

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



January 30, 2023

Sidney Bob Dietz II
Director, Regulatory Relations
c/o Megan Lawson
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 Company's Third- Party Contract resulting from its Summer Reliability Program solicitation, executed between Sunrun, Inc. and PG&E

Dear Mr. Dietz,

The California Public Utilities Commission's (CPUC) Energy Division (ED) approves Pacific Gas and Electric Company's (PG&E) AL 6807-E with an effective date of January 25, 2023.

Background

On December 30, 2022, Pursuant to Ordering Paragraph (OP) 3 of D.21-12-011 and the subsequent approval from the CPUC Executive Director extending the submission deadline to the end of 2022, PG&E submitted AL 6807-E, containing its actions to finalize the solicitation for energy efficiency electric reliability with an executed contract with the implementer, Sunrun. The contract complies with the authorized funding in D.21-12-011 and is valued at \$10,525,000, with a term of 22 months.

Decision D.21-12-011, the decision regarding energy efficiency actions to enhance summer 2022 and 2023 electric reliability, requires the three electric California Investor-Owned Utilities (IOUs) to conduct solicitations for proposals to implement programs reducing peak summer demand by August 1, 2023 and to subsequently file a Tier 2 advice letter requesting approval of the results of those solicitations. This advice letter meets those requirements and results in an innovative and integrated program design.

Protests

No protests to the AL were filed.

Discussion

Subsequent to SCE's and SDGE's solicitations that ended in no successful bids (see SCE AL 4888-E and SDGE AL 4075-E for details), PG&E submitted an AL requesting approval of the contract with Sunrun resulting from their energy efficiency summer reliability solicitation.

ED staff agree with the independent evaluator (IE) that the AL and associated contract between Sunrun and PG&E meet the requirements set out in D.21-12-011 by delivering a pay-for-performance energy efficiency program that provides an incremental 30MW of demand reductions between August 1 and Oct 31, 2023.

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The program largely consists of reprogramming existing residential single-family home Sunrun customers' solar-connected batteries to discharge during the 7-9 pm peak. Although the program includes smart thermostat installation in addition to reprogramming batteries, future reliability program solicitations should strive for deeper levels of EE-related savings and integration. The main reasons for the lack of EE elements in the program was limited time to develop and implement the program, as well as limited budget. PG&E has stated that they are planning on developing subsequent similar program models in coordination with ED.

Normalized Metered Energy Consumption (NMEC) will be utilized for program M&V. Details will be determined through coordination between the implementer and PG&E.

Although cost efficiency of the program is as-yet unclear without other reliability programs with which to compare, it should be explored whether similar procurement could be done at a reduced cost to ratepayers in the future.

This contract represents a significant step towards creating true IDSM programs that incorporate a variety of resources side-by-side in a single program. By including both reprogramming of batteries and smart thermostat incentives, EM&V efforts will have an excellent opportunity to devise approaches that could help guide future efforts to unify cost effectiveness approaches across resources and proceedings, such as through the Customer Programs Order Instituting Rulemaking R.22-11-013.

Implementation Plan Development

Decision D.18-05-041, 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 March 26, 2023.

Please direct any questions regarding Energy Division's determinations in this disposition to Sasha Merigan at amq@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

Cc: Service List R.13-11-005

Simon Baker, Energy Division
Jennifer Kalafut, Energy Division
Alison LaBonte, Energy Division
Justin Galle, Energy Division



December 30, 2022

Advice 6807-E

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Advice Letter Submittal of Pacific Gas and Electric Company's Third-Party Contract resulting from its Summer Reliability Program solicitation, executed between Sunrun, Inc. and PG&E

Purpose

In compliance with Decision (D.) 21-12-011, 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 Sunrun, Inc. This Contract results from PG&E's EE Summer Reliability program solicitation, as ordered in D. 21-12-011.

Background

In Decision (D.) 21-12-011, the Commission authorized the electric investor-owned utilities (IOUs) to conduct single-stage solicitations for third-party programs focused on delivering summer reliability benefits and peak/net peak demand savings in 2022 and 2023. Working with its Procurement Review Group (PRG) and an Independent Evaluator (IE), PG&E initiated its Summer Reliability solicitation in April 2022, and executed a contract with Sunrun, Inc. on December 14, 2022.

Compliance Requirements

Per D.21-12-011¹, PG&E is required to file a Tier 2 advice letter for each EE third-party contract that results from its solicitation for EE Summer Reliability programs.

This submission includes a narrative description of PG&E's Summer Reliability solicitation process and the resulting contract. Also attached is the IE's report on the solicitation. The content in this submission is based on the template that the Commission developed for third-party contract advice letter submissions, with adaptations for this specific Summer

¹ D. 21-12-011, OP 3.

Reliability solicitation. The table below provides a list of the advice letter content and indicates where PG&E is providing the content within this submission.

Table 1: Content for Advice Letter Submission

	Contents, Attachments, and Appendices	Part 1 Public	Part 2 Confidential
1	Introduction: Purpose and Subject	Part 1.1.A-1.1.B of Narrative	
2	Introduction: Solicitation Process Overview	Part 1.1.C of Narrative	Appendix B
3	Confidentiality	Part 1.2 of Narrative	
4	Final IE Report	Attachment A	Appendix A
5	Selection spreadsheet (in Excel)		Appendix C
6	Executed third-party contract		Appendix D

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 January 19, 2023, 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, January 29, 2023, 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: R.13-11-005 Service List



ADVICE LETTER SUMMARY

ENERGY UTILITY



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

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

Utility type:

☒ ELC ☐ GAS ☐ WATER
☐ PLC ☐ HEAT

Contact Person: Kimberly Loo

Phone #: (415)973-4587

E-mail: PGETariffs@pge.com

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

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 6807-E

Tier Designation: 2

Subject of AL: Advice Letter Submittal of Pacific Gas and Electric Company's Third-Party Contract resulting from its Summer Reliability Program solicitation, executed between Sunrun, Inc. and PG&E

Keywords (choose from CPUC listing): Compliance, Contract

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

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.21-12-011

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

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

Confidential treatment requested? ☒ Yes ☐ No

If yes, specification of confidential information: See Confidentiality Declaration

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: 1/29/23

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 proposed¹: N/A

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

¹Discuss 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

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:
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, Utility Partnerships and Innovation 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): Part 2 Confidential Narrative.pdf (Pp 3-6, 10, 11); Part 2 Confidential Appendix A Final IE Report.pdf (Pp. 2, 8, 11-14, 16-19, 21-25); Part 2 Confidential Appendix B Solicitation Process Overview.pdf; Part 2 Confidential Appendix C Solicitation Selection Spreadsheet.pdf; Part 2 Confidential Appendix D Executed Third-Party Contract Sunrun Inc.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&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; and (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>	<p><u>Part 2 Confidential Narrative.pdf</u>; <u>Part 2 Confidential Appendix A Final IE Report.pdf</u>; <u>Part 2 Confidential Appendix B Solicitation Process Overview.pdf</u>; <u>Part 2 Confidential Appendix C Solicitation Selection Spreadsheet.pdf</u>; <u>Part 2</u></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>	

- ☐ 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]:

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 30th day of December, 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

December 30, 2022

ATTACHMENT NAME	DOCUMENT NAME	CATEGORY OF CONFIDENTIALITY	LOCATION
<u>Part 2 Confidential Narrative.pdf</u>	<u>Part 2 Confidential Narrative.pdf</u>	Protected market sensitive/competitive data	Advice Letter 6807-E
<u>Part 2 Confidential Appendix A Final IE Report.pdf</u>	<u>Part 2 Confidential Appendix A Final IE Report.pdf</u>	Protected market sensitive/competitive data	Advice Letter 6807-E
<u>Part 2 Confidential Appendix B Solicitation Process Overview.pdf</u>	<u>Part 2 Confidential Appendix B Solicitation Process Overview.pdf</u>	Protected market sensitive/competitive data	Advice Letter 6807-E
<u>Part 2 Confidential Appendix C Solicitation Selection Spreadsheet.pdf</u>	<u>Part 2 Confidential Appendix C Solicitation Selection Spreadsheet.pdf</u>	Protected market sensitive/competitive data	Advice Letter 6807-E
<u>Part 2 Confidential Appendix D Executed Third-Party Contract Sunrun Inc.pdf</u>	<u>Part 2 Confidential Appendix D Executed Third-Party Contract Sunrun Inc.pdf</u>	Protected market sensitive/competitive data	Advice Letter 6807-E

PACIFIC GAS AND ELECTRIC COMPANY

Approval of Sunrun, Inc. Contract Resulting from EE Summer 2022-2023 Reliability Competitive Solicitation

PART 1 PUBLIC VERSION

December 30, 2022

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ATTACHMENT A: Final Independent Evaluator (IE) Report EE Summer Reliability (Public)

ADVICE LETTER PART 1: PUBLIC SECTION

1. INTRODUCTION

A. Purpose

Pursuant to Commission Decision (D.) 21-12-011 – Energy Efficiency Actions to Enhance Summer 2022 and 2023 Electric Reliability, and in accordance with the solicitation process and contracting requirements described in D.18-05-041 – Decision Addressing Energy Efficiency Business Plans and 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 (Contract) between Sunrun, Inc. and PG&E.

The Energy Efficiency Summer Reliability (EESR) Program will serve [REDACTED] customers within PG&E's territory. With a current total program budget of \$10.525 million for a one-year program, the EESR will fall within budget levels approved by the Commission in D. 21-12-011¹. The contract executed between PG&E and Sunrun, Inc. was executed on December 14, 2022.

I. Background

On July 30, 2021, California Governor Gavin Newsom issued a Proclamation of a State of Emergency² (Proclamation) in response to the significant and accelerating impacts of climate change in California. The Proclamation stated, due to “the accelerating and compounding effects of continuing wildfires, ongoing drought, and extreme heat conditions caused by climate change, California currently faces an additional projected energy supply shortage of up to 3,500 megawatts during the afternoon-evening “net-peak” period of high-power demand on days when there are extreme weather conditions,” and “it is necessary to take immediate action to reduce the strain on the energy infrastructure, increase energy capacity, and make energy supply more resilient this year to protect the health and safety of Californians.”

On December 8, 2021, the California Public Utilities Commission (CPUC or the Commission) issued Decision (D.) 21-12-011 Energy Efficiency Actions to Enhance Summer 2022 and 2023 Electric Reliability (EE Reliability Decision). Among other actions, D.21-12-011 authorized:

- An incremental budget of \$30 million to execute single-stage third-party solicitations in the territories of PG&E, SDG&E, and SCE for reliability-focused programs to deliver peak and/or net peak demand savings during energy efficiency program

¹ [D. 21-12-011](#)

² [Proclamation of a State of Emergency 7-30-21 \(ca.gov\)](#)

years 2022 and 2023.³

Pursuant to D.21-12-011, PG&E issued the EE Summer Reliability (EESR) Request for Proposals (RFP or Solicitation).

For this Solicitation, and in accordance with D.21-12-011 and 18-01-004,⁴ [REDACTED] worked to assemble a Statewide Procurement Review Group (PRG) composed of non-financially interested stakeholders to advise the IOUs and provide oversight to the development and coordination of each utility's Summer Reliability RFP. Subsequently, once bids were received, and in order to maintain the confidentiality of bidders and proposals submitted, PG&E then met only with the PG&E EE Solicitations PRG for the remaining stages of the solicitation process. PG&E met with the PRG monthly to review solicitation progress. In accordance with D.18-01-004,⁵ PG&E assigned an Independent Evaluator (IE) with specific EE subject matter expertise to monitor the solicitation process for fairness and transparency, support PRG oversight efforts, and provide additional feedback to PG&E.

The EESR Program will support PG&E summer 2022-2023 reliability efforts by providing sustained and scheduled residential customer load shifting/modification services.

B. Subject

Table 1 below lists the contract award resulting from the negotiations following the EESR solicitation. Per D. 21-12-011 and 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, Commission approval via Tier 2 advice letter is required to authorize this Contract.⁶

Table 1 – Contracts Resulting from the EE Summer Reliability Solicitation			
		Budget (\$M)	Duration (months)
1.1	Sunrun, Inc.	\$10,525,000	22

The following Table 2 provides a detailed 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 Part 2.

Table 2 – General Contract Summary – Sunrun, Inc.		
1	Solicitation name	Statewide EE Summer Reliability RFP
2	Type of program or service: local, regional or statewide	Local

³ D.21-12-011, OP3

⁴ D. 18-01-004, pgs. 61-62, OP 3-4.

⁵ D. 18-01-004, pgs. 61-62, OP 3-4.

⁶ D. 19-12-021, p. 90, OP 6.

Table 2 – General Contract Summary – Sunrun, Inc.		
3	Third-Party Implementer/Subcontractor name	Sunrun, Inc.
4	Name of program or service	EE Summer Reliability
5	Brief description of program or service (2-3 sentences)	[REDACTED]
6	Delivery Type and Targeting	
6.1	A. Direct Install/Downstream Customer Targeting (Yes or No)	Yes
6.2	B. Customer Targeting brief description, if applicable	Sunrun, Inc. customers in PG&E territory with existing, permanent storage.
6.3	C. Midstream/Upstream Market Actors receiving incentives (i.e., manufacturers, distributors, contractors, or other (specify)).	
7	Market/Sector(s)	Residential, single-family homes with battery system(s)
8	Customer Segment(s)	Residential
9	Total kWh Energy Savings (First year, net)	N/A
10	Total MW Energy Savings (First year, net)	[REDACTED]
11	Total therms Energy Savings (First year, net)	N/A
12	Hard to Reach (HTR) Customers ¹ . Provide forecasted total number of HTR customer accounts (by customer segment) receiving program and total savings (net first year kWh, kW, and therms) to HTR customers from program over all years program in effect	N/A
13	Disadvantaged Community (DAC) ² Customers. Provide forecasted total number of DAC customer accounts (by customer segment) receiving program and total savings (net first year kWh, kW, and therms) to DAC customers from program	N/A

Table 2 – General Contract Summary – Sunrun, Inc.		
	over all years program in effect	
14	Forecasted Number of Customers Served by Program Year	
15	Area(s) Served (including service territory, climate zones, cities, and/or counties, as applicable)	PG&E Service Territory
Table B#(.#): General Contract Summary – Contract Name		
16	Budget: Forecast budget by program year (PY) for each year contract in effect	
17	Budget: Forecast expenditures by program year (PY) for each year contract in effect	
18	Budget: Total Program Budget	\$10,525,000
19	Budget: If EE/DR component to the program, provide dollar amount and percent of total budget dedicated to EE/DR component	N/A
20	Bidder's Proposed Compensation Type (Time and Materials, Deliverable Pricing, Milestone Pricing, and/or Hybrid)	Milestone, Fixed Fee Pricing, Customer Incentive and Performance Payments
21	Measure(s)	Smart Thermostats, Battery discharge
22	Savings Determination Type (i.e. custom, deemed, Net Metered Energy Consumption, or Randomized Control Trial)	NMEC
23	Savings Calculation Method(s) (Meter-Based, Deemed, Calculated, Multiple and/or Other) If Multiple or Other, please specify	Meter-Based
24	Contract start date and end date	01/01/2023 – 10/31/2024 *Estimated start date as CPUC approval is required.
25	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.	03/01/2023 – 10/31/2023 *Estimated start date as CPUC approval is required.

C. Solicitation Process Overview

(a) Solicitation Strategy & Design

Pursuant to D.21-12-011, PG&E issued a single-stage Request for Proposal (RFP) on April

1, 2022, which followed the requirements for third-party solicitations as outlined in Decision 18-01-004⁷. Bidders were required to provide Proposals for reliability-focused programs that could deliver peak and/or net peak demand savings incremental to other summer reliability efforts and existing portfolio activities. The RFP described the desired program characteristics which included the ability to deliver significant summer peak and net peak demand reductions, be quickly deployable with any project installations completed no later than August 1, 2023, be incremental and differentiated from PG&E's existing EE program portfolio, and be able to meet the unique needs of the targeted customers. The Bidder shortlisted in the RFP was invited to participate in contract negotiations to determine the final contract award.

The Independent Evaluator (IE) assigned to observe this solicitation was Don Arambula Consulting. 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.

(b) 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 *Table 6 – PG&E EE Summer Reliability RFP Solicitation Process Events*.

RFP Scope & Structure: Through this Solicitation, PG&E sought to identify a program implementer capable of delivering a comprehensive customer program that includes EE measures integrated with customer-sited behind-the-meter (BTM) distributed energy resources (DERs) including clean energy storage (i.e., batteries), solar PV, electric vehicle (EV) charging, demand response (DR), and/or other IDSM technologies in a single program. The RFP included a description of the objectives of the RFP, desired program characteristics, PG&E's long-term vision for this type of program, incrementality rules pertaining to DERs, out-of-scope program elements, available budget, contract duration, solicitation process overview, RFP participation instructions, key proposal selection factors, and information requested to be provided by bidders in their proposal response.

RFP Eligibility: Bidders were advised that all bids would be screened for conformance with solicitation eligibility requirements including:

- Proposals submitted past the Proposal due date, incomplete Proposals, and Proposals not adhering to length and formatting requirements.
- Proposals not responsive to the objectives and requirements of the RFP.
- Adherence to solicitation communication protocols and disclosing any potential

⁷ D.18-01-004, p. 57, Conclusion of Law (COL) 5.

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 Data Response Form which was a pre-formatted MS Excel worksheet to collect numerical program information; team resumes; a transmittal letter; an Exhibit 1A Subcontracting Plan; and the direct entry of the supplier Sustainability questionnaire and Supply Chain Responsibility questions into the Wood Mackenzie (formerly PowerAdvocate) platform.

RFP Evaluation Criteria: *Table 3 – PG&E EE Summer Reliability RFP Evaluation Criteria* lists the criteria and sub-criteria used to evaluate each proposal submission.

Table 3 – EE Summer Reliability RFP Evaluation Criteria	
Tier I Criteria	Tier II Criteria
Program Design	Program Description / Market Understanding Customer Acquisition / Customer Journey Incentive Design & Financing Incrementality
Innovation	Program Innovation
Program Outcomes & Costs	Quantifiable Program Outcomes Acquisition Cost
Program Implementation & Feasibility	Schedule & Risk Mitigation Program M&V Data Requirements
Performance and Compensation	Compensation Structure
Company Qualifications & Experience	Staffing Plan Prior Implementation Experience
Supply Chain Responsibility	Small/Diverse Business Enterprise / Sustainability

RFP Final Document Review: In February 2022, PG&E presented to the statewide PRG the overview of the proposed solicitation approach, scope, schedule, and scoring methodology. In March 2022, PG&E presented the completed RFP solicitation documents including the solicitation instructions, the response forms, and the weighted scoring criteria for PRG review. During the process, PG&E collected comments and 49 points of feedback from the 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 IE and PRG during the RFP document review can be found in section 1.C.II.

(c) Solicitation Awareness and Outreach

Solicitation Marketing: To generate awareness of upcoming solicitation contracting opportunities in advance of a solicitation, the following information distribution channels were utilized:

- On March 1, 2022 PG&E issued a [Contract Opportunity Announcement \(COA\)](#) providing notification of the start and end date for registration for this RFP in Wood Mackenzie (formerly PowerAdvocate). Registration was kept open for this RFP until the RFP Proposal Due Date. This COA was posted to the PG&E Bid Opportunities web page and the California Statewide IOU Energy Efficiency Proposal Evaluation & Proposal Management Application (PEPMA) website. In addition, PG&E's Supply Chain Responsibility team shared the COAs with approximately 60 Community Based Organizations.

(d) RFP Launch and Bid Preparation Period

RFP Launch: PG&E issued the EE Summer Reliability RFP solicitation on April 1, 2022. All RFP solicitation documents were provided to bidders through the Wood Mackenzie platform only.

RFP Pre-Bid Conference: The RFP Pre-Bid Conference was held on April 7, 2022 via webinar, and 25 participants (inclusive of four PG&E personnel and two Independent Evaluators) attended the conference via Microsoft Teams. 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 via the Wood Mackenzie platform was April 29, 2022. In total, 40 questions were received from Bidders. Responses to Bidder Q&A were uploaded by PG&E to Wood Mackenzie on May 6, 2022 for all bidders to access. PG&E observed the following question themes:

- **Eligibility:** The largest volume of bidder questions focused on eligibility of program design elements and project types as it pertained to inclusion of EE, battery and/or solar systems, peak / net peak period, incrementality, and customers on time-of-use rates.
- **Solicitation Schedule:** Clarification on RFP and Program Launch dates.
- **Program Implementation:** Clarification on Bidder's ability to modify the proposed customer acquisition strategy as needed during implementation.
- **Measure List:** Additional detail on retired EE measures.
- **Contracting:** Contracting opportunity for multiple implementers, clarification on implementer versus aggregator, available program budget, contract term, and CPUC Standard Contract Terms and Conditions.
- **RFP Requested Information:** Clarification on Qualifiable Outcomes, Incentives, Estimated Useful Life (EUL) for Behind The Meter (BTM) solar and storage, savings

calculation with the inclusion of battery and/or Photovoltaic (PV), data sharing.

- **RFP Documents:** Clarifications of submission requirements and acceptable formatting of forms.
- **Cost Effectiveness Tool:** Additional detail on the Cost-Effectiveness Tool (CET) and calculation of net and gross savings.

Responses to these questions during the allotted question and answer (Q&A) period for the solicitation were provided in Wood Mackenzie and available to all entities registered for the RFP event.

(e) RFP Evaluation

RFP Evaluation Team Training: The PG&E EESR RFP evaluation team was a committee composed of ■ subject matter experts with knowledge and expertise across EE, Demand Response, DERs, Customer Resiliency programs, PG&E and Customer Data, Evaluation, Measurement, and Verification (EM&V) and supply chain responsibility. Prior to receiving proposals for evaluation, PG&E conducted a training session on May 5, 2022, with the evaluation team and IE to provide an overview of the evaluation process steps, an orientation to the RFP scorecard, and guidance on how to apply the scoring criteria consistently and fairly.

RFP Submission and Validation: On May 23, 2022, PG&E received three Proposals from three unique counterparties submitted through the Wood Mackenzie platform. Prior to scoring, each Proposal was reviewed for conformance with solicitation eligibility requirements. PG&E did not eliminate any Proposals. A breakdown of the proposals received can be found below in *Table 4 – Breakdown of Proposals Received*.

Table 4 – Breakdown of Proposals Received		
Proposals Received	Non-Conforming	Proposals Evaluated
3	0	3

RFP Evaluation: Individual scoring of proposals started in May and was completed on June 2, 2022. Each proposal was reviewed against the evaluation criteria and sub-criteria listed in Table 4 – EE Summer Reliability 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 June 3, 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 proposals with sub criteria scores (including IE scores) with a range between the maximum and minimum score of greater than 2. Following calibration, a limited number of adjustments were made to individual scorecards, but it did not impart any material change to the outcome.

RFP Interviews: PG&E incorporated interviews into the proposal evaluation to help inform RFP shortlisting. After a June 2022 off-cycle PRG meeting where PG&E presented the RFP evaluation process to the PRG, the top 2 scoring bidders were invited to participate in interviews, and all received the same set of questions and topics to address. All topics were based upon RFP criteria and for the purpose of seeking clarification on information presented in the proposals.

RFP Final Scores: Following interviews, final proposal scores including any adjustments from RFP Evaluation Team members were recorded and final proposal scores were calculated. Final scores only considered PG&E evaluation team scores and did not include IE scores.

RFP Shortlist: In the July 2022 PRG meeting, PG&E presented the post-interview, final RFP scores and recommended that the top scoring bid from Sunrun, Inc. advance to negotiations.

(f) Contract Negotiation

Negotiations – Contracting: PG&E created a contract specifically for the EESR Program that contains three documents: (1) PG&E's EE General Conditions (GCs) that include PG&E's terms and conditions for all contracts, (2) Summer Reliability Program Specific Conditions (SCs) that contain programmatic requirements specific to the EESR program, and (3) a Scope of Work (SOW) template to provide the framework to detail the program design, required tasks, metrics, and payment for the EESR program. The CPUC third-party terms were included in the GCs and SCs. These documents served as the starting point for negotiation of an executable agreement. This contract was reviewed by the IE and presented to the PRG.

Contract negotiations were collaborative and focused on building out the SOW to reflect Sunrun's program design, the specific tasks required to implement and run the program, and the program metrics, along with the payment structure and associated triggers for payment.

[REDACTED]

The final contract reflects the parties' mutually agreeable terms and program to meet requirements of EESR.

II. Independent Evaluators

PG&E engaged one IE Organization from the Commission's approved list of IEs for this EE Summer Reliability RFP process.

Table 5 – PG&E EE Independent Evaluator	
Organization / Company	Independent Evaluator
Don Arambula Consulting	Don Arambula, Frank Spasaro

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.

Regular communication via email and phone to discuss issues was the typical baseline engagement and ebbed and flowed dependent on the varying phase and intensity of activities during the solicitation process.

The IE Final Solicitation Report⁸ is provided as Part 1 Public Attachment A, and the supplemental IE Final Report is provided as Part 2 Confidential Appendix A.

(a) Summary of IE input in RFP

Throughout the development of the RFP solicitation materials and during the review of final solicitation documents, the IEs provided input and recommendations to the general instructions and response forms, the scoring criteria and weightings, and alignment between the scoring criteria and solicitation documents. The IEs attended meetings with the Scoring Committee, monitored the Pre-Bid conference, monitored all communications with bidders, and reviewed PG&E responses to bidder questions. The solicitation process, including the scoring step, was collaborative between the IEs, Energy Division lead, and PG&E. Input and feedback was solicited from the IEs throughout the process with the aim of ensuring that the process ran smoothly and was fair and transparent. IE suggested changes to the solicitation process were considered and incorporated. IE comments on the RFP and scorecard documents were considered and most were accepted. Some of the key IE observations and recommendations incorporated into the RFP materials and process included the following:

⁸ "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.

- Clarification and refinement of disadvantaged workforce requirements, information requested from bidders in their Proposal, RFP Scope, RFP Scope regarding EE and DR, RFP Scope to align with CPUC goals, workforce standards requirements, and the solicitation process steps and schedule.
- Clarification of PG&E's supply chain responsibility preferences and scale of contracting opportunity.
- Clarification to bidders on confidentiality of material provided in bidder's RFP submission and weighting of scoring criteria.
- Recommendation on PG&E's solicitation outreach.
- Recommendation to add additional terms in glossary and references in the appendix as well as clarify implementer support available through PG&E.
- Recommendations to enhance information in the RFP about Incrementality, schedule and timing of RFP, RFP guidance to bidders regarding draft contract, the EESR Draft contract, and the scorecard and weightings.

(b) Summary of IE input in Negotiations

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

III. Communications with Bidders

Communications between the Commission, PG&E and Bidders were managed within the Wood Mackenzie 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 the IE to monitor discussion for bias. Communications with Bidders in this process can broadly be categorized into two types: one-way communications and two-way communications. One-way communications were typically informational messages, instructions, or status updates from PG&E or the Commission to the bidders that did not require a response beyond acknowledgement of receipt. Examples of one-way communications with bidders included mid-process status updates, and shortlist notifications. Two-way communications most often took the form of a question that required a response or a request for additional information. Most two-way communications occurred during the RFP Q&A period.

IV. Solicitation Timelines

The following table, *Table 6 – EE Summer Reliability RFP Solicitation Process Events*, depicts the timeline of solicitation events for EE Summer Reliability RFP.

Table 6 – EE Summer Reliability RFP Solicitation Process Events	
Event	Date(s)
RFP Material Development Developed solicitation materials, scoring rubric, scoring elements and criteria and presented to and reviewed by IE and PRG members.	January – March 2022
RFP Issued RFP documents were available to bidders in Wood Mackenzie (formerly PowerAdvocate) for download.	April 1, 2022
RFP Pre-Bid Conference Pre-Bid Conference event registration and webinar access instructions available in Wood Mackenzie.	April 7, 2022
RFP Q&A Deadline Written questions regarding the RFP were due to PG&E in Wood Mackenzie.	April 29, 2022
PG&E Q&A Response Deadline Bidders had access to review PG&E's responses to all written questions submitted in the RFP.	May 6, 2022
Proposal Submission Deadline Bidders Proposals submission due date. Registration in Wood Mackenzie was required to submit a Proposal.	May 23, 2022 <i>(Date was extended by 1 week beyond original due date of May 16, 2022)</i>
RFP Evaluation and Scoring Scoring and Calibration	May – June 2022
RFP Interviews	June 22 – 23, 2022
RFP Shortlist Presented to PRG	July 26, 2022
RFP Shortlist Notification Bidders were notified through Wood Mackenzie whether their Proposal(s) were Advancing to Contract Negotiations	June 10, 2022 and July 29, 2022
Contract Negotiations	August - November 2022

Table 6 – EE Summer Reliability RFP Solicitation Process Events	
Event	Date(s)
Detailed contract discussion	
Execute Agreements Successful agreement with counterparties reflected in executed Agreements	December 14, 2022

2. CONFIDENTIALITY

In support of this advice letter, PG&E provides the following confidential information: executed EE Summer Reliability contract, information about the participants and offers submitted in response to EE Summer Reliability RFP including the evaluation and analysis of the value of such offers, information and program metrics, financial and performance statistics of the parties, and the confidential results of the solicitation.

A Declaration Seeking Confidential Treatment is submitted in support of this advice letter, as required by D.08-04-023, to demonstrate the confidentiality of material and to invoke the Commission's protection of confidential utility data and information provided.

Confidential Attachments:

Confidential Appendix A: Final Independent Evaluator (IE) Report EE Summer Reliability (Redacted version included with public submittal)

Confidential Appendix B: Solicitation Process Overview

Confidential Appendix C: EE Summer Reliability Solicitation Selection Spreadsheet

Confidential Appendix D: Contract

Public Attachment A

Final Independent Evaluator Report (Public)

Energy Efficiency Independent Evaluator's
Final Report

Pacific Gas and Electric Company
Local Reliability Solicitation

Contract: Sunrun, Inc.

Prepared by:
Don Arambula Consulting



December 2022

Pacific Gas and Electric Company
Local Reliability Solicitation

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Executive Summary

Pacific Gas and Electric Company (PG&E or the Company) conducted a competitive program solicitation to find and fund a new Local Reliability program. This solicitation enabled PG&E to comply with the California Public Utilities Commission's (CPUC or the Commission) requirement to hold a single-stage third-party solicitation for reliability-focused programs to deliver peak and/or net peak demand savings.¹

The CPUC explained that its intent for energy efficiency summer reliability programs resulting from this solicitation should be incremental to the energy efficiency (EE) savings already forecasted for the general energy efficiency portfolios.² The CPUC directed PG&E to launch all projects resulting from this solicitation with sufficient lead time to ensure the installation and operation of energy efficiency measures by August 1, 2023, to achieve energy savings during peak and net peak hours of summer 2023.³

This reliability solicitation was completely separate from the already-authorized energy efficiency portfolios and budgets for program years 2022 and 2023.⁴ The CPUC directed PG&E, and other California electric investor-owned utilities (IOUs), to fully leverage the existing third-party solicitation process to conduct this reliability solicitation.⁵

The final Independent Evaluator Report (IE Report) assesses PG&E's third-party reliability program solicitation process. The IE Report is provided by Don Arambula Consulting, an Independent Evaluator (IE) assigned to monitor PG&E's reliability program solicitation.

Solicitation Summary

PG&E was successful in attracting promising proposals and ultimately selecting a reliability program. The solicitation resulted in the selection of **Sunrun's Energy Efficiency Summer Reliability (EESR) Program**.

The solicitation sought new, innovative, integrated approaches that would not otherwise be eligible for the existing energy efficiency portfolio.⁶ Among other solicitation requirements, PG&E required bidders to demonstrate how each proposed program component is incremental to ongoing PG&E incentive programs.

PG&E's long-term vision is to develop a new customer program structure that consolidates multiple currently siloed behind-the-meter distributed energy resource technologies into a single customer program experience that could be adapted to provide customer solutions optimized around a range

¹ Decision 21-12-011, OP 3.

² Id, pp. 33-34.

³ Id, p. 33.

⁴ Id, p. 34.

⁵ Id, p. 34.

⁶ Id, p. 34.

of objectives (e.g., energy bill savings, reliability, Public Safety Power Shutoff and wildfire resiliency, distribution constrained areas, capital investment deferral, carbon reduction, etc.)

The solicitation conformed to the CPUC’s requirement for a competitive, single-stage solicitation. The PRG oversaw the solicitation, and the IE actively monitored it in its entirety.

The Final Independent Evaluator Report (IE Report) assesses PG&E’s third-party Local Reliability program solicitation process and executed contract (Contract) between the IOU and the program implementer. The IE Report addresses each aspect of the solicitation from the initial RFP development through contract execution. The IE Report is provided by Don Arambula Consulting, Independent Evaluator (IE), assigned to monitor PG&E’s Local Reliability solicitation. The IE Report addresses PG&E’s Contract with **Sunrun, Inc. (Sunrun)**, the proposed program implementer for the new local EESR Program.

Local Energy Efficiency Summer Reliability Program Summary

The EESR Program will support PG&E’s summer reliability efforts by providing sustained and scheduled customer load shifting/modification services to PG&E during the 2023 summer period. The Program will target [REDACTED]

[REDACTED] During the net-peak hours of 7:00 p.m. – 9:00 p.m., Sunrun will [REDACTED] each day during the implementation period (August thru October 2023) to provide a block of capacity to PG&E. [REDACTED]

The innovative design marries energy efficiency with behind-the-meter clean battery storage systems. It is the first attempt to break the “glass silo” among the various demand-side management offerings.

The following is a summary of the Program’s goals as represented in the Contract:

Table 1.1: Program Overview	
Total Program Budget	\$10,525,000
Capacity, kW, monthly	[REDACTED]
Contract Duration	December 2022 thru October 2024
Program Launch	March 2023 (est.)
Diverse Business Enterprise Goal *	[REDACTED]
* - Subcontractors will not be used in program delivery.	

1. Solicitation Overview

This final IE Report details the reliability solicitation process, including the IE’s assessment of the solicitation from developing the draft request for proposal (RFP) through the solicitation’s conclusion. The IE observed and reported the IOU’s entire solicitation process to the Procurement Review Group (PRG) throughout the solicitation. The IE reviewed and monitored the IOU solicitation and proposal valuation methodologies to confirm that it was a fair, unbiased, and transparent competitive process and was devoid of market collusion or manipulation. The IE was privileged to view all submissions. The IE, bound by confidentiality obligations, was invited to participate in all phases of the IOU’s Solicitation to its conclusion.⁷

1.1. Background

The CPUC requires PG&E to file an advice letter with the results of its reliability solicitation by no later than December 30, 2022.⁸ The CPUC also requires the IE to present a Final IE Report to the investor-owned utility’s (IOU) PRG.⁹ The final IE Report is appended to the IOU’s required advice filing for convenience and full disclosure.

In August 2016, the CPUC adopted Decision 16-08-019, which defined a “third-party program” as proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility program administrator. In December 2021, the CPUC adopted Decision 21-12-011, requiring an allocation of an incremental budget of \$30 million in the territories of Pacific Gas and Electric Company (PG&E), SDG&E, and Southern California Edison Company (SCE) (electric IOUs) during the energy efficiency program years 2022 and 2023 to fund individual single-stage third-party solicitations for reliability-focused programs to deliver peak and/or net peak demand savings.¹⁰ The CPUC required the IOUs to launch their individual solicitations by no later than April 1, 2022. PG&E, SCE, and SDG&E were also required to develop coordinated solicitation plans, schedules, and solicitation documents to be reviewed by the assigned IE and presented in a joint PRG meeting across all electric utilities.¹¹

The CPUC allowed the electric IOUs to execute multiple contracts from these reliability solicitations if the proposal selection criteria and process and contract negotiations process adhere to a variation of the existing EE third-party solicitation process. Before executing the solicitation, the CPUC required the IOUs to involve the assigned IE in the solicitation process and present its results to the PRG.¹²

Incrementality

CPUC required that EE summer reliability programs from this solicitation be incremental to the energy savings and demand reductions already forecasted for the general energy efficiency portfolios. The CPUC directed the electric IOUs to design contracts that did not prevent existing EE programs from achieving their performance targets or encourage existing implementers to find more favorable

⁷ Id, p. 33.

⁸ The CPUC granted PG&E an extension of time to comply with Decision 21-12-011, OP 3, which required an advice letter filing no later than November 15, 2022. Energy Division letter dated November 8, 2022.

⁹ Decision 18-01-004, OP 5.

¹⁰ Decision 21-12-011, OP 3. The CPUC also directed these IOUs to allocate these fund proportions identified in Decision 19-12-021, Table 1, after subtracting the proportion of Southern California Gas Company.

¹¹ Id, OP 3.

¹² Id, p. 33.

contract terms to deliver the same savings they were already contracted to deliver.¹³

Since the reliability EE savings are incremental to the existing IOU's EE portfolio, the CPUC suspended EE cost-effectiveness threshold requirements for this solicitation.¹⁴ Since any EE savings from this solicitation would be incremental to the IOU's existing energy efficiency forecasts, the energy savings would not count towards the IOU's energy efficiency savings goals. The CPUC clarified that the reliability budget does not count toward the IOU's third-party solicitation targets.¹⁵

Procurement Review Group

The CPUC required each IOU to assemble a PRG. The IOU's PRG, a CPUC-endorsed entity, is composed of non-financially interested parties such as advocacy groups, utility-related labor unions, and other non-commercial, energy-related special interest groups. The PRG oversees the IOU's EE, including reliability, solicitations, and reviewing procedural fairness and transparency. This oversight includes examining the procurement process and providing feedback during all solicitation stages. Each IOU briefs its PRG periodically throughout the solicitation on topics including the request for proposals, proposal evaluations, and contract negotiations. The IOU is required to select and utilize a pool of EE IEs to serve as consultants to the PRG.¹⁶

A. Scope

PG&E's Reliability solicitation sought to fund an incremental reliability-focused, downstream program that could deliver peak and/or net peak demand savings by no later than August 1, 2023.⁷ PG&E sought a program implementer capable of delivering a comprehensive customer program that included EE measures integrated with customer-sited behind-the-meter (BTM) distributed energy resources (DERs) including clean energy storage (i.e., batteries), solar PV, electric vehicle (EV) charging, demand response (DR), and/or other IDSMS technologies in a single program.

The solicitation was open to most customer segments, with the highest priority assigned to the residential and commercial sectors. PG&E excluded the industrial processes, new construction, and residential multifamily segments. To ensure rapid deployment¹⁷ and achieve peak and/or net peak savings, proposals were permitted to include any Commission-approved EE measures, including non-cost-effective measures.

PG&E also investigated the possibility of reintroducing CPUC-retired EE measures for the solicitation. However, PG&E found the process would be complicated and could not be completed in time to inform potential bidders. Subsequent to this EESR RFP solicitation, PG&E should work with other Program Administrators and the Commission to create a process, as part of CalTF, to reintroduce expired EE measures for future reliability efforts and to support the Commission's newly established EE Equity program segment.

¹³ Id, p. 33.

¹⁴ Id, p. 34.

¹⁵ Id, p. 34.

¹⁶ Decision 18-01-004, OP 5.a.

¹⁷ All measures/equipment must be installed and operational by August 1, 2023. Priority may be given to program design that leverages proven programs with established infrastructure/channels/approaches.

B. Objectives

PG&E sought to fund a reliability program(s) that could deliver electric peak (4 p.m. to 9 p.m.) and/or net peak (7 p.m. to 9 p.m.) demand savings through energy efficiency (EE) or in combination with EE and solar/clean energy storage by August 1, 2023.

1.2. Timing

The solicitation conformed to the CPUC's requirement for PG&E to hold a competitive, one-stage solicitation. The IOU released the RFP on April 1, 2022, meeting the CPUC-required deadline. PG&E coordinated its release date with SCE and SDG&E so as not to overwhelm the bidder community with the same release date. As required by the CPUC, PG&E presented its schedule for review to its PRG and assigned IE before releasing the RFP.¹⁸

Table 1.1 below includes key milestones for this program solicitation. Unless otherwise indicated, PG&E met all its solicitation milestones on time or ahead of schedule.

Table 1.1: Key Milestones	
Milestones	Completion Date
RFP Stage	
RFP Release	April 1, 2022
Bidders Conference (optional, via webinar)	April 7, 2022
Deadline to submit written questions to PG&E	April 29, 2022
PG&E Response to Bidder Questions	May 6, 2022
Proposal submissions due in PowerAdvocate *	May 23, 2022
Selections & Contracting Stage	
PG&E shortlist selections and notification to respondents	June 10, 2022
Bidder Interviews	June 22-23, 2022
Contract Execution **	December 14, 2022
Advice Letter filing ***	December 30, 2022
Notice to Proceed to Implementer	January 2023 (est.)
Program Launch	March 2023 (est.)
* - Based on a bidder's request, PG&E extended the due date by one week.	
** - Initially scheduled to execute the Contract on October 1, 2022.	
*** - CPUC granted a time extension from November 15, 2022, to December 30, 2022.	

1.3. Key Observations

Overall, the solicitation successfully found a reliability program that met the RFP's program requirements. PG&E's management of the reliability program solicitation was fair, equitable, and transparent.

PG&E allowed the IE to monitor all aspects of the solicitation, from developing the initial RFP materials to proposal evaluations. Throughout the solicitation, the IE provided feedback to the IOU on various activities, including RFP development, bidder instructions, solicitation schedule,

¹⁸ Decision 21-12-011, p. 32.

scorecards, bidder questions and answers, and bid evaluations. PG&E was responsive to the IE's feedback throughout the solicitation.

During the solicitation and in preparing this Report, the IE identified various recommendations regarding the solicitations. Table 1.2 presents the IE's key recommendations regarding this solicitation. Many of these recommendations were developed while preparing this IE Report, and other recommendations were provided to the IOU and the PRG throughout the solicitation.

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Potential Remedy	Outcomes/ Lessons Learned
RFP Stage			
Single Solicitation	The IOUs had divergent approaches to this solicitation due to varied RFP scopes and different procurement practices.	In the future, unique solicitations of this nature may be better served under a single lead IOU to achieve the streamlining envisioned by the CPUC.	The recommendation is directed at the CPUC.
Reintroducing Retired EE Measures	PG&E also investigated the possibility of reintroducing CPUC-retired EE measures for the solicitation. However, PG&E found the process would be complicated and could not be completed in time to inform potential bidders.	PG&E should work with other Program Administrators and the Commission to create a process, as part of CalTF, to reintroduce expired EE measures for future reliability efforts and to support the Commission's newly established EE Equity program segment.	New recommendation.
Bidder Questions and Sub-questions	PG&E asked bidders to respond to 24 questions and populate program-related data in a workbook template. PG&E did have several questions which contained many sub-questions. This made it difficult to assess the response and assign a singular score to the responses to multiple sub-questions responses.	Sub-questions can be difficult to evaluate and score. PG&E should avoid or limit the use of sub-questions in future solicitations.	New recommendation.
Bidders' Conference	PG&E received a total of 40 questions after the Bidders' Conference. Questions covered various topics such as access to other IOU	PG&E should strive to field questions during the Bidders' Conference. This may allow bidders timely information	New recommendation.

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Potential Remedy	Outcomes/ Lessons Learned
	reliability solicitations, program launch date, project aggregators, PG&E's upcoming Market Access Program, energy efficiency (EE) requirements, a list of retired EE measures, and a list of companies interested in the solicitation.	regarding the RFP and whether they should invest time and resources in preparing and submitting a bid.	
Calibration Threshold	PG&E had proposed only discussing scoring differences with a calculated standard deviation greater than 1. The IE recommended that PG&E reset the threshold from standard to simple point deviations of 2 or more. A 2-point or greater difference in raw scores likely indicates an inconsistent scorecard application. PG&E agreed to adjust its calibration approach for this solicitation.	The IE recommends that PG&E reset its calibration threshold based on a 2-point or greater difference in raw scores for all future solicitations.	New recommendation.
Timely Debriefing Sessions	PG&E offered a debriefing session to a bidder after PG&E contracted with the awarded bidder. The bidder requested it much sooner, noting that contract execution would not occur for several months. PG&E declined to hold the debriefing session any sooner.	The IE recommends that PG&E conduct a debriefing session immediately following the notification to the bidder. Timely debriefs allows the bidder a general understanding of the proposal's deficiencies which the bidder could immediately apply to a subsequent solicitation response.	New recommendation.
Negotiations and Contracting			
Limited Program Delivery Windows and Balanced Compensation	The limited program delivery period may have been insufficient for most new program designs, given the time required for program ramp-up, customer	For future emergency solicitations, the CPUC could provide more time for program implementation with a balanced compensation	The recommendation is directed at the CPUC.

Table 1.2: Key Issues and Observations			
Topic	Key Observation	Potential Remedy	Outcomes/ Lessons Learned
	recruitment, and program delivery.	structure for third parties. Alternatively, the IOUs could supplement funding for existing, successful programs that can expand their offerings to meet aggressive goals under restrictive timelines.	
Customer Integrated Energy Solutions	PG&E sought reliability programs that integrated EE with solar/clean energy storage.	Future program solicitations (reliability or energy efficiency) should advance PG&E's notion to integrate EE with other customer energy and energy management solutions.	New recommendation.
Employee Background Checks	<p>The CPUC standard terms and conditions require all program implementers to perform a seven-year background check on employees involved with program delivery. [REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED] This issue nearly derailed contract negotiations as PG&E could not agree to change CPUC-required standard term.¹⁹</p>	The IE recommends that the CPUC revisit its standard Ts&Cs and place the background requirement under the CPUC modifiable terms and conditions to allow parties to negotiate these specific terms based on the program design.	The recommendation is directed at the CPUC.
Adequate Time to Develop New Program Designs	The bidders had limited time to incorporate deeper EE solutions into the program design and delivery plans.	Future reliability program solicitations should provide additional time for bidders to develop and deliver programs with deeper EE applications	The recommendation is directed at the CPUC.

¹⁹ Decision 18-10-004, OP 7.

During this solicitation, the IE observed emerging effective practices by the IOU that may make the process more effective, efficient, and transparent if applied to future solicitations. The IE recommends that the IOU continues these practices, as presented below, and shares them with other IOUs for their consideration and adoption.

Table 1.3: Emerging Best Practices	
Emerging Best Practice	IE Analysis
Evaluation Team Check-in Meetings	PG&E's evaluation team met weekly to check on the evaluators' review progress. This encourages evaluators to conduct scoring at a reasonable cadence throughout the review period. These check-in meetings also allowed evaluators to ask clarifying questions on the proper application of scoring criteria as they conducted their evaluations.
Periodic Check-In Meetings with Assigned IE	PG&E held weekly status meetings with the assigned IE to discuss solicitation activities and to address any emerging issues identified by the IE or the IOU. Such progress meetings were particularly useful during the contract negotiations phase.
Bidder Survey Prior to Submission Due Date	With a potential low bidder response to the solicitation, PG&E proactively reached out to registered bidders about their intent to bid. This information can inform the IOU whether it should extend the proposal deadline and/or generate additional interest through greater outreach to the bidder community. The bidder survey is a good practice and should be used by PG&E, and other IOUs, in future solicitations, especially where there may be a low bidder response.
Diverse Evaluation Team	Due to the solicitation's unique scope, PG&E drew from across its enterprise to find key SMEs across multiple customer programs (e.g., EE, distributed energy resources, IDSM, etc.). As a result, the team was able to evaluate the reliability proposals much more effectively than an EE-centric team. The IE recommends that PG&E continue leveraging a multi-discipline team to support future reliability and EE solicitations, emphasizing integrated DSM solutions.

2. RFP Bidder Response and Selections

2.1. RFP Development

In response to CPUC's direction, PG&E coordinated the development of its RFP with SCE and SDG&E. The CPUC directed the electric IOUs to collaborate in developing a common solicitation document to streamline the process as much as possible for bidders. In response, the electric IOUs held several meetings to coordinate solicitation schedules, RFP scopes, eligible customer groups, compensation, evaluation process, and scoring criteria. These discussions resulted in a slight staggering of RFP release dates among the electric IOUs to reduce the burden on the bidder

community. However, the release dates occurred over three consecutive days (i.e., March 30, March 31, and April 1, 2022), likely due partly to the CPUC's aggressive RFP release date and the amount of time for IOUs coordination. As a result, the collective electric IOUs' coordinated release dates likely did not achieve their intended result. Also, the IOUs had divergent approaches to this solicitation due to varied RFP scopes and different procurement practices. In the future, unique solicitations of this nature may be better served under a single lead IOU to achieve the streamlining envisioned by the CPUC.

PG&E's RFP scope included general instructions, a response form (narrative and data), and the applicable CPUC standard and modifiable contract terms and conditions. PG&E also presented its proposed Company-specific terms and conditions for the bidders' consideration.

PG&E asked bidders to respond to 24 questions and populate program-related data in a workbook template. PG&E did have several questions which contained many sub-questions. Sub-questions can be difficult to evaluate and score and should be avoided or limited in future solicitations. Overall, the type and number of questions and data sought were reasonable as a one-stage solicitation.

PG&E released its reliability RFP on April 1, 2022, in compliance with the Commission directive.²⁰

2.2. RFP Bidders' Conference

PG&E held an optional RFP bidders' conference on April 7, 2022. PG&E identified 19 potential bidders who attended the conference. PG&E presented key elements of the solicitation, including schedule, budget, scope, desired program characteristics and outcomes, scoring criteria, and submission process.

PG&E did not host a live question and answer segment as part of the bidders' conference. PG&E, instead, allowed bidders to provide written questions immediately following the conference. PG&E received a total of 40 questions. PG&E answered right away questions (via PowerAdvocate) and did not necessarily wait until the Question period closed (April 29, 2022) to answer questions. Questions covered various topics such as access to other IOU reliability solicitations, program launch date, project aggregators, PG&E's upcoming Market Access Program, energy efficiency (EE) requirements, a list of retired EE measures, and a list of companies interested in the solicitation. PG&E should strive to field questions during the bidders' conference. This may allow bidders timely information regarding the RFP and whether they should invest time and resources in preparing and submitting a bid.

PG&E attempted but could not introduce a bidder contact information sharing opportunity into the timeline for this solicitation (driven by the deadline to file the contract Advice Letter by November 15, 2022). Although a bidder requested such a sharing opportunity, PG&E explained to bidders that it would not collect or share bidder contact information for this solicitation. PG&E has subsequently adopted this in other solicitations. The PRG and IE consider this a best practice for all future solicitations.

2.3. RFP Bidders' Response

²⁰ Decision 21-12-011, OP 3 required all electric IOUs to launch a reliability solicitation by April 2, 2022.

Per the RFP instructions, bidders' proposals were originally due on May 16, 2022. In response to a bidder's request to extend the proposal deadline, PG&E extended the due date by one week to May 23, 2022. Subsequently, PG&E received another request to extend an additional one week. PG&E declined.

On May 19, 2022, PG&E released a survey to registered bidders asking if they planned to bid. PG&E immediately received bidder responses, all indicating they plan to submit. With a potential low bidder response to the solicitation, PG&E proactively reached out to registered bidders about their intent to bid. This information can inform the IOU whether it should extend the proposal deadline and/or generate additional interest through greater outreach to the bidder community. The bidder survey is a good practice and should be used by PG&E, and other IOUs, in future solicitations, especially where there may be a low bidder response.

The table below summarizes the actual response to the RFP released by PG&E.

Table 2.1: Solicitation Response	
	Number
Proposals Expected	5
Proposals Received	3
Proposals Disqualified	0

2.4. Proposal Selection Process

A. RFP Bid Screening Process and Management of Deficient Bids

PG&E conducted a prescreening of all proposals received. The screening process included confirming the proposal was complete, on time, and aligned with the RFP's scope. PG&E supply management lead completed the screening process before the scoring team evaluated the proposals. All bids passed this initial screening process.

B. RFP Evaluation Team Profile

The PG&E's evaluation team roster is listed below. The team consisted of experienced subject matter experts drawn from the IOU's staff. [REDACTED]

Due to the solicitation's unique scope, PG&E drew from across its enterprise to find key SMEs across multiple customer programs (e.g., EE, distributed energy resources, IDSM, etc.). As a result, the team was able to evaluate the reliability proposals much more effectively than an EE-centric team. The IE recommends that PG&E continue leveraging a multi-discipline team to support future reliability and EE solicitations, emphasizing integrated DSM solutions.

PG&E held evaluator training on May 5, 2022. The training provided an overview of the RFP scope, solicitation schedule, and scorecard. PG&E did not conduct a mock exercise; instead, the IOU conducted a detailed review and discussion among the team. The IE believes this approach adequately prepares the evaluation team.

C. RFP Scoring Rubric Design

The RFP scoring rubric weightings generally followed the PRG and the IE guidance. The following is the scoring rubric PG&E applied in the evaluation of the proposals received in the RFP stage:

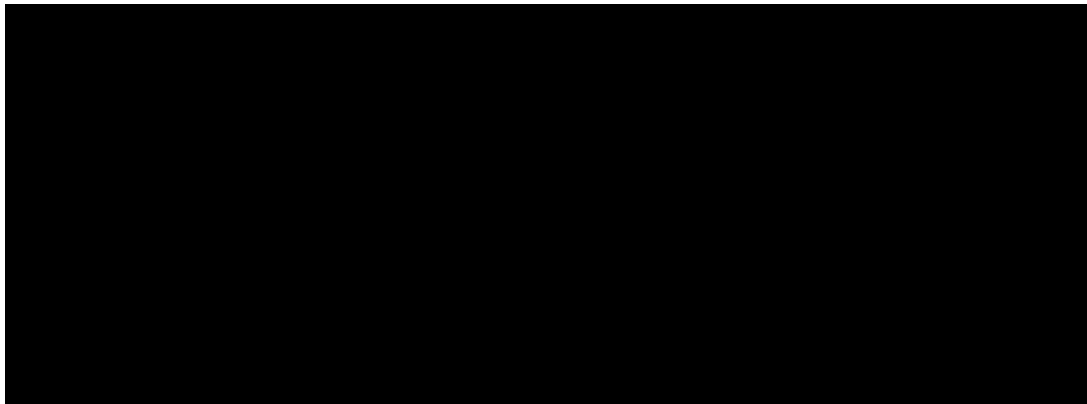
Table 2.3: RFP Scoring Rubric		
Area	Category	
Program Design	Program Design	
	Customer Acquisition	
	Incentive Design & Financing	
	Incrementality	
Innovation	Program Innovation	
Program Outcomes	Peak kW	
	Net Peak kW	
	Estimation Methodology	
	Acquisition Cost	
Pgm. Implementation and Feasibility	Schedule/ Risk Mitigation	
	Data Requirements	
	Program M&V	
Compensation	Compensation Structure	
Company Qualifications	Staffing Plan	
	Prior Implementation Experience	
Social Responsibility & Supply Mgmt.	Social Compliance (includes DBE/SBE)	

Table 2.3: RFP Scoring Rubric		
Area	Category	
	Total	100%

D. RFP Evaluation Processes and Scoring Calibration

On May 23, 2022, PG&E received three proposals. PG&E began its evaluation and scoring on May 25, 2022, and completed it on June 2, 2022. On June 3, 2022, PG&E held its calibration meeting with the evaluation team to identify and correct any consistent applications of the scorecard by any individual evaluator. The most efficient way to identify potential issues was to identify significant differences among individual evaluator scores assigned across individual bidder responses. PG&E had proposed only discussing scoring differences with a calculated standard deviation greater than 1. The IE recommended that PG&E reset the threshold from standard to simple point deviations of 2 or more. A 2-point or greater difference in raw scores likely indicates an inconsistent scorecard application. PG&E agreed to adjust its calibration approach for this solicitation. The IE recommends that PG&E reset its calibration threshold based on a 2-point or greater difference in raw scores for all future solicitations.

Figure 2.1 shows the preliminary IOU post-calibration scores prior to bidder interviews.



E. RFP Shortlist and Final Selection

On June 9, 2022, the IOU held an off-cycle meeting with its PRG to share the scoring results. [REDACTED]

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

On June 10, 2022, PG&E invited [REDACTED] [REDACTED]
[REDACTED] PG&E offered a debriefing session [REDACTED]
[REDACTED] after PG&E contracted with the awarded bidder. The bidder requested it much sooner, noting contract execution would not occur for several months. PG&E declined to hold the debriefing session any sooner. The IE recommends that PG&E conduct a debriefing session immediately

following the notification to the bidder. Timely debriefs allows the bidder a general understanding of the proposal's deficiencies which the bidder could immediately apply to a subsequent solicitation response.

[REDACTED]

[REDACTED] The diverse team enabled PG&E to ask several bidder questions from different DSM perspectives, thus significantly enhancing the Q&A sessions.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

2.5. PRG and IE Feedback to Proposal Process and Selections

A. Adherence to PRG Guidance and Feedback

RFP

The PRG provided the IOU with the PRG Guidance document, which includes more than 100 PRG recommendations regarding the RFP stage. The IE completed the PRG Checklist and identified 3 PRG recommendations that the IOU did not incorporate into the final RFP materials. Except for the PRG recommendations listed in Table 2.5, PG&E ultimately accepted all PRG recommendations from the PRG's Checklist.

Table 2.4: PRG Checklist Items Not Accepted by the IOU		
Topic	PRG Recommendation	IOU
Confidentiality Requirements	The RFP should indicate to bidders that IOUs are bound by confidentiality requirements and identify a recourse for bidders.	Standard PG&E practice does not identify recourse for bidders. Such language may invite disputes. The bidder automatically has recourse under the law.
Confidential Markings	The RFP should ask bidders to mark information they consider confidential but with the least restrictive markings feasible.	This is not an adopted practice for PG&E. PG&E does not provide the PRG access to Proposals and does not require bidders to mark confidential information (extra work for the bidder).
Job Opportunities for Disadvantaged Workers	RFP should ask bidders to describe how the program will provide EE job opportunities for DWs and contribute to IOU portfolio goals for DWs.	Such policies apply only to the EE Portfolio.

The PRG had several inquiries for PG&E throughout the solicitation of the proposals. PG&E responded timely to all inquiries. The PRG provided overarching feedback throughout the solicitation to PG&E. Table 2.6 summarizes these PRG recommendations and the IOU's response.

Table 2.5: PRG Feedback on Solicitation		
Topic	PRG Recommendation	IOU
Ratepayer Value	The PRG asked PG&E to ensure that value comes to the ratepayer as part of the proposed program design.	PG&E will rely on submeter data collected by each battery system. PG&E will conduct a separate EM&V review to confirm daily demand reductions were achieved.

Table 2.5: PRG Feedback on Solicitation		
Topic	PRG Recommendation	IOU
Ensure Incentive Funds are Used Appropriately	The PRG asked PG&E to ensure program funds would not be used to incentivize installing new battery storage systems.	PG&E clarified in the Contract that funds could not be used to fund new battery storage systems in the contract program.
Energy Efficiency	EE should not be an afterthought in program design.	The RFP requested that EE be part of the program offering. With more time to develop and implement, future programs could include deeper EE. Note selected program includes smart thermostat, which was PG&E's minimum threshold for EE.

B. Response to IE Feedback

The IE provided 49 discrete comments to PG&E on its draft RFP materials, including the evaluation scoring rubric. The IE comments covered various topics, such as the RFP objectives, incrementality, retired EE measures, solicitation budget, bidder questions, and the scoring rubric. Most recommendations were accepted by PG&E, except for recommendations associated with PG&E limiting the number of proposals that could ultimately be funded. PG&E preferred to contract with only one Implementer, given the limited time for contract negotiations and program delivery.

3. Contracting Process

PG&E and Sunrun held eight meetings (August 2022 to November 2022), including one in-person meeting for parties to discuss specific program operational details. Parties also had several contract turns via the PowerAdvocate system before successfully concluding contract negotiations.

3.1. Contract Negotiations

PG&E and Sunrun contract negotiations were very collaborative. Sunrun, a large solar provider, parties discussed various contract terms in detail, as presented below.

A. Collaboration on Final Program Design and Scope

Per Decision 16-08-019, the CPUC allows the IOU and the selected bidder, after program selection, to collaborate on the ultimate program design implemented by the third party.²¹ This enables the IOU to share its understanding of its customers and prior program implementation experience with the selected bidder to optimize the program offering. This is also the time for the bidder to share greater levels of program details and to address any concerns that the IOU may have regarding the program design and delivery.

²¹ Conclusion of Law 57.

[REDACTED]

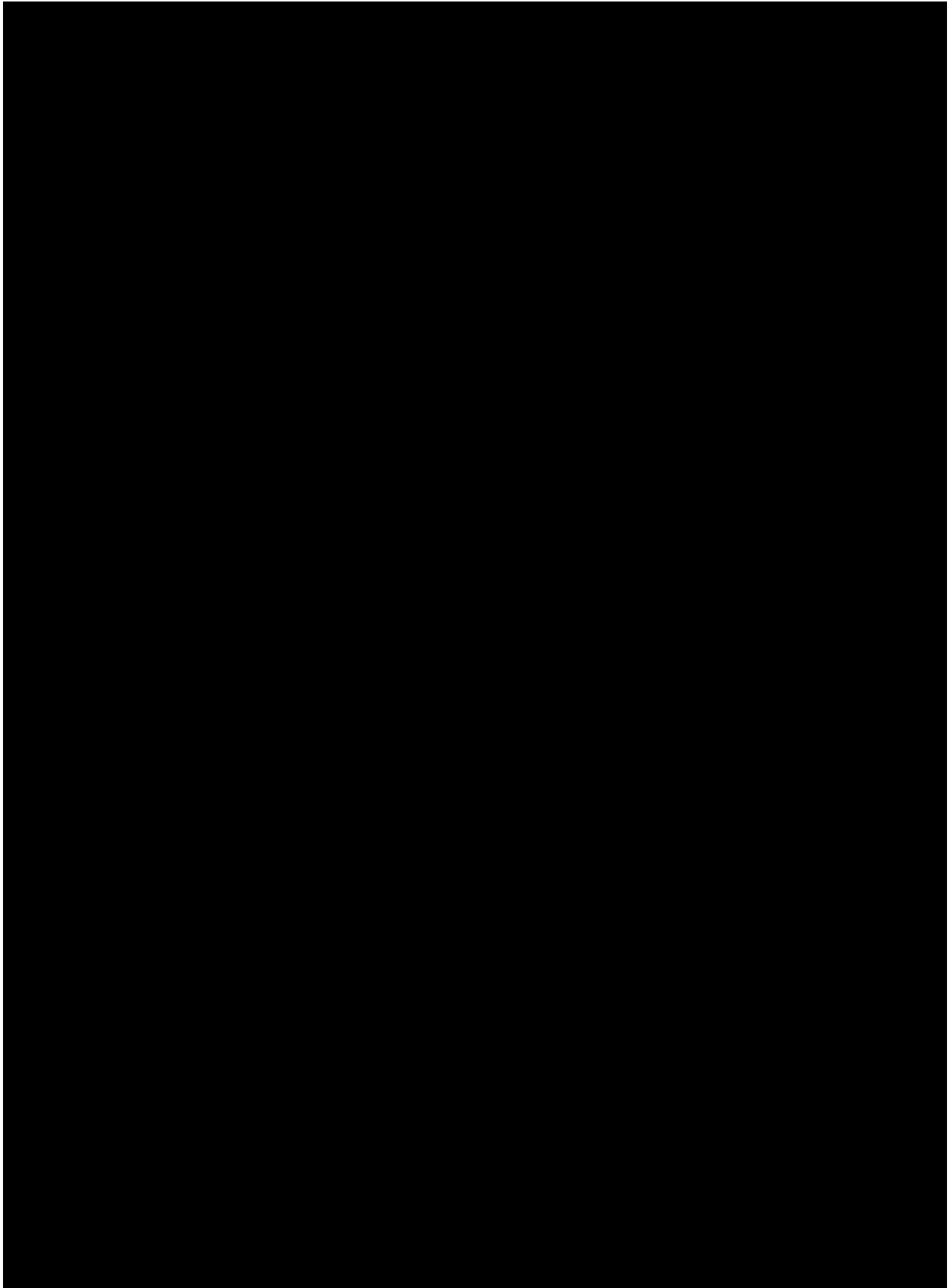
[REDACTED]

The parties discussed various program and contracted elements, including key items presented in Table 3.1.

[REDACTED]

²² Decision 18-10-004, OP 7.

²³ Market Access program is a new, two-year \$150 million statewide offering to deliver peak and/or net peak demand savings using the normalized metered energy consumption method of measuring energy and peak demand savings in residential and commercial buildings. Decision 2112-011, OP 1.



B. Fairness of Negotiations

Overall, the contract negotiations were fair and transparent. Negotiations resulted in a contract closely resembling the bidder's proposed program design. The bidder had proposed to implement the program in the summer of 2022. However, the RFP schedule did not support a 2022 program launch. The following are changes to the budget and key program activities due to the contract negotiations.

Table 3.2: Proposed vs. Final Agreement		
	Proposed	Contracted
EESP Budget		
Capacity, kW		
Participating Battery Storage Systems		

C. Changes to Contract Terms & Conditions

To comply with CPUC directives, PG&E provided the bidder with standard and modifiable CPUC terms and conditions at the start of contract negotiations.²⁴ The IE reviewed all documents and confirmed that the Contract includes the CPUC's standard terms and conditions. The IOU proposed a set of additional terms and conditions. These other terms do not conflict with the CPUC standard terms and conditions, as PG&E included an additional contract term that clarified that the CPUC standard terms and conditions take precedence over any potential conflicting terms in the Agreement. The IOU and the bidder agreed to all terms and conditions. The IE also reviewed the Contract against the PRG's Contract Checklist and found no issues with PG&E's contract.

D. Conformance with CPUC Policies and Objectives

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

Table 3.3: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
IOU should develop a standard contract template with CPUC standard terms to be compliant with applicable CPUC policies, decisions, or specific directives, consider PRG and IE feedback, and not use language/concepts that are inappropriate or typically not used in the EE industry. (PRG Guidance on Contracting, Section 6.1.1)	See Section 3.1.C.
The Contract must include all CPUC standard (non-modifiable) contract terms in the contract (6.1.2)	See Section 3.1.C.
The Contract includes CPUC modifiable contract terms as a starting point. (6.1.3)	See Section 3.1.C.

²⁴ Decision 18-10-004, OP 7.

Table 3.3: Contract Alignment with CPUC Policies and Objectives	
PRG Guidance and Other Considerations	IE Response
Other aspects of the contract template do not conflict with CPUC terms and conditions, policies, decisions, or direction. (6.1.4/5)	See Section 3.1.C.
IE pool reviews standard contract template and provides comments (6.1.6)	Confirmed. The IE reviewed the contract template.
IOU must present its contracting negotiation process to the IE/PRG for review (6.2.1)	Confirmed. The IOU informed the IE and PRG of the process and approach to the contract.
IEs should monitor all bidder communications during the negotiation process (6.2.2)	Confirmed. The IE was included in all bidder communications and attended all meetings.
IOUs should explain their contracting process to selected bidders (6.2.3)	Confirmed. The IOU presented the contracting process to the bidder at the initial meeting.
Before execution, the assigned IE and PRG should review the final contracts for each Program recommended for award. (6.3.1)	Confirmed. The IE reviewed the final contracts.
A reasonable number of KPIs.	Confirmed. The contract does not include any operational or performance KPIs beyond the monthly capacity goals and customer enrollments for the 2023 Summer season. This approach seems reasonable given the short delivery period (est. 6 months) and the low-touch customer engagement.
KPIs make sense in terms of measuring, scale, and timeframe.	Confirmed. See above.
The contract includes appropriate performance issue remedies.	Confirmed. The Contract identifies the process to remedy performance issues in Schedule A.
The contract clearly addresses Support Services.	Parties agreed that the IOU support services beyond confirm customer eligibility and enrollment status in existing PG&E DR programs.
Innovative aspects of the Program are retained.	Confirmed.
If applicable, IDSM components are included.	The Program combines EE with distributed energy resources.
If applicable, program considerations for Hard-to-Reach (HTR) and Disadvantaged Communities (DAC) are incorporated.	Not applicable.
Changes proposed by the IOU and the Implementer were reasonable and fair.	Confirmed.

E. Uniformity of Contract Changes

The IOU negotiated only one contract with one bidder.

3.2. Final Selection

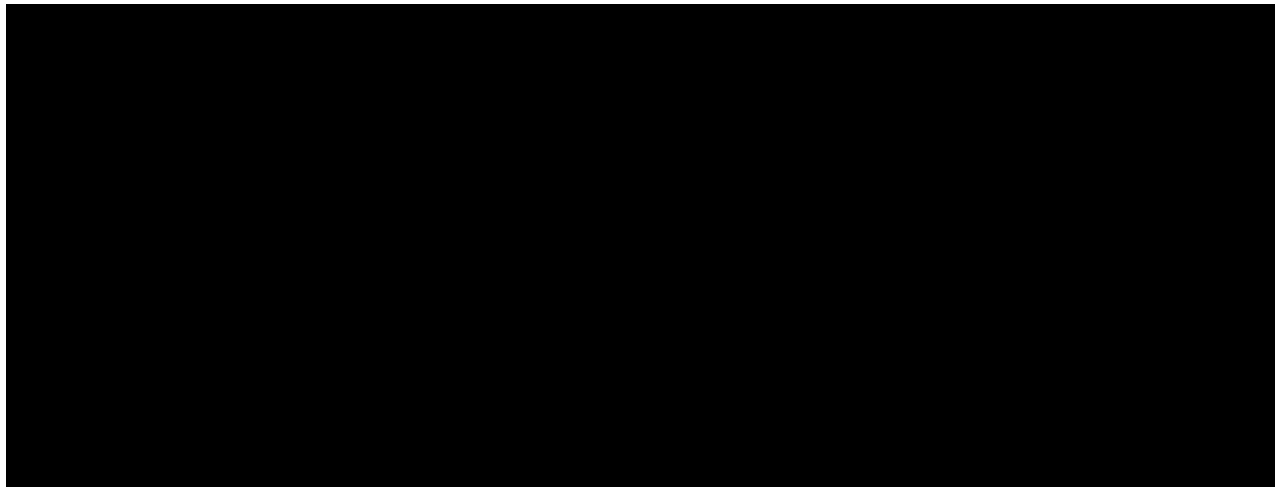
Consistent with the RFP instructions, PG&E made its final selection based on the outcome of its evaluation and ranking of all the proposals, which included a bidder interview process. [REDACTED]

[REDACTED] The interviews serve to aid PG&E in clarifying various aspects of the bidder's proposal before completing the final scoring. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] The PRG and the IE supported the decision.



3.3. Contract Execution

PG&E and Sunrun executed the contract on December 14, 2022. Upon CPUC approval of the completed Contract, the Contract will be effective. Sunrun may begin initial program tasks at that time, including developing the Program's Implementation Plan, which PG&E forecasts to complete in Quarter 1 of 2023.

Table 3.4: Executed Contracts		
Bidder	Contract Duration	Program
Sunrun	22 months (est.)	Energy Efficiency Summer Reliability Program

3.4. PRG and IE Feedback to Contracting

The IOU sought and considered PRG and IE feedback throughout the contracting process. As previously stated, PG&E's standard contract agreement met the PRG contracting recommendations. The IE actively monitored all contract negotiations. The IOU also met with the IE to discuss emerging contracting issues throughout the contracting phase. Section 3.1 of this Report addresses many of these issues.

PG&E presented the general status of contract negotiations to the PRG at monthly PRG meetings throughout contract negotiations. The IE also presented a comprehensive list of emerging issues to the PRG at the monthly meetings. The IOU also had several meetings with the Commission’s Energy Division and the IE on emerging issues throughout contract negotiations. The open, ongoing communications helped expedite emerging issues associated with the new reliability solicitation and program design, which led to minimal comments from the PRG on the final Contract. Table 3.5 provides a summary of PRG comments on the Contract.

Table 3.5: PRG Contract Comments		
Topic	Comment	IOU Response
Disadvantaged Communities	Does the Contract include a requirement to target disadvantaged communities?	No. The program will target existing systems throughout the PG&E service territory. DAC targeting was not a primary objective of the solicitation.

4. Assessment of Final Contract

The final Contract represents Sunrun’s original program design. The final Program should be considered third-party proposed, designed, and delivered consistently with CPUC’s definition of a third-party program. The Contract complies with all specific CPUC directives related to third-party contracts, including incorporating all standard CPUC terms and conditions without modification. The Program is expected to result in incremental energy savings and demand reductions consistent with the Commission’s direction. The Implementer’s compensation structure allows the IOU to actively monitor program performance under a pay-for-performance arrangement.

4.1. Bid Selection Respond to Portfolio Needs

In response to the Governor’s Proclamation of a State of Emergency²⁵ regarding California’s electric system demand, PG&E sought to procure a new, innovative, integrated approach that would not otherwise be eligible for the existing energy efficiency portfolio. PG&E invited proposals that could help reduce system demand during peak and net peak periods through the 2023 summer season.

PG&E successfully attracted promising proposals and ultimately selected **Sunrun’s Energy Efficiency Summer Reliability (EESR) Program**. The EESR Program, designed by Sunrun, fulfills PG&E’s procurement needs. PG&E did not set a minimum level of EE threshold but preferred program designs incorporating higher EE levels. The EESR Program includes a minimal EE level with an energy-efficient smart thermostat provided to participants. The EESR does provide a significant incremental capacity of [REDACTED] during the 2023 summer season. Given the emergency

²⁵ [Proclamation of a State of Emergency 7-30-21 \(ca.gov\)](https://www.ca.gov/proclamations/proclamation-7-30-21/)

nature of the solicitation, which provided little time for bidders to develop programs with deeper EE levels, the EESR offering meets the solicitation need as it provides significant net peak demand savings. With more to develop and deploy programs, future reliability program solicitations should strive for deeper EE levels.

4.2. Bid Selection Provides the Best Overall Value to Ratepayers

A. Introduction

The Program received the highest overall score in the competitive solicitation. PG&E applied the established scoring rubric to select Sunrun's proposal. PG&E determined that Sunrun's proposal provided the best overall value to ratepayers and, most importantly, the best opportunity to provide capacity for the Summer of 2023. The IE monitored every aspect of the solicitation, including the IOU's evaluation leading to PG&E's final selection. Based on this monitoring, the IE agrees with PG&E's decision that the Program provides the best value to the IOUs' ratepayers among the proposals received in this solicitation.

B. Program Description

The EESR Program will support PG&E's summer reliability efforts by providing sustained and scheduled customer load shifting/modification services to PG&E during the 2023 summer period. The Program will target all residential single-family customers within Company's service territory with existing Sunrun contracted battery storage systems connected to on-site solar systems. During the net-peak hours of 7:00 p.m. – 9:00 p.m., Sunrun will dispatch the batteries each day during the implementation period (August thru October 2023) to provide a block of capacity to PG&E. The Program will provide the participants with a one-time enrollment incentive and a self-install smart thermostat.

C. Budget and Cost-Efficiency

The final budget was adjusted downward from the original proposal of [REDACTED] to \$10.53 million because Sunrun's initial proposal included 2022 program activity. However, based on contract negotiations and the approval process, a 2022 program start was not possible. [REDACTED]

[REDACTED]

[REDACTED]

With no other reliability program in the PG&E portfolio, it is not possible to confirm the cost-efficiency (\$/kW) is reasonable. PG&E should closely monitor program performance to better understand whether future iterations of reliability programs can reduce program performance payments and customer incentives while achieving the same level of program performance.

D. Expected Program Performance

The Program forecasts to achieve [REDACTED] during the Summer of 2023. The Implementer expects the Program's forecast to remain flat throughout the implementation period, as shown below.

Table 4.1: Program Capacity Goals - 2023			
	August	September	October
Net Peak kW			

E. Cost-Effectiveness

PG&E and the other electric IOUs met with the CPUC’s Energy Division regarding the reporting of reliability program cost-effectiveness in support of future reporting and advice letter submittals.²⁶ The IOUs and Energy Division did not arrive at a cost-effectiveness approach as PG&E included solar and battery storage within the RFP scope, which is currently not accounted for in the CPUC’s EE Cost-Effectiveness Tool (CET). For this reason, PG&E has not provided a CET analysis to the PRG/IE.

F. IDSM

The innovative design marries energy efficiency with behind-the-meter clean battery storage systems. It is the first attempt to break the “glass silo” among the various demand-side management offerings. The Implementer will closely coordinate with PG&E to avoid double-counting between EESR Program and other PG&E DR programs.

G. Disadvantaged Communities

The Program will outreach to the Implementer’s existing [REDACTED] throughout the PG&E service territory, which may likely include several DACs. The Contract does not explicitly target DACs, as the primary focus of the solicitation was to address system reliability in the 2023 summer season.

H. Disadvantaged Worker Policy

The Implementer agrees to comply with the Disadvantaged Worker (DAC) requirements outlined in the Final Implementation Plan. The Implementer will report any DAC information to PG&E upon request.

I. Workforce Standards Policy

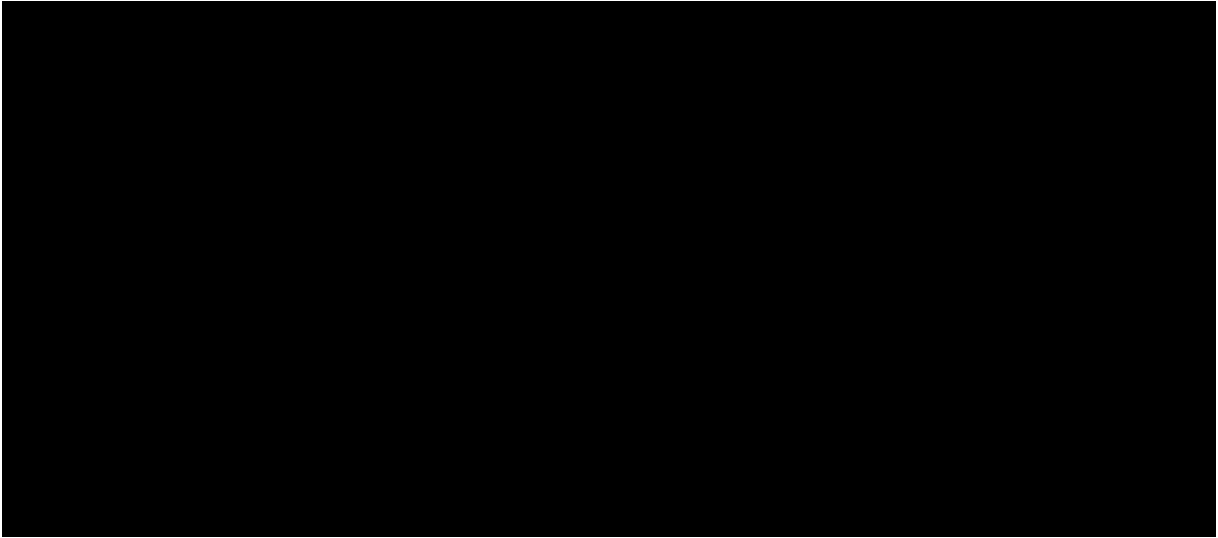
The CPUC’s Workforce Standards policies do not apply to the program design, which relies solely on the customer to self-install a smart thermostat.

J. Compensation Structure

[REDACTED]

[REDACTED]

²⁶ Id, p. 34.



K. Key Performance Indicators

The Contract does not include any operational or performance KPIs beyond the monthly capacity goals and customer enrollments for the 2023 Summer season. This approach seems reasonable given the short delivery period (est., six months) and the low-touch customer engagement.

L. EM&V

The Program will utilize the NMEC measurement platform (or a mutually agreeable sub-metering approach) for Measurement & Verification (M&V). The Program M&V Plan will be developed by the Implementer in collaboration with PG&E and include an outline of the rules, methodology, and process in which demand reduction will be calculated and claimed. The M&V Plan will also include the EESR Evaluation Plan; PG&E will determine if the Plan must adhere to the requirements of the population-level components of the CPUC's NMEC Rulebook. The Implementer is required to provide data to support the Program's evaluation.

5. Overall Assessment of Solicitation

PG&E's conduct during the program solicitation was fair, equitable, and transparent. PG&E's solicitation conformed to the CPUC's requirement for a competitive, one-stage solicitation. The PRG oversaw the solicitation, and the IE actively monitored it in its entirety.

PG&E successfully procured a local summer reliability program that met the requirements set forth by the CPUC to deliver incremental net peak savings for the 2023 summer period. The unique program design blends energy efficiency with solar-powered battery storage systems in the residential single-family segment.

Where other IOUs failed to procure a reliability program, PG&E was successful. PG&E did extend the submission deadline to a bidder's request. PG&E and SDG&E shared similar scopes. However, unlike SDG&E, PG&E allowed bidders to propose EE measures currently in its portfolio. PG&E should debrief all participating bidders on why they participated in PG&E's solicitation. This may help inform PG&E about future reliability program solicitations.

Limited Energy Efficiency

The EESR Program has limited energy efficiency. As explained in the negotiations by the bidder, there was limited time to incorporate deeper EE solutions into the program design and delivery. Future reliability program solicitations should provide additional time for bidders to develop and deliver programs with deeper EE applications.

Reasonable Program Duration

PG&E received only three proposals in response to the RFP. The CPUC-directed program delivery period was likely insufficient for most new program designs, given the time required for program ramp-up, customer recruitment, and program delivery. The CPUC also required PG&E to file an advice letter with the results of its reliability solicitation by no later than November 15, 2022, which was extended to December 30, 2022. Likely, any new reliability program could not begin work until early 2023, thus leaving only about seven months to launch and successfully deliver a program under a pay-for-performance arrangement where risk is shifted primarily to the third-party provider.

For future emergency solicitations, the CPUC could provide more time for program implementation with a balanced compensation structure for third parties. Alternatively, the IOUs could supplement funding for existing, successful programs that can expand their offerings to meet aggressive goals under restrictive timelines.

Coordinated Solicitations

The CPUC directed the electric IOUs to collaborate in developing a common solicitation document to streamline the process as much as possible for bidders. In response, the electric IOUs held several meetings to coordinate solicitation schedules, RFP scopes, eligible customer groups, compensation, evaluation process, and scoring criteria. These discussions resulted in staggering RFP release dates among the electric IOUs to reduce the burden on the bidder community. However, the release dates occurred over three consecutive days (i.e., March 30, March 31, and April 1, 2022), likely due partly to the CPUC's aggressive RFP release date and the extended time for IOU coordination.²⁷ As a result, the collective electric IOUs' coordinated release dates did not achieve their intended result. The IOUs did not agree on a common approach regarding the other aspects of the solicitation due to the limited time to prepare the RFP and the IOUs' different procurement approaches. **In the future, unique solicitations of this nature would likely be better served under a single lead IOU to achieve the streamlining envisioned by the CPUC.**

Integrated Energy Solutions

PG&E sought reliability programs that integrated EE with solar/clean energy storage. The solicitation was the first attempt to integrate EE with behind-the-meter distributed energy in the EE program solicitations. The next step in the evolution of the energy efficiency portfolio should be to promote customer-level integrated energy and energy management solutions. **Future program solicitations (reliability or energy efficiency) should advance PG&E's notion to integrate EE with other customer energy solutions.**

²⁷ Decision 21-12-011, OP 3.

PACIFIC GAS AND ELECTRIC COMPANY

PART 2 CONFIDENTIAL VERSION

December 30, 2022

Confidential Appendix A

Statewide Energy Efficiency Summer Reliability
Solicitation Advice Letter

**Final IE Report
(Confidential)**

Confidential Appendix B

Statewide Energy Efficiency Summer Reliability
Solicitation Advice Letter

Solicitation Process Overview (Confidential)

Confidential Appendix C

Energy Efficiency Summer Reliability Solicitation Advice Letter

Selection Spreadsheet (Confidential)

Confidential Appendix D

Energy Efficiency Summer Reliability Solicitation Advice Letter

**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 Blaising 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
Dish Wireless L.L.C.

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

iCommLaw
International Power Technology
Intertie

Intestate Gas Services, Inc.

Johnston, Kevin
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