12/21/2016: Ad Hoc EE PRG/IE Working Group Meeting

Purpose of Today's Call:

Review the document and identify and update anything that is egregiously missing. Not about re-hashing arguments, but making sure that everyone is comfortable with this document or making sure everyone is able to identify why not.

Assignment Post Meeting:

- All: Save time in January to review and comment on the next iteration of the document to make sure it is updated in line with conversation today.
- Matt Evans (SCE): Share presentation from today's meeting

Agenda:

CAEECC meeting, schedule is available online (http://www.caeecc.org/12-21-ad-hoc-prg-ie-mtg).

10:00-10:20 Introductions, Objectives of the Meeting, Process Next Steps

10:20-11:00 CC Member Review of Version 4 (see Documents online) with an eye toward ensuring accurate representation of the dialogue-to-date

11:00-11:30 CC Member Discussion Re: Possible Use of Existing Solicitation PRGs to Achieve the Objective Outlined in the document online (SCE Lead Discussion)

11:30-11:50 Continue CC Member Dialogue Re: Accuracy of Version 4 Representing Discussion to Date

11:50-12:00 Public Comments

Other addition to agenda: Matt Evan's representative from Edison will present about leveraging IE and PRG selection systems and objectives to use what is already there to reduce administrative costs.

Notes from the Call:

1. CC Member Review of Version 4
    a. **Bernie, The Coalition for EE (CEE)**: This document is an opportunity for CAEECC to express agreement for the issues we agree on.
        i. Suggestion: we split document into two: between what we agree on, and NRDC files a separate document on what we disagree on.

b. **Lara, NRDC**: Structure the document: First-Consensus doc; Then appendix on where we diverge. So Commission only has one document to show the Commission where CAEECC came together and what we agreed on, but also everyone gets to voice the various opinions through Pros/Cons.
c. **Mike, ORA**: People didn't want to have something on the record that would characterize the positions or arguments of a particular party. May be challenging when we go to proceedings, trials, etc. One doc of general agreements, and then a follow-up that says, "All of the options include: x, y, z,…" so we're not putting things in other peoples' mouths
d. **Lara, NRDC**: Didn't anticipate putting names on options, instead: show the Commission where there's consensus and identify the issues that came up in discussion, to show informal record on the matter to inform the process.
e. **Mike, ORA**: Could have parties' names next to which position they support or not. But the Commission will get this information quickly once they comment. It's easy for a party to mischaracterize another party's opinion. Then we have perfect being the enemy of the good. Instead- "Here are the options", there is disagreement about who should hold the independent contract (should it be the utility, etc.)?
f. **Kellie, Efficiency Council**: Leaning toward agreeing with Bernie and Mike, not certain it would be beneficial for the document to be pros and cons and is not a comprehensive report/document of all pros/cons and wouldn't want it to be construed as such.
g. **Lara, NRDC**: We can provide a summary of conversations to date; include it with a caveat that for the purpose of this group not necessary exactly how you would say it if you would put it out yourselves
h. **Mike, ORA**: If you're trying to put something on the record, ORA needs to go through management. It is taken very seriously, because then it is on the record and available for cross-examination if we go that route. Would be more involved to get the language accurate.
i. **Lara, NRDC**: The way Mike and Bernie discussed it will be easier, shorter document. NRDC finds this information incredibly useful and would put the pros and cons on the record as "NRDC's summary"
    i. Provide a quick summary of three issues and pros/cons we did not come to consensus on. Stipulation that it's NRDC's perspective, NRDC's comments are on formal record, and not representing CAEECC in any way.
    ii. **Kelly, Efficiency Council**: Assume you wouldn't attribute those positions to any other organizations

iii. **Lara, NRDC**: Definitely not.

2. CC Member Discussion Re: Possible Use of Existing Solicitation PRGs to Achieve the Objective Outlined in the document online (SCE Lead Discussion)
    a. **Matt, SCE**: Discuss possible path forward. Very interested in using supply PRG, and independent evaluator process for something that already exists. Think we need more time before we can work through this and come up with an approach. Is there a path forward where we can use procurement going forward to evaluate it and see what's going on?
    b. **Lara, NRDC**: We would still need to work out other stuff that we don't have consensus on. Instead of creating brand new system, expanding one that already exists.
    c. **Mike, ORA**: Have been looking at the procurement model as a jumping off point. Intrigued, would need to know more specifics. If using that as a model, presupposes that the utility holds the contract, the same type of elements up for review as the contracts that are submitted for approval? Would it be the same personnel? Or find someone with more experience with EE?
    d. **Matt, SCE**: Need to expand independent evaluator pool and see who's currently under contract, make adjustments. Not all contracts go through the same exact process; still a lot of interaction between Energy Division and independent evaluator. How it best aligns with everyone's wishes regarding independent evaluator.
        i. **Bernie, CEE**: Could be some efficiencies and could be more expeditious, but from a coalition point of view, we would like to see that this process is identified before we see how it overlaps, emerges, etc. we would like to see it as identifying what the functions are of this independent evaluator process, and then look and see if there are overlaps. We find it problematic to start with the assumption that there are overlaps. When coalitions and partners discuss this and are looking at pros and cons- objections that this is the same or a similar process, or that we are building off that process. What are the functions we need to perform?
            1. **Lara, NRDC**: In sum, what I'm hearing is there is openness to understanding if there are efficiencies to practices, but instead of starting there, outline the things that are open for discussion. Then see if there's overlap. Focus on items first and then see if we need to establish a new mechanism.
        ii. **Kellie, Efficiency Council**: We welcome briefing on existing procurement review group. Some specific needs, some specific distinctions between EE review, CPUC is already going to be

approving budgets for these programs. Distinctions make this process different.

iii. **Bernie, CEE**: Same evaluators or different ones? Need to be experts in EE. Power procurement is different people and may not be experts in EE.
    1. **Matt, SCE**: We can expand the pool of independent evaluators if needed.
    2. **Bernie, CEE**: Crux of the issue. We don't see it as expanding the pool, we see it as a separate pool.

iv. **Lara, NRDC**: NRDC is inclined to have a different group vs. the same.

e. **Athena, SDG&E**: Matt's recommendations- we are inclined to that. Existing PRG and IEs have a great understanding of each utility as a whole. They meet on a regular basis. Make sure the rules are being followed. Doesn't know if there needs to be a specific EE independent evaluator as it's not about EE programming, it's about compliance with direction. In 2017 we've been talking about minimum meeting third party, can't wait for CAEECC to decide how this works. Most activities will be local. ORA, TURN, NRDC are already on the PRG. There is a process for doing so. EE new PRG members are not entirely interested to participate, not a mechanism for which to extend those specific topics. The PRG is familiar with EE- in the interim leverage the process to begin in 2017. Existing process is not great, hamper ability for new contracts, is a statewide issue, promote existing PRG- meet transition period to see in the long term how this really works. IE and Procurement process works- been tested since 2004. It is an independent process.

f. **Lara, NRDC**: Edison, SDG&E, existing *peer* review group I don't support that; Leveraging *procurement* review group, with an independent evaluator could work.

g. **Lara, NRDC**: Regardless, a new process won't officially be approved until June or July; are people comfortable with using existing procurement process in interim while we work out tweaks of new process. Should talk about that. Very real possibility to avoid holding up solicitations, but don't want to go down route that will not be beneficial for this process.

h. **Matt, SCE**: Learn quite a bit from learning about procurement process in the interim- even if we do come up with something different and if not everyone is on board with existing PRG

i. **Mike, ORA**: ORA not on board with existing PRG. Understanding need is a far cry from what we need and providing review

j. **Kellie, Efficiency Council**: Comfortable using existing procurement review process, our concern is separating process that is needed for actual contract approval. The Commission does approve budgets of IOUs for this procurement. The degree to which these contracts require review is not apparent at this point
k. **Lara, NRDC**: This is outside of Commission direction. Can we come to some agreement so we don't slow down the process without getting us stuck?
l. **Matt, SCE**: What is an interim process that we can move forward with? Already incorporated demand response solicitations into demand response.
m. **Lara, NRDC**: Interim, pilot? What feels better? Don't want to slow anything down, but also nervous to establish something now that may be difficult to change later. Don't want to result in a backlog.
n. **Bernie, CEE**: Jumping the gun- what we would accept before we've heard the description that Matt will provide. Coalition's position: need to focus on what will the IE and PRG actually be doing, functions they will be performing? What are the overlaps? Coalition doesn't support that. What do we want it to do? How does it differ?
    i. **Lara, NRDC**: Reasonable order of operations. Any interim idea that the coalition could be comfortable with? If it's a limited? If it's a test?
o. **Dan, ORA**: Where's the backlog? Business plans have not been filed.
    i. **Lara, NRDC**: Not an existing backlog, anticipating a large amount of bids b/c there's been a long hiatus for solicitation
p. **Dan, ORA**: What is the interim? Why is there an interim need? Business plans will be filed?
    i. **Lara, NRDC**: Utilities have said they will bid out before business plans
    ii. **Erin, SCG**: Several reasons: requirements for Third Party Programs; all of IOUs are going out for solicitations next year to comply for 20% under new definition by 2017.
q. **Lara, NRDC**: NRDC understands it as those items that IOUs have confidence will be approved in the BPs would be put out for bid. To ORA's point- we never know what the Commission's going to do, what if it's greatly changed?
r. **Matt, SCE**: We can make course corrections if needed, if something drastic happens
s. **Kellie**: HOPPs program have been approved, half a dozen between utilities if not more? Should that be subject to procurement review or IE?

t. **Mike, ORA**: Is there a difference between what we're proposing here and what the Commission/ PG&E was going to put out?: Third Party/ 20%,to bid and the Commission said no, putting the cart before the horse. This sounds like the same thing. Very clear expectation that in Business Plan- put a bunch out to bid largely through the process, prior to Commission making a decision, can box in Commission's ability to provide direction to the programs; concern not to put the market place in turmoil.
u. **Athena, SDG&E**: Commission in the new decision says what we need to do to be compliant- 2016 is a loss here, so now we are interpreting that to 2017, meeting the requirement of 20% under new definition will require bidding at the beginning of 2017 to meet the requirement by the end of the year.
v. **Mike, ORA**: Disagree entirely with Athena. Matt, Erin, Athena sees its different from ruling Commission provided to PG&E.
w. **Matt, SCE**: Sees this process much further along, developed business plans with stakeholder input (for strategies, not the solicitation approach); To Athena's point: greater authority on procurement plans, solicitation process will be lengthy, in order to be up and running by 2018, we need to get started with solicitations as soon as possible. If there is some difference in Commission direction versus our business plan, we can make changes
x. **Athena, SDG&E**: In terms of being at 20%- unless they get the bid in 2017, will not meet 20%
y. **Erin, SCG**: Still have to do 20% under new order. Under 2017 bid for our current Third Party Plan; local programs, not statewide, waiting for Commission to voice their concerns without efforts
    i. **Mike, ORA:** Third Party Plan out to bid to be the same thing they are now?
    ii. **Erin, SCG and Matt, SCE**: No, will not be the same thing

3. **PRESENTATION:** Possible Use of Existing Solicitation PRGs and IEs to Achieve the Objective Outlines in the Document Online (SCE Lead Discussion)

Matt and SCE (Southern CA Edison): PRG/IE → See here for presentation

4. **IE & PRG Overview: Is this applicable to this committee?**
    a. **Mike, ORA**: The scope of the IE skills doesn't seem applicable to EE.
    b. **Lara, NRDC**: Reminder, the 3 items we don't have agreement on: who holds the contract, what level of review is required, and whether contracts go through advice letter process. 3 items we need to figure out before moving forward and seeing what mechanism works. We would have to re-evaluate this to make sure it fits
    c. **SCE Rep**: We have a solicitation/PRG plan, what needs to go to the PRG. when its beneficial to have a conversation around these issues; talk to the PRG about that; filing and approval process is more streamlined. The IE review contracts but is not an official voting member. They are not making a decision but they are advising us along the way, providing independent review.
    d. **Lara, NRDC**: Do they do that for every contract? For EE RFP could be hundreds of proposals that come in. When you add RFO and get 15 bids, does the IE review every single one besides you?
        i. **SCE Rep**: Their role is to make sure they're treating every person fairly; how they carried it out and the fairness aspect. What is the initial screen, people who make it to the short list.
        ii. **Lara, NRDC**: So the IE sees how you first do initial screen, higher level. Then those that move forward, they do more in depth review?
        iii. **SCE Rep**: Yes. Also include IE on a lot of communications, emails, phone calls, see whole process from end to end
    e. **Dan, ORA**: Whatever level of review the utility deems reasonable, IE is accompanying you on that same process. If first step is the initial screen, IE is accompanying you; as well as deeper dive on short list; working in parallel on significant review
        i. **SCE Rep**: A lot of these will have own model, software, evaluation process to see parallel comparison; to see if things are off. Walk through process together
        ii. **Mike, ORA**: They are following a procurement plan that's been approved by the Commission? This is part of my objection to the projects SoCalGas and Edison was proposing. We don't have the IOU solicitation plans yet.
        iii. **SCE Rep**: Sometimes the plan isn't followed. For example, some efforts are outside the original plan but still use the PRG process

and submitted application of projects afterwards; application pending for approval of projects.

1. Kellie: Wouldn't use P4P process as example of where things went smoothly, because not enough structure.

f. **Lara, NRDC**: Question re: creating a pool of IE? Sounds like you do the solicitation to find qualified evaluators, but at some point, Edison arranges applicant to interview with PRG independent of Edison? So there is a chance for the PRG to influence who is being approved. Then still need to go to Energy Division. This sounds like a few checks and balances. Does the PRG have any role from when the request to ED is put in and it's approved? Also, do you or ED pick which IE to use for solicitations?

g. **SCE Rep**: Let PRG know we are requesting final approval from ED; Head of Energy Division responds back to SCE responding to that request. In between the letters: SCE doesn't know if there is any discussion. Other conversation at Energy Division between staff; We did get to select the IE based on skills who the best IE would be; doing it on a rotation depending on who has the best skills; let Energy Division or PRG know this is the IE we're planning on bringing on board. Energy Division and PRG has the opportunity to offer an opinion

   i. **Mike, ORA:** Not a lot of benefit for ORA holding it; same structural challenges as Sacramento apparatus; in terms of concerns re party holding the contract- we're a party. It's cleaner for Energy Division to hold the contract.

      1. **SCE Rep**: SCE holds the contract with the IE, administers it.

h. **Matt, SCE**- other functions in place: annual meetings?

   i. **SCE Rep**: Biannual and annual meetings with Energy Division to check-in. Energy Division did a survey at one point, to see how the process is working. That report is collected and then presented to the Commission

5. Continue CC Member Dialogue Re: Accuracy of Version 4 Representing Discussion to Date

a. **Lara, NRDC**: Sounds like the section of purpose of memo, rationale, key players, scope we should keep. We need to process options- outline hiring IE; hiring of IOU; CPUC request for a short bid on what the item is yet to be decided. What stays and what goes.

   i. Document: Page 9: summarized in first paragraph, and all these other things we didn't get to

   ii. Document: level of review, on page 7, 3rd paragraph: summarizes options- that's what we've agreed to

b. **Lara, NRDC**: More neutral language in options, avoid advisability of any options; parentheticals start to move in that direction; revise this.
    i. **Bernie, CEE**: Coalition will send you written comments tomorrow or Friday to summarize what we've been talking about today
    ii. **Lara, NRDC**: Revisit this in Jan. Talk about how to get this document on the record. Not filing with Business Plans. Bernie, have the option of commenting on the new version.
    iii. **Kellie, Efficiency COuncil**: Document we had before this one is more neutral; this one is more loaded than we anticipated
    iv. **Lara, NRDC**: Talk offline to adjust before next iteration
c. **Lara, NRDC**: update memo, reach out independently to get responses; then post updated version on CAEECC website; one more conversation in January. What do we do with the document? We want it on the record for consideration; NRDC puts it as an appendix for business plans; motion to consider this per rules? Other options?
d. **Mike, ORA**: Folks from Energy Division: value to them understanding scope of issues that are out there. Appending it to one particular party it gets lost, undoes process of making it a consensus document.
    i. **Athena, SDG&E**: Some recommendation in the decision on how to handle with this
    ii. **Lara, NRDC**: decision noted that if we came to agreement to submit something. But some utilities don't feel comfortable with us sharing this document with their name on it
e. **Lara, NRDC**: Document we might submit may be a consensus document. PA submit it in their business plan? Consensus document, way to get it- talk to Energy Division about whether it would be right for a ruling. Can we do it soon enough for PAs to consider putting it in the January filing?
    i. **Lara, NRDC**: Does this need to go through legal? Ready by Jan 17?
    ii. **Matt, SCE**: We would need to go through legal and get it sooner than later. We are also putting in our Business Plan to use the existing process.
f. **Lara, NRDC**: Other thing is that we're a working group- need to give time for full CAEECC to weigh in. Working Group discusses everything and then submits it to full CAEECC for one last review. Need to give them a week to review so couldn't get this in to the BP, especially if they are not all on board.
g. **Athena, SDG&E**: Placeholder in application on how to address this issue. Can take a lot from this common document, but need to put a placeholder on how we believe it can move forward.

h. **Mike, ORA**: Back to bidding before BPs are approved. Feb 24, 2015; April 1, 2015 2 rulings: expressed on page 6 utilities should limit program changes on what fits into portfolio review; portfolio process first part; clarification- IDEEA 365- ruling: standard Take a look at that, pretty clear, Procurement process as a guide, procurement plan, solicitation process. ORA would be objecting strongly to this. Upset this is being raised so late in the day. Commission was clear this was going to be problematic
    i. **Lara, NRDC**: Edison raised this issue previously
    ii. **Athena, SDG&E**: In that ruling- it talked about until we issue a decision on Third Party Plan: last decision made changes on Third Party Plan: the consensus is resolved, and you can't run this until the issue is resolved. Decision says need to have 20% third party under the new definition.
    iii. **Mike, ORA:** Talking about wrong portfolio process, pg. 7 what they mean by changes to Third Party Plan; don't have the authority to make you not do something, and warn that you will face some opposition on this approach
i. **Lara, NRDC**: This is not part of PRG IE but its important and relevant, to NRDC it doesn't make sense in terms of order of operations, that's outside of the proceeding. Make sure you understand the potential risk of moving forward if it's not in line.
    i. **Bernie, CEE**: Coalition for EE finds same problems as ORA and we will also object.
    ii. **Lara, NRDC**: IOUs can set up another call, CAEECC can organize that. Need to get to public comments
j. **Kellie**: Can IOUs use current procurement review process for the HOPPs? What procurement review process are you required to do?
    i. **Dan, ORA:** Old Peer Review Group if the IOU chooses, not a requirement- Commission is saying business as usual requires limited solicitation. Bid out IDEEA 365 solicitations, HOPPs program, peer review group; Large rebids are not kosher until you have large procurement plan.
    ii. **Athena, SDG&E:** We are not bidding for HOPPs. Procured through advice letter. We were going to reuse same vendors that were working on general programs, expanding it to the HOPPs approach.
k. **Athena, SDG&E**: Decision is what we're going on.
    i. **Lara, NRDC:** IDEEA 365 is still a viable option.
    ii. **Athena, SDG&E:** Narrow, a specific area without program design. We have a PRG who could do use vitality and membership

iii. **Dan, ORA:** Athena plan to bid in 2017 for contracts that don't extend further than 2018 per decision that says end of contracts are 10/18? ORA is concerned about jumping the gun on a long-term procurement plan. Can hash it out in front of the Commission. Can you provide us with a memo as to why you think this is within current authority given the memo in response to PG&E's plans a few years ago and the direction to have a solicitation plan in the BPs?

iv. **Hillary, SDG&E:** Memo is not appropriate means to resolve the issue

v. **Mike, ORA**: Your goal is to persuade us, and open to hearing the rationale, but not seeing it. Right now there will be a lot of protest to this approach. You sharing your perspective may be helpful to quell some of the protest. Without it, unclear under what authority you're operating.

l. **Lara, NRDC**: Doing this sooner rather than later is helpful to see what extent IDEAA 365 could be used; first time we've talked about nitty gritty details. Energy Division will probably need the same level of detail that ORA is requesting.

m. **Erin, SCG**: We can put something together if it helps us explain why we have this approach.

n. **Lara, NRDC**: Any public comment? (none)