.

Resource Innovations

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  
Stoel Rives LLP

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