BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Southern California Edison Company (U338E) for Approval of Energy Efficiency Rolling Portfolio Business Plan.	Application 17-01-013 (Filed January 17, 2017)
And Related Matters.	Application 17-01-014 Application 17-01-015 Application 17-01-016 Application 17-01-017

PACIFIC GAS AND ELECTRIC COMPANY (U 39-M) THIRD PARTY SOLICITATION PROCESS PROPOSAL

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Dated: August 4, 2017

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I. INTRODUCTION

Pacific Gas and Electric Company (PG&E) hereby submits its *2018-2025 Rolling Portfolio Energy Efficiency Solicitation Plan* (EE Solicitation Plan) pursuant to the April 14, 2017 Scoping Memo and Ruling in this proceeding (Scoping Memo), which required program administrators (PAs) to file comprehensive solicitation process proposals, on the date specified by the June 9, 2017 Administrative Law Judge (ALJ)'s Ruling Modifying the Schedule (Schedule Ruling).

The EE Solicitation Plan is based on PG&E's 2018-2025 Rolling Portfolio Energy Efficiency Business Plan (Business Plan) and is subject to revision to maintain consistency with the Business Plan as approved by the California Public Utilities Commission (Commission). It is a comprehensive guidebook for energy efficiency industry stakeholders interested in competing to offer their goods and services in the third party solicitations described in PG&E's Business Plan. The EE Solicitation Plan provides practical solutions to the issues raised in the Scoping Memo and addresses all of the issues raised at the Energy Division's June 16, 2017 workshop.

The Commission's *Decision Providing Guidance for Initial Energy Efficiency Rolling Portfolio Business Plan Filings* (Decision "D."16-08-019) did not direct PAs to include third-party solicitation plans in their applications for business plan approval. However, the Scoping Memo announced that the third-party implementer solicitation process would be reviewed as part of the Business Plan approval process. The constant activity in this docket has left little time to complete all of the tasks and forms that would normally accompany PG&E's issuance of a solicitation protocol for a specific procurement initiative. Where additional items are necessary to complete the solicitation package, the attached EE Solicitation Plan describes the process that PG&E will undertake to furnish the material necessary to provide complete guidance to interested stakeholders.

On July 26, 2017, the Commission staff issued a document labeled, "Guidance Third Party Solicitation Proposals in A.17-01-013" (Guidance) and requested parties submitting solicitation process proposals on August 4, 2017 to respond to the questions therein. PG&E's response to the Guidance is appended to, and made a part of, its proposed Solicitation Plan.

II. OUTLINE OF PG&E'S EE SOLICITATION PLAN.

For the convenience of the reader, the table of contents PG&E's Solicitation Plan is reprinted here:

III. CONCLUSION

PG&E's EE Solicitation Plan meets all of the requirements of the Scoping Memo, addresses the issues raised at the Energy Division workshop and in the Guidance, and provides as much direction as possible at this stage in the proceedings to stakeholders interested in offering goods and services as third-party implementers under PG&E's Business Plan. For all of these reasons, the Commission should approve the attached EE Solicitation Plan of PG&E.

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Respectfully Submitted,

MARY A. GANDESBERY
EVELYN C. LEE

By: */s/ Evelyn C. Lee*
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ATTACHMENT

2018-2025
ENERGY EFFICIENCY
ROLLING PORTFOLIO

SOLICITATION PLAN

August 4, 2917
A.17-01-013, et al.

PACIFIC GAS AND ELECTRIC COMPANY'S 2018-2025 ROLLING PORTFOLIO ENERGY EFFICIENCY SOLICITATION PLAN

I. OVERVIEW

PG&E's Solicitation Plan builds on the framework in its 2018-2025 Rolling Portfolio Energy Efficiency Business Plan (Business Plan) and incorporates feedback from stakeholders and California Public Utilities Commission (CPUC or Commission) Staff to detail its vision for enabling third parties to propose, design and deliver at least 60 percent of its portfolio by the end of 2020. This Solicitation Plan begins by introducing PG&E's overarching goals (Section II) and objectives (Section III).

PG&E's Solicitation Approach (Section IV) describes solicitation types, content PG&E may include in solicitations, sample solicitation evaluation criteria, an updated timeline of anticipated solicitations, and an overview of each sector's vision, goals, opportunities, and savings targets. PG&E's Solicitation Plan presents the following updates based on feedback from stakeholders and Commission Staff:

- An upgrade from a single-stage Request for Proposal (RFP) approach targeted at numerous specific customer segments to a more consolidated two-stage approach that includes a broad Request for Abstract (RFA) followed by a more defined sector level RFP (Section IV).
- Plans for vendor outreach and training to ensure third parties are informed on how to engage with PG&E in the solicitation process (Section V).
- A description of how programs will transition from one implementer to another (Section VI).
- Specification of PG&E's Independent Evaluator (IE) and Procurement Review Group (PRG) process (Section VII) to ensure that solicitations are transparent and follow CPUC-approved standards.
- Responses to questions posed by Commission Staff in the July 26, 2017 *Third Party Solicitation Proposal Guidance* (Guidance) in Appendix 1.
- Aligning solicitation schedules with other investor-owned utilities (IOUs) in some cases. An updated Joint-IOU solicitation timeline is provided in Appendix 2.

II. GOALS

PG&E's solicitation plan aims to empower third parties to propose, design, implement, and deliver programs to achieve the required amount of energy savings in PG&E's Business Plan. The resource targets, which are savings expressed in terms of energy (Watts/year) generating capacity (Watts), and heat (Therms/year), are shown in Table 1 below.[1/] This plan will also be used to solicit non-resource programs that support resource acquisition pursuant to PG&E's Business Plan and the California Energy Efficiency Strategic Plan (CEESP).

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1/ These align with the portfolio-level savings in *Pacific Gas and Electric Company's Revised Portfolio and Sector-Level Metrics Proposal*, filed on July 14, 2017. These goals and other items in this August 4, 2017 version of the Solicitation Plan are subject to conformance with the final Commission decision approving PG&E's Business Plan.

Table 1: PG&E's Business Plan Savings Targets

Savings Goals	Short-Term Targets (1-3 years)	Mid-Term Targets (4-6 years)	Long-Term Targets (7-8+ years)	2018-2025 Total
Electricity Savings (Program Savings)	443 Net GWh/yr	474 Net GWh/yr	508 Net GWh/yr	3,766 Net GWh
Demand Savings (Program Savings)	57 Net MW/yr	66 Net MW/yr	74 Net MW/yr	515 Net MW
MMTherm Savings (Program Savings)	13.8 Net MM Therms/yr	15.8 Net MM Therms/yr	17.1 Net MM Therms/yr	123 Net MM Therms
Electricity Savings (Codes and Standards)	397 Net GWh/yr	292 Net GWh/yr	240 Net GWh/yr	2,545 Net GWh
Demand Savings (Codes and Standards)	102 Net MW/yr	89 Net MW/yr	82 Net MW/yr	739 Net MW
MMTherm Savings (Codes and Standards)	6 Net MM Therms/yr	6 Net MM Therms/yr	5 Net MM Therms/yr	46 Net MM Therms
Electricity Savings (Portfolio)	840 Net GWh/yr	766 Net GWh/yr	748 Net GWh/yr	6,311 Net GWh
Demand Savings (Portfolio)	159 Net MW/yr	155 Net MW/yr	156 Net MW/yr	1,254 Net MW
MMTherm Savings (Portfolio)	20 Net MMTherms/yr	22 Net MMTherms/yr	22 Net MMTherms/yr	169 Net MM Therms

III. OBJECTIVES

PG&E's solicitation strategy has three primary objectives and four secondary objectives[2/]:

Primary Objectives

1. Compliance with regulatory requirements
2. Reduction of portfolio administration costs by 10 percent by 2020
3. Retention of customer relationships

Secondary Objectives

1. A consistent, integrated energy efficiency portfolio
2. The delivery of innovative solutions
3. The successful integration of energy efficiency interventions with other PG&E initiatives (e.g., Distributed Energy Resource pilots)
4. Evaluation of the most effective contract structures to achieve portfolio goals

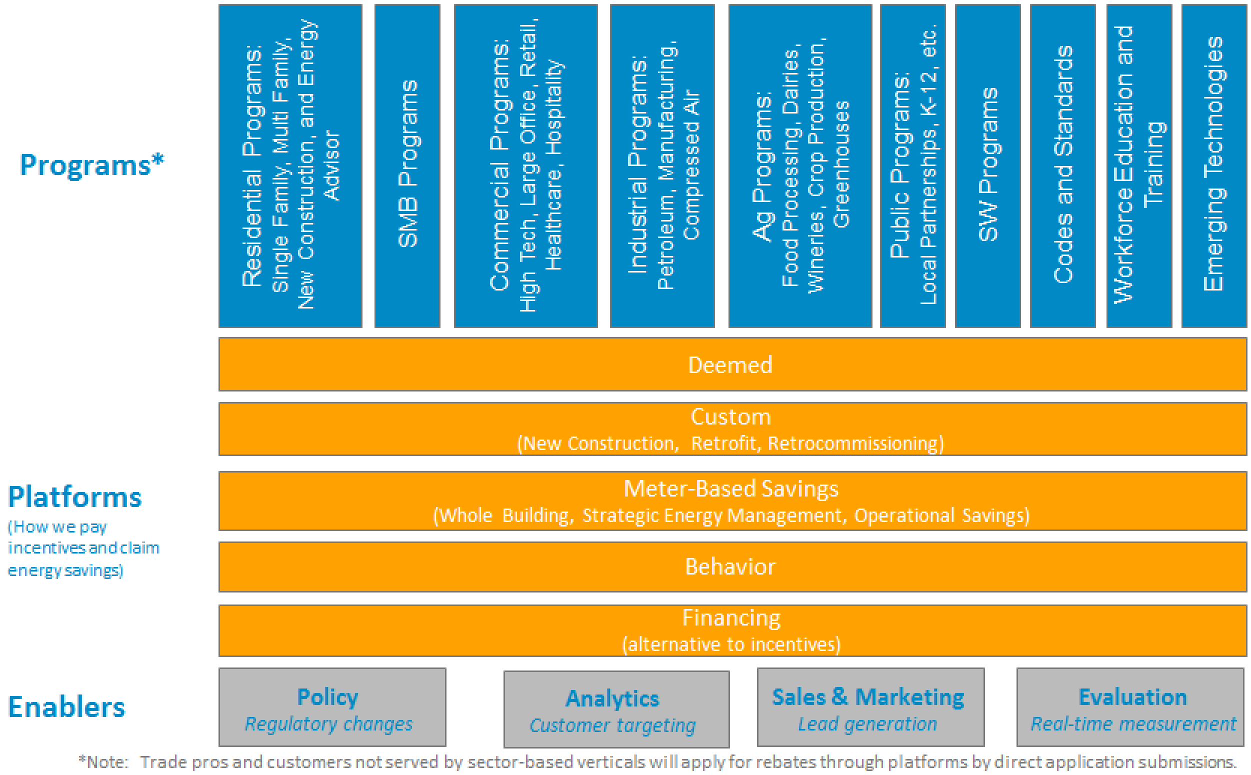
PG&E's Streamlined Portfolio Structure

PG&E's revised portfolio structure supports PG&E's solicitation objectives and is centered on five market sectors (Residential, Commercial, Public, Industrial, and Agriculture) and four cross-cutting sectors (Codes and Standards, Workforce Education and Training, Emerging Technologies, and Financing). PG&E envisions a portfolio of customer-centric programs at the sector and/or subsector levels, coupled with complementary cross-cutting programs. Customer programs may include cross-cutting activities where and when needed.

In addition, resource programs rely and draw from a set of statewide "platforms" that are founded on a consistent ruleset to calculate savings incentivize customers to invest in energy savings opportunities, and/or promote increased and persistent savings (see Figure 1 for more information). PG&E believes the platforms align well with the statewide program model, wherein a lead program administrator would be assigned, and elements of the platform could be proposed, designed, and delivered by a third party. PG&E is coordinating with the other investor-owned utilities (IOUs) to explore the feasibility of this approach.

2/ PG&E Business Plan, Portfolio Overview chapter, p. 35.

Figure 1: PG&E's Revised Portfolio Structure



IV. SOLICITATION APPROACH

PG&E's solicitation approach will:

- Identify portfolio opportunities/gaps and communicate those opportunities to the market
- Provide comprehensive coverage of statewide, cross-cutting, and local programs[3/]
- Adapt to future market trends, regulatory guidance, and legislative requirements
- Foster innovation and provide opportunities for new approaches
- Support savings goals and metrics targets

PG&E will draw on its company-wide sourcing resources (e.g., energy procurement, supply management, competitive transmission, and energy efficiency teams) throughout the solicitation process. This approach is described in further detail below.

3/ PG&E's solicitation plan defines "local programs" as those that will be delivered only in PG&E's service territory (non-statewide programs).

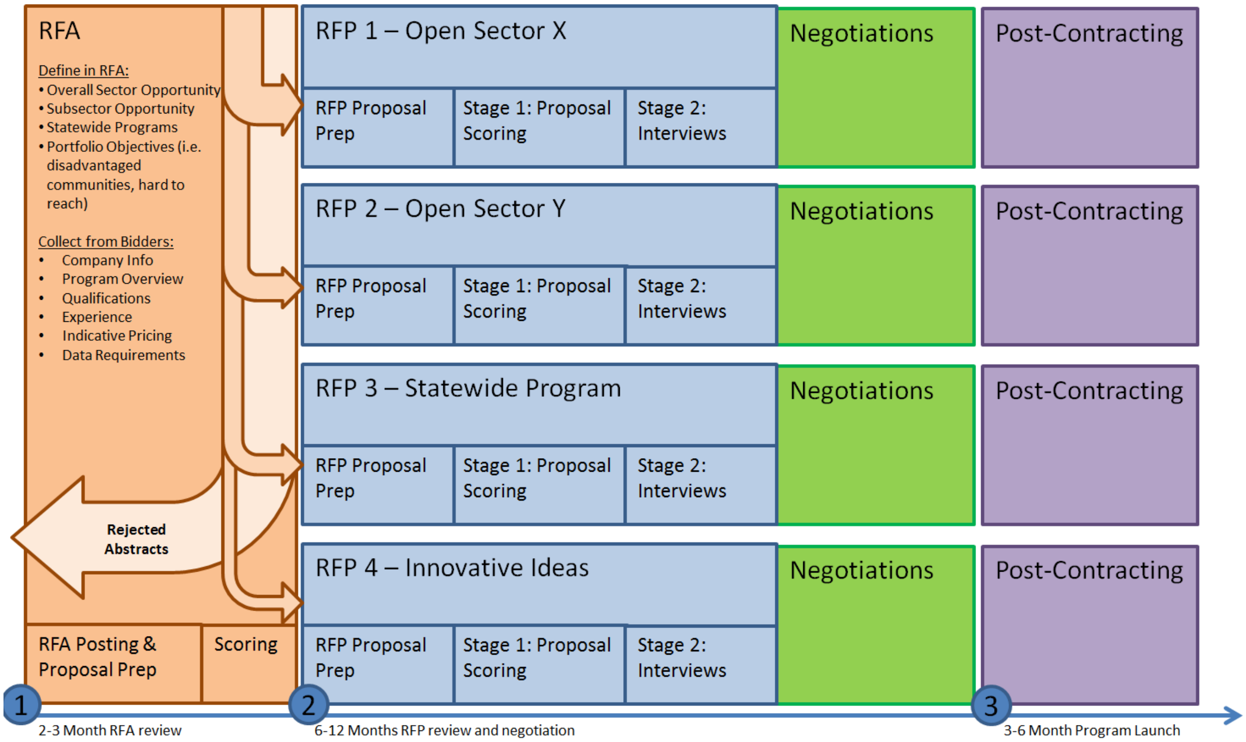
A. Solicitation Type

PG&E aims to develop an open, fair, and competitive process that will enable vendors to create high quality proposals, facilitate IOU coordination, provide a manageable number of solicitation opportunities for bidders, and focus review and oversight resources on areas of highest potential. To execute this strategy, PG&E will use a two-stage solicitation approach as its primary solicitation format. PG&E will first issue a Request for Abstract (RFA) to gather high level information on prospective programs. If there is a sufficient response, PG&E will then issue a Request for Proposal (RFP) to solicit offers from qualified participants. The two-stage workflow process is illustrated by Figure 2.[4/]

- **Stage 1: Request for Abstract** – In response to PG&E's RFA, participants will provide a short abstract summarizing their proposed program, approach, qualifications and experience, and indicative pricing. PG&E will sort abstracts by the relevant customer sector or statewide program. Abstracts for innovative new approaches would be reviewed separately with more flexible evaluation criteria. Abstracts are screened to ensure bidders meet minimum contracting thresholds and are competitive in terms of program design and price.
- **Stage 2: Request for Proposal** – Participants selected to advance in the process are then instructed to prepare a full program proposal. To the extent possible, PG&E intends to provide RFP participants with data to enable them to design and propose the highest quality programs. Proposals will be evaluated by means of qualitative and quantitative criteria, as well as in-person interviews. The most competitive participants will be notified that they have been shortlisted and will proceed to the contract negotiation phase.

4/ PG&E notes this approach is a modification to the solicitation plan filed in its *2018-2025 Energy Efficiency Business Plan* on January 17, 2017, and described in further detail in responses to Attachments A and B of the *Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judges*. This modification was based on written comments and conversations at the June 16, 2017 CPUC Solicitation Workshop.

Figure 2: Proposed RFA/RFP Framework and Workflow



The RFA stage in PG&E's solicitation process provides the following benefits for participants and PG&E:

- Allows for superior process management by controlling the number of proposals requiring full substantive review
- Provides an early warning if a solicitation does not attract competitive proposals in advance of RFP, which allows for adjustments to the RFP before launch
- Delivers feedback expeditiously to non-competitive participants, who may then avoid spending time and/or resources on a full proposal
- Focuses evaluation and oversight resources on proposals with the highest potential
- With general knowledge of programs advancing to RFP stage, evaluation and scoring criteria can be calibrated to the unique characteristics of each solicitation

PG&E will further streamline its solicitation approach by using a single RFA process to simultaneously collect abstracts for multiple sectors and statewide programs. In alignment with PG&E's proposed Business Plan sector strategies, PG&E's RFA process will define the overall sector opportunity, define any statewide program opportunity, provide further definition of specific customer segment opportunities PG&E believes to be of particular value, and encourage the inclusion of strategic portfolio objectives (e.g. disadvantaged communities, hard to reach, etc.) Although PG&E may identify a customer segment as being of particular interest in an RFA, the RFAs are truly non-exclusive. PG&E encourages participants to propose any program designs for sectors served by the RFA that they deem appropriate for consideration.

PG&E may bypass the RFA process and proceed directly to market with a RFP in certain instances (e.g., time-sensitive programs). For example, PG&E is proposing this approach to address the unique timing constraints of the Statewide Codes and Standards Title 24 solicitation. Please refer to PG&E's proposed solicitation timeline in Figure 3 for more details.[5/]

PG&E is also working with the other IOUs to prepare and issue a Request for Information (RFI) in the third quarter of 2017 to ascertain vendor capabilities and interest in providing statewide support for the deemed savings platform. This solicitation is being used to test the feasibility of implementing the platforms proposed in PG&E's Business Plan on a statewide basis.

B. RFA/RFP Content

PG&E understands that providing clear and consistent direction to stakeholders is critical to receiving quality proposals and implementing effective programs. Table 2 presents samples of the types of information that may be included in each solicitation package:

5/ Please note that this timeline reflects the best available information at this time. PG&E will retain the ability to potentially bypass the RFA stage in certain cases and will update its solicitation plan if/when this occurs.

Table 2: Overview of Sample Content Included in RFAs and RFPs

Sample RFA Content	Sample RFP Content
• Registration Requirements • Proposal Submittal Procedures • Timelines, Milestones, and Deadlines • Portfolio Need Description (as determined by opportunity, gap, sector, strategic objective, etc.) • High-Level Savings Goals • Evaluation Criteria	• Registration Requirements • Proposal Submittal Procedures • Timelines, Milestones, and Deadlines • Bidders' Conference Detail • Savings Platforms Rulesets • EM&V Standards / Guidance • Performance Metrics / KPIs • Evaluation Criteria • Diverse Business Enterprise Goals and Commitments • Sustainability Questionnaire • Cybersecurity Review Status

Additionally, PG&E and the other IOUs are working together on solicitation documents to develop consistent structure and content in some high-level sections, including the approach, layout, and styles. The IOUs will collaborate on a standard participant's form that requires a standard data set, such as company name, size, revenue, location, etc. This standardization should help participants to respond to multiple solicitations, especially solicitations that may be issued concurrently by different IOUs.

At the RFP stage, the Solicitation Protocol (instructions for participating in an RFP) will include a model form or "pro-forma" version of the contract documents to be negotiated and executed by a successful participant in the solicitation process. The standard form will include General Terms and Conditions, which consist of commercial and regulatory terms that are required regardless of product of services being procured. Although there may be variations between the IOUs, PG&E's contract will likely contain the following terms:

1. Obligations of the Parties
2. Contract budget
3. Contract term
4. Payment structure
5. Implementation Plan requirements
6. Key Performance Indicators (KPIs)
7. Annual budget and performance review

C. General Evaluation Factors

Table 3 provides an overview of the general evaluation factors that may be applied to RFA and RFP solicitation stages. Note that these criteria are representative only and specific evaluation criteria will be adopted and set forth in the Solicitation Protocol for each particular RFA and RFP.

Table 3: Overview of Sample RFA/RFP Evaluation Factors

<table>
<tr><th>Sample RFA Evaluation Factors</th><th>Sample RFP Evaluation Factors</th></tr>
<tr><td>

- Cost
  - Indicative Pricing
- Capabilities & Experience
  - Company Information / Financials
  - Qualifications and Certifications
  - Prior Program Execution Experience
- Feasibility
  - Summary of Program Approach
  - Program Data Requirements

</td><td>

- Compliance
  - Contractor Safety Plan
  - Cybersecurity Plan
  - Insurance
  - Alignment with Relevant Policies
- Cost
  - Program Costs and Energy Savings
  - Cost Efficiency and Effectiveness
- Feasibility
  - Program Structure
  - Customer Engagement Plan
  - Execution Timeline / Milestones
  - EM&V Plan
- Capabilities & Experience
  - Project Management Structure
  - Partnership Description / Roles and Responsibilities (if applicable)
- Diversity & Sustainability
  - Vendor Diversity Plan
  - Vendor Sustainability Plan

</td></tr>
</table>

Prior to being fully reviewed and scored, each third party proposal must pass a minimum compliance review to ensure it contains all requested information and that the information is accurate, complete, and meets PG&E's applicable standards as set out in the Solicitation Protocol. This generally includes providing a complete Contractor Safety Plan and describing how the plan aligns with legislative and regulatory requirements. Proposals that pass the minimum compliance review will be evaluated using the remaining criteria that are applicable to the RFP.

PG&E has not adopted a "one size fits all" relative weighting of the evaluation criteria, as the scoring methodology employed may vary among solicitations depending on sector needs. PG&E may elect to include a list of "Key Selection Factors" as part of its solicitations that would be tailored to the specific procurement goals of each solicitation. This practice is similar to the CAISO Competitive Transmission solicitation process, and conveys points of emphasis within a solicitation without disclosing a mathematical weighting.

D. PG&E's Solicitation Schedule

Figure 3: PG&E's 2017-2020 Solicitation Timeline

	Description	Sector	Subsector Focus / Program Concepts / (SW) Progra	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
JOINT	Statewide Program RFI	Platform	(SW) Deemed Platform Support	RFI											
PG&E	Statewide Program RFP	Cross Cutting	(SW) Codes and Standards Title 24 - Phase 1		Start	End	Launch								
PG&E	Statewide Program RFP	Cross Cutting	(SW) Codes and Standards Title 24 - Phase 2			Start		End	Launch						
PG&E	Open Sector RFA / RFP	Commercial	Large Office / High Tech / Regional SMB				Start		End	Launch					
PG&E	Open Sector RFA / RFP	Industrial	Food Processing / Petroleum			RFA	Start		End	Launch					
PG&E	Open Sector RFA / RFP	Residential	Single Family / Multi-Family				Start		End	Launch					
PG&E	Statewide Prog RFA / RFP	Cross Cutting	(SW) WE&T Career Connections					Start		End	Launch				
PG&E	Statewide Prog RFA / RFP	Public Sector	(SW) State of California Partnership					Start		End	Launch				
PG&E	Open Sector RFA / RFP	Public Sector	K-12 / Government				RFA	Start		End	Launch				
PG&E	Open Sector RFA / RFP	Agricultural	Dairies / Wineries / Breweries					Start		End	Launch				
PG&E	Open Sector RFA / RFP	Cross Cutting	C&S / WE&T / ET					Start		End	Launch				
PG&E	Open Sector RFA / RFP	Commercial	Retail / Healthcare / Hospitality							Start		End	Launch		
PG&E	Open Sector RFA / RFP	Industrial	Manufacturing						RFA	Start		End	Launch		
PG&E	Open Sector RFA / RFP	Residential	Single Family / Multi-Family							Start		End	Launch		
PG&E	Statewide Program RFP	Cross Cutting	(SW) Codes and Standards Title 20							Start		End	Launch		
PG&E	Statewide Prog RFA / RFP	Cross Cutting	(SW) WE&T Workforce Readiness									Start		End	Launch
PG&E	Open Sector RFA / RFP	Cross Cutting	C&S / WE&T / ET								RFA	Start		End	Launch
PG&E	Open Sector RFA / RFP	Public Sector	K-12 / Government									Start		End	Launch
PG&E	Open Sector RFA / RFP	Agricultural	Greenhouses / Crop Production									Start		End	Launch
PG&E	All Sector RFA	All	Ongoing										RFA		

Figure 3 highlights PG&E's proposed solicitation timeline for statewide and local programs between Q3 2017 and Q2 2020. This plan relies on a manageable number of solicitations — three to five RFPs (on average) every six months. These RFA/RFPs are staged to rotate through each market sector in successive rounds during that timeframe and will establish the baseline portfolio of programs that will constitute the minimum 60 percent third party requirement. Going forward, future targeted RFPs will be launched as needed per periodic all-sector RFA results and ongoing portfolio needs.

As PG&E will be issuing solicitations for the various market and cross-cutting sectors, and statewide programs over a period of time, with the last major RFP completed in 2020, not all new third party programs will be in place as the solicitation process progresses. During this time, PG&E will continue programs that have not been replaced by new third party programs (both local and statewide) to ensure that customers have access to energy efficiency programs and services, and ensure that PG&E is positioned to meet its energy savings goals. By the start of 2021, PG&E anticipates a new, refreshed portfolio of energy efficiency programs.

E. Joint IOU Solicitation Schedule

The IOUs have collaborated in the development and review of their respective solicitation schedules. However, given the aggressive schedule needed to outsource statewide and local third party programs to achieve a minimum of 60% of the portfolio by the end of 2020, the solicitation release dates will be tailored and take into account the differences in service territories, portfolio needs and business plan requirements. The IOUs will continue to seek coordination in schedules, keeping in mind market and bidder participation. A combined schedule showing the proposed statewide and local solicitations by each IOU is provided in Appendix 2 for reference.

F. Sector and Statewide Solicitations

The following section provides an overview of each market sector and cross-cutting sector that will be solicited with the goal of providing third parties with the information they need to effectively design programs that meet PG&E's portfolio needs. Each section describes how needs were determined by providing an overview of PG&E's vision and goals, followed by a summary of potential opportunities to consider when designing new programs. More information can be found in each sector's Business Plan chapter. When applicable, PG&E provides the savings targets it seeks to achieve over the course of the short-, mid-, and long-terms.

Table 4: Residential Sector Overview

<table>
<tr><th colspan="5">RESIDENTIAL</th></tr>
<tr><th colspan="5">Vision[6]</th></tr>
<tr><td colspan="5">Drive deep energy savings and robust grid benefits in the Residential sector through targeted customer engagement, data-driven programs that leverage market actors, and strategic partnerships.</td></tr>
<tr><th colspan="5">Goals[7]</th></tr>
<tr><td colspan="5"><u>Primary Goal</u>: Save 817 Net GWh, 65 Net MW, and 11.7 MM Net Therms by 2025
<u>Secondary Goals</u>
• Increase savings from multifamily properties
• Increase customers’ ability to manage energy
• Increase operational efficiencies
• Support 100% of all new residential construction being zero net energy (ZNE) by 2020</td></tr>
<tr><th colspan="5">Opportunities[8]</th></tr>
<tr><td colspan="2"><u>Trends</u>
• Residential usage is projected to increase due to population growth, increasing plug load usage, and growth in the electric vehicle market
• Customers seek a “connected home” with greater visibility and control of their energy use
• Customers are interested in financing options beyond traditional rebates and incentives
<u>Sector Overview</u>
• Less than 20% of energy savings were from multifamily dwellings in 2015
• 54% of electric and 73% of demand savings were from the Central Valley in 2015
• Three-quarters of participants in gas programs were from the Bay Area in 2015</td><td colspan="3"><u>Key Strategies</u>
• Targeting individual homes with interval data analytics to reach new customers
• Improving data access to facilitate greater understanding of energy usage
• New program models and financing to cost-effectively deliver comprehensive energy savings</td></tr>
<tr><th colspan="5">Savings Targets[9]</th></tr>
<tr><th>Metric (First-Year Net)</th><th>Baseline (Average Gross, 2011-2015)</th><th>Short-Term (2018-2020)</th><th>Mid-Term (2021-2023)</th><th>Long-Term (2024-2025)</th></tr>
<tr><td>GWh</td><td>200 GWh/year</td><td>98/yr</td><td>102/yr</td><td>109/yr</td></tr>
<tr><td>MW</td><td>45 MW/year</td><td>9/yr</td><td>7/yr</td><td>8/yr</td></tr>
<tr><td>MMT</td><td>2.14 MMT/year</td><td>1.3/yr</td><td>1.5/yr</td><td>1.7/yr</td></tr>
</table>

6/ PG&E Business Plan, Residential Sector chapter, Section A: PG&E’s Residential Sector Vision.

7/ PG&E Business Plan, Residential Sector chapter, Section A: PG&E’s Residential Sector Vision.

8/ For more information, see PG&E Business Plan, Residential Sector chapter, Section D: Sector Overview; Section E: Residential Sector Trends and Challenges; and Section F: PG&E’s Approach to Achieving Goals.

9/ PG&E Business Plan, Residential Sector chapter, Section M: Metrics.

Table 5: Commercial Sector Overview

<table>
<tr><th colspan="5">COMMERCIAL</th></tr>
<tr><th colspan="5">Vision[10/]</th></tr>
<tr><td colspan="5">Empower large and small and medium business (SMB) customers to better understand, manage, and eliminate unnecessary energy use.</td></tr>
<tr><th colspan="5">Goals[11/]</th></tr>
<tr><td colspan="5"><u>Primary Goal</u>: Save 1,416 Net GWh, 222 Net MW, and 40 MM Net Therms by 2025, tracked by segment, size, and geography.
<u>Secondary Goals</u>
• Increase average savings per participant
• Increase customers’ ability to manage energy
• Assist California in achieving 2030 ZNE targets, tracked by building type
• Increase operational efficiencies through cost-effective, scalable program models</td></tr>
<tr><th colspan="5">Opportunities[12/]</th></tr>
<tr><td colspan="2"><u>Trends</u>
• Energy efficiency delivers cost savings and intangible benefits that drive business results
• Customers expect new technologies to be accessible through utility programs
• The size and occupancy of commercial buildings is rapidly changing due to online shopping, a premium on convenience, and rising labor and construction costs

<u>Sector Overview</u>
• Nearly two-thirds of participants in 2015 commercial programs were SMBs
• Offices (24%), retail (24%), and high tech (22%) consumed the most electricity in 2015
• Hospitality (31%) offices (18%) and healthcare (18%) consumed the most gas in 2015
• Two-thirds of electric savings and 80% of gas savings were from Bay Area participants</td><td colspan="3"><u>Key Strategies</u>
• Targeted value propositions to make a strong business case for energy efficiency and motivate customers to act
• New financial solutions and transaction structures, moving away from traditional incentives
• Technical assistance, tools, partnerships, and training to move the market towards greater adoption of ZNE
• New program models that use meter-based data to cost-effectively scale energy efficiency</td></tr>
<tr><th colspan="5">Savings Targets[13/]</th></tr>
<tr><th>Metric
(First-Year Net)</th><th>Baseline
(Average Gross, 2011-2015)</th><th>Short-Term
(2018-2020)</th><th>Mid-Term
(2021-2023)</th><th>Long-Term
(2024-2025)</th></tr>
<tr><td>GWh</td><td>309 GWh/year</td><td>155/yr</td><td>180/yr</td><td>205/yr</td></tr>
<tr><td>MW</td><td>55.7 MW/year</td><td>22/yr</td><td>29/yr</td><td>35/yr</td></tr>
<tr><td>MMT</td><td>4.1 MMT/year</td><td>4.2/yr</td><td>5.2/yr</td><td>5.9/yr</td></tr>
</table>

10/ PG&E Business Plan, Commercial Sector chapter, Section A: PG&E’s Commercial Sector Vision.

11/ PG&E Business Plan, Commercial Sector chapter, Section A: PG&E’s Commercial Sector Vision.

Table 6: Public Sector Overview

<table>
<tr><th colspan="5">PUBLIC</th></tr>
<tr><th colspan="5">Vision[14]</th></tr>
<tr><td colspan="5">Empower customers with the expertise and tools they need to efficiency manage their energy use, and institutionalize energy efficiency as a normal practice by engaging local leadership.</td></tr>
<tr><th colspan="5">Goals[15]</th></tr>
<tr><td colspan="5">Primary Goal: Save 511 Net GWh, 72 Net MW, and 28.8 MM Net Therms by 2025, focusing on Public sector customer segments and rural communities
Secondary Goals
• Increase Public customers' ability to manage energy by benchmarking their buildings and helping them obtain the energy usage data they need to plan projects
• Increase operational efficiencies by targeting customers with data analytics, using strategic partnerships, and increasing scalable programs (e.g. loans)</td></tr>
<tr><th colspan="5">Opportunities[16]</th></tr>
<tr><td colspan="2">Trends
• Executive Order B-18-12 sets energy efficiency goals and ZNE targets for state agencies
• Rural local governments face challenges with data access, cost effectiveness, and often lack resources to devote to energy efficiency
Sector Overview
• Local governments (42%), K-12 schools (21%), and higher education (20%) used the most electricity in 2015
• Local governments (61%), higher education (18%), and K-12 schools (9%) used the most gas in 2015
• Most electric savings came from lighting (50%) and HVAC (29%) in 2015</td><td colspan="3">Key Strategies
• Expand the partnership model with local governments, the state, and educational institutions
• Improve data access to empower customers to complete projects quicker and with greater savings
• Refine financing offerings to better meet the unique needs of Public sector customers</td></tr>
<tr><th colspan="5">Statewide Administration: State of California Partnership</th></tr>
<tr><td colspan="5">PG&E is the proposed statewide lead for the State of California Partnership (State of California, and Department of Corrections and Rehabilitation (CDCR)). PG&E anticipates soliciting third party proposals through a RFA in Q2 2018.</td></tr>
<tr><th colspan="5">Savings Targets[17]</th></tr>
<tr><th>Metric
(First-Year Net)</th><th>Baseline
(Average Gross, 2011-2015)</th><th>Short-Term
(2018-2020)</th><th>Mid-Term
(2021-2023)</th><th>Long-Term
(2024-2025)</th></tr>
</table>

12/ For more information, see PG&E Business Plan, Commercial Sector chapter, Section D: Sector Overview; Section E: Commercial Sector Trends and Challenges; and Section F: PG&E's Approach to Achieving Goals.
13/ PG&E Business Plan, Commercial Sector chapter, Section M: Metrics.
14/ PG&E Business Plan, Public Sector chapter, Section A: PG&E's Public Sector Vision.
15/ PG&E Business Plan, Public Sector chapter, Section A: PG&E's Public Sector Vision.
16/ For more information, see PG&E Business Plan, Public Sector chapter, Section D: Sector Overview; Section E: Public Market Trends and Challenges; and Section F: PG&E's Approach to Achieving Goals.
17/ PG&E Business Plan, Public Sector chapter, Section M: Metrics.

GWh	103 GWh/year	62/yr	65/yr	66/yr
MW	14 MW/year	7/yr	10/yr	11/yr
MMT	3.6 MMT/year	2.9/yr	3.8/yr	4.3/yr

Table 7: Industrial Sector Overview

<table>
<tr><th colspan="5">INDUSTRIAL</th></tr>
<tr><th colspan="5">Vision[18/]</th></tr>
<tr><td colspan="5">Enable Industrial customers to better understand, manage, and eliminate unnecessary energy use, and support customer competitiveness through comprehensive strategic energy management solutions.</td></tr>
<tr><th colspan="5">Goals[19/]</th></tr>
<tr><td colspan="5"><u>Primary Goal</u>: Save 608 Net GWh, 67 Net MW, and 38.6 MM Net Therms by 2025, tracked by segment (manufacturing, oil and gas production and refining, and food processing)
<u>Secondary Goals</u>
• Reach an increasing percentage of customers</td></tr>
<tr><th colspan="5">Opportunities[20/]</th></tr>
<tr><td colspan="2"><u>Trends</u>
• Increasing regulation and the cost of doing business in California place financial pressure on Industrial customers
• Many customers are turning to self-generation to mitigate costs and pervasive business uncertainty
• Industrial automation is on the rise

<u>Sector Overview</u>
• Manufacturing customers consumed the most electricity (52%) and gas (65%) in 2015
• Manufacturing customers drove 57% of demand savings and 46% of electric savings in 2015
• Four in ten participants in Industrial energy efficiency programs were large in 2015.
• Pumps and fans (41%), industrial systems (23%), and lighting (18%) drove electric savings in 2015
• Boilers and steam equipment drove nearly 60% of gas savings in 2015</td><td colspan="3"><u>Key Strategies</u>
• New program models adaptive to industrial businesses of all sizes to build energy efficiency into decision making (e.g. Strategic Energy Management)

• Benchmarking with follow-on technical assistance to identify energy efficiency opportunities

• Expand partnerships with industry organizations and others to include customer targeting, knowledge sharing, and exposure for customers identified as leaders and “Energy Champions”</td></tr>
<tr><th colspan="5">Savings Targets[21/]</th></tr>
<tr><th>Metric
(First-Year Net)</th><th>Baseline
(Average Gross, 2011-2015)</th><th>Short-Term
(2018-2020)</th><th>Mid-Term
(2021-2023)</th><th>Long-Term
(2024-2025)</th></tr>
<tr><td>GWh</td><td>126 GWh/year</td><td>79/yr</td><td>75/yr</td><td>73/yr</td></tr>
<tr><td>MW</td><td>19.4 MW/year</td><td>9/yr</td><td>8/yr</td><td>8/yr</td></tr>
<tr><td>MMT</td><td>14.1 MMT/year</td><td>5.0/yr</td><td>4.8/yr</td><td>4.7/yr</td></tr>
</table>

18/ PG&E Business Plan, Industrial Sector chapter, Section A: PG&E’s Industrial Sector Vision.
19/ PG&E Business Plan, Industrial Sector chapter, Section A: PG&E’s Industrial Sector Vision.
20/ For more information, see PG&E Business Plan, Industrial Sector chapter, Section D: Sector Overview; Section E: Industrial Market Trends and Challenges; and Section F: PG&E’s Approach to Achieving Goals.
21/ PG&E Business Plan, Industrial Sector chapter, Section M: Metrics.

Table 8: Agriculture Sector Overview

AGRICULTURE

Vision[22/]

Enable agricultural customers to better understand, manage, and eliminate unnecessary energy use to help control energy costs and remain economically viable in the communities that rely on them.

Goals[23/]

Primary Goal: Save 414 Net GWh, 89 Net MW, and 3.8 MM Net Therms by 2025

Secondary Goals

- Increase operational efficiencies
- Broaden customer participation by offering a diverse set of programs and services
- Increase customer access to technical assistance and tools that help break down energy use within their operations

Opportunities[24/]

Trends

- Persistent drought is driving increasing groundwater pumping and intensifying energy demand
- Farms are consolidating, trending toward fewer smaller and medium agricultural customers
- Increased potential savings in new indoor growing facilities

Sector Overview

- Crop production drove 63% of electric usage in 2015, followed by wineries and dairies (10% each)
- Greenhouses and wineries accounted for 67% of gas consumption in 2015
- Crop production drove 61% of electric savings while wineries drove 60% of gas savings in 2015
- Variable frequency drives (VFDs) and pumps accounted for more than half of savings in 2015

Key Strategies

- Energy efficiency measures that save water and energy
- Strategic partnerships to work within the current market structure and encourage energy efficiency at every level
- Data access tools that enable agricultural customers to view their energy usage holistically, observe trends, and make smart investments in energy efficiency

Savings Targets[25/]

Metric (First-Year Net)	Baseline (Average Gross, 2011-2015)	Short-Term (2018-2020)	Mid-Term (2021-2023)	Long-Term (2024-2025)
GWh	62.5 GWh/year	49/yr	52/yr	54/yr
MW	19.1 MW/year	11/yr	11/yr	12/yr
MMT	1.2 MMT/year	0.5/yr	0.5/yr	0.5/yr

22/ PG&E Business Plan, Agriculture Sector chapter, Section A: PG&E's Agricultural Sector Vision.

23/ PG&E Business Plan, Agriculture Sector chapter, Section A: PG&E's Agricultural Sector Vision.

24/ For more information, see PG&E Business Plan, Agriculture Sector chapter, Section D: Sector Characterization; Section E: Agricultural Market Trends and Challenges; and Section F: PG&E's Approach to Achieving Goals.

25/ PG&E Business Plan, Agriculture Sector chapter, Section M: Metrics.

Table 9: Codes and Standards Overview

CODES AND STANDARDS				
Vision[26/]				
PG&E envisions refining the existing program by supporting all building codes and appliance standards with significant savings potential, and continuing compliance improvement efforts to ensure potential savings from advocacy are realized. Codes and Standards activities will also support California's multifaceted policy objectives (e.g. energy efficiency, demand reduction, renewable energy, and energy storage).				
Goal (Savings Targets)[27/]				
Save 2,545 Net GWh, 2,545 Net MW, and 46 MM Net Therms by 2025. Progress towards this goal is identified in further detail below.				
Metric (First-Year Net)	**Baseline (Average Net, 2011-2015)**	**Short-Term (2018-2020)**	**Mid-Term (2021-2023)**	**Long-Term (2024-2025)**
GWh	361/yr	1,190	875	480
MW	60/yr	307	268	164
MMT	0.59/yr	18	18	10
Statewide Administration: Building Codes and Appliance Standards Advocacy				
PG&E is the proposed statewide lead for Codes and Standards Building Codes and Appliance Standards Advocacy. PG&E plans to bid out portions of Building Codes and Appliance Standards Advocacy, and anticipates releasing RFPs in Q4 2017, Q1 2018, and Q1 2019, respectively.				
Reach Codes, Compliance Improvement and Code Readiness				
PG&E plans to bid out portions of Reach Codes, Compliance Improvement and Code Readiness subprograms by the end of 2020. PG&E anticipates providing program design guidance for code compliance, national and international standards, code readiness and reach codes activities. PG&E anticipates that certain aspects of each of these programs will be delivered by PG&E staff. For these activities to be successful, coordination with PG&E's resource programs, Commission staff, Energy Commission and other stakeholders is critical, hence the need for utility personnel supporting them.				

26/ PG&E Business Plan, Codes and Standards chapter, Section A: Codes and Standards Vision.

27/ PG&E Business Plan, Codes and Standards chapter, Section H: Metrics and EM&V.

Table 10: Workforce Education & Training Overview

WORKFORCE EDUCATION & TRAINING
Vision[28/]
Support PG&E's larger energy efficiency mission—to inspire and empower PG&E customers to eliminate unnecessary energy use and reduce greenhouse gas (GHG) emissions—by teaching customers how to recognize energy savings and GHG-reduction opportunities, and by providing them with the necessary skills, tools, and resources to act upon those opportunities.
Goal[29/]
Support the development of an energy workforce capable of meeting state energy goals
Statewide Administration: K-12 Connections
PG&E is the proposed statewide lead administrator, and anticipates soliciting third party proposals beginning with a RFA in Q2 2018.
Statewide Administration: Career and Workforce Readiness
PG&E is the proposed statewide lead administrator, and anticipates soliciting third party proposals beginning with a RFA in Q2 2019.
Integrated Energy Education & Training (IEET; formerly "Centergies")
PG&E uses third parties to support certain administrative functions in support of IEET (e.g., Pacific Energy Center), such as class registration and event management services. In the future, PG&E plans to issue solicitations for IEET support.

Table 11: Finance Overview

FINANCE
Vision[30/]
Support the availability of new financing structures that can spur greater investment in energy efficiency and ease customers' decision-making processes; and support an expanded supply of, and access to, affordable funding by making investments in energy efficiency attractive for investors
Goals[31/]
• Increase the supply of and access to affordable capital for energy efficiency investments. • Facilitate investment in more and deeper projects through strategies to overcome transaction barriers for customers and lenders.
Solicitation Strategy[32/]
All market sectors can enjoy a diverse array of financing opportunities to stimulate energy efficiency investments. PG&E anticipates that third parties will include finance as part of proposed market sector programs, rather than stand-alone finance programs. In the future, PG&E may solicit third party support of its Finance program.

28/ PG&E Business Plan, Workforce Education & Training chapter, Section A: PG&E's WE&T Vision.

29/ PG&E Business Plan, Workforce Education & Training chapter, Section A: PG&E's WE&T Vision.

30/ PG&E Business Plan, Finance chapter, Section A: PG&E's Finance Vision.

31/ PG&E Business Plan, Finance chapter, Section A: PG&E's Finance Vision.

32/ See PG&E's Business Plan Finance Chapter, Section D: Market Overview and Section F: Approach to Achieving Goals.

Table 12: Emerging Technologies Overview

EMERGING TECHNOLOGIES
For more information on approaches to Emerging Technologies, please see the Solicitation Plans filed by Southern California Edison (SCE) and Southern California Gas (SCG), who are the proposed statewide leads for Emerging Technologies—Electric and Gas Emerging Technologies, respectively.

V. OUTREACH AND TRAINING

A prepared and informed bidder pool is foundational to the success of PG&E's sector solicitations. PG&E will participate in the joint IOU use of multiple channels to ensure widespread notification of solicitations. The IOUs plan to prepare and educate the marketplace for the upcoming solicitations through a series of outreach events and "bidders conferences." Such support will be especially valuable to new and/or small business participants. PG&E will work with the other IOUs to seek vendor and stakeholder feedback, and incorporate lessons learned, to maximize outreach and education of potential participants in competitive solicitations. Training will be held jointly by the IOUs and recorded to provide convenient access by prospective bidders.

A. Solicitation Notifications

The IOUs plan to use several channels to notify participants and interested stakeholders about third party program solicitations. These channels include, but are not limited to Proposal Evaluation & Proposal Management Application (PEPMA), individual IOU websites, the California Energy Efficiency Coordinating Committee (CAEECC) website, and the R.13-11-005 and A.17-01-013 service lists.

B. Vendor Outreach and Training

The IOUs plan to hold a series of in-person vendor training workshops to provide prospective bidders general information on essential administrative requirements for successful participation in RFAs and RFPs. Presentations will include topics such as basic qualifications (e.g., what constitutes an acceptable bid, and qualification process); compliance requirements, such as cyber and third party security review, data access requirements, and contractor safety requirements, discussed above; insurance requirements, and diverse businesses. The training will also include an overview of energy efficiency program-related resources and where to locate them, such as IOU Business Plans, the California Standard Practice Manual, the cost-effectiveness tool (CET) etc.), and best practices in measuring savings that will include the platform rulesets (e.g., custom rulesets).

The IOUs may offer bidders' conferences for each of the specific RFA/RFPs. In most cases, bidders' conferences will be web-based. Presentations will follow the format of the Solicitation Protocol prepared specifically for each solicitation, including segment, timing, scope and scale. These web-conferences should provide the specifics of a particular RFA/RFP (e.g. milestones and dates and specific instructions for proposal submittals), elicit stakeholder questions, and provide all the information reasonably necessary to enable a stakeholder to participate in a particular solicitation. The web-conference is typically held early in the process to allow bidders to understand the requirements of the submittal and to allow them to develop any additional questions for the respective IOU during the specific RFA/RFP process.

VI. TRANSITION FROM ONE IMPLEMENTER TO ANOTHER

The shift from existing programs to new ones solicited under the Business Plan will necessitate a clear transition plan for all stakeholders involved – customers, market actors, and implementers. There are two primary situations that will need to be addressed: 1) a transition from programs currently implemented by PG&E to programs implemented by third parties, and 2) a transition from programs currently implemented by third parties to programs implemented by different third parties. Both of these situations might apply to statewide or local programs.

A. Transition from IOU Implementation to Third Party Implementation

The transition from PG&E implementation to third party implementation requires PG&E to identify a third party implementer that will assume its energy efficiency program responsibilities. Once the third party implementer has been identified, PG&E and the counterparty must reach agreement and execute a contract setting forth the terms of the program to be operated by the third party implementer and a transition plan. PG&E will support both the customer and the new third party during the transition period. Customer issues, such as project eligibility and project expertise, will be addressed jointly by PG&E and the new implementer during the transition period. Once the transition terms have been met, the third party becomes the program implementer.

B. Transition from One Third Party Implementer to Another Third Party Implementer

The transition from one third party implementer to another should occur at the end of the current implementer's contract with PG&E.

PG&E proposes that in cases where a new third party program is replacing the work performed by a former third party program, PG&E will modify its contract with the former implementer to establish a phase-out transition plan that includes a specific timeframe and process for the former implementer to complete specific projects by an agreed date. This phase-out would protect the customer from the disruption of transitioning to a new implementer. PG&E will strive to minimize the duration of the transition period.

In parallel, PG&E would oversee startup activities with the new third party implementer. The new implementer would initiate the new program. The new implementer would assume responsibility for all new customers and projects within the program scope except for projects retained by the former third party implementer. Both the new and former third party implementers would operate similar programs for a limited period.

Transition plans require careful administration of multiple contracts with third party implementers during the transition period. Those contracts will need to be structured to protect the interests of impacted customers and to clarify the rules of engagement for all parties working with the target customer segment.

VII. PRG APPROACH

Stakeholders have been discussing the PRG's potential role in future third party solicitations and considering alternative approaches, most specifically transitioning the "Peer" Review Group to a "Procurement" Review Group. During these discussions, a general consensus has been established related to a number of items.[33/] PG&E agrees that the IOUs have demonstrated a consistent practice of conducting third party solicitations in a fair and transparent manner. As EE implementation will rely on even greater party participation in the future, PG&E will look to its supply-side procurement practices as a model for providing ongoing reassurance that these practices will continue. The current and past members of the EE PRG have stated that they have neither the resource availability nor expertise to monitor solicitations to the extent they feel is necessary. PRG participation has historically been quite low, due in party to the difficulty of finding interested parties with meaningful expertise that are not financially interested in the outcome of the solicitations. To ensure that the review process for EE solicitations is sufficiently vigorous, the reviewers should be expanded beyond the existing PRG membership.

The consideration of potential PRG members led to a consensus determination that individuals from CAEECC's full membership may not perform an oversight role for energy efficiency solicitations because some CAEECC members are not simply market participants; they may be third party implementers who should not have access to the pricing, performance, and marketing strategies of their competitors. Possession of this information would unfairly give an implementer superior market knowledge. While discussing whether the role of the CAEECC should include the evaluation of third party program implementers, the Commission staff recognized the potential conflict of interest between CAEECC members' business interests and the public's interest in a level playing field.[34/]

Given these concerns with the current PRG, stakeholders have proposed that Independent Evaluators (IEs) be used to conduct most of the activities associated with monitoring the third party solicitations in a manner that supports the continued role of the PRG. PG&E supports this proposal as it would allow program administrators to bring the experience gained through the

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33/ "CAEECC Summary of Consensus EE-PRG/IE Proposal and Non-Consensus Items Requiring Commission Direction".

34/ *Energy Efficiency Rolling Portfolio Business Plan Guidance*, Energy Division, May 2, 2016, p. 2.

competitive procurement of supply-side resources to the process of identifying, evaluating, and contracting with EE implementers.

Should the Commission find it reasonable to establish a coordinated PRG and IE review of the third party implementer contracting process, the decision approving its Business Plan should also approve the following process.

A. Solicitation Review by the PRG

The purpose of the PRG is to provide advice to the PA so that it conducts its solicitation in accordance with the Commission's requirements and objectives. Each PA will have its own PRG to ensure that advisory members are familiar with that IOU's EE program. Advisory members may serve on more than one PRG. The PRG role would include, but is not limited to:

- Reviewing each IOU's sector- or segment- specific solicitation plans
- Providing timely input into the draft RFP language and evaluation criteria[35/]
- Reviewing IE presentations and reports
- Providing recommendations to each PA based on the review
- Reviewing and commenting on IE advisory reports, as applicable

The PRG should include Commission staff representing both the Energy Division and the Office of Ratepayer Advocates (ORA), other state agencies as appropriate (e.g., Energy Commission), public interest advocates such as The Utility Reform Network (TURN) and Natural Resources Defense Council (NRDC), and organizations involved in the energy industry whose members do not have a financial interest in the outcome of each solicitation, such as the Coalition of Utility Employees (CUE).

Because the PRG will have access to the financial and operating information of individual energy efficiency businesses when reviewing the utility's evaluation of offers received, representatives of any firm or organization whose members may compete in a solicitation should not serve on the PRG.

35/ This is in line with current Peer Review Group roles per the Energy Efficiency Policy Manual V.5, p.40.

PG&E proposes establishing a status update meeting with the PRG, IOU and IEs, to be held with a consistent schedule (bi-monthly, quarterly, or what is determined as appropriate) which would update the PRG of all solicitation activities on a regular basis. A standard agenda that provides detail on all solicitation activities would be used to facilitate discussions.

B. Solicitation Review by the Independent Evaluator

To conserve ratepayer resources, the oversight functions of the IE should be focused on significant solicitation activities. The services of an IE should be limited to statewide program solicitations and other third party program solicitations where the expected aggregate contract value exceeds $5 million. Solicitations that do not meet these criteria would be conducted in a manner consistent with the current and authorized third party solicitation practices of using the PRG, and no IE. Any IE services should not be included in IOU administrative expenses subject to a cost cap, or in the portfolio costs subject to cost effectiveness review.

PG&E's proposed approach maintains the Energy Division's role in providing oversight for solicitations because the Energy Division is a standing member of the PRG.[36/] This level of oversight is reasonable because the IOUs have successfully and fairly implemented the third party program solicitation process for over a decade and maintained commitments of well more than the twenty percent of budget minimum requirement established by D. 05-01-055 with the guidance of their PRG.

1. Role and Responsibilities of the IE

The IE would work with the IOUs on an ongoing basis, create and deliver reports to the PRG to inform their discussions and provide potential advice to the IOUs. During their work with the IOUs, the IE would advise the lead IOU and assess the solicitation's reasonable

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36/ The original Procurement Advisory Group (PAG)/PRG structure was created to "institute appropriate safeguards" as part of its "overall approach to quality control for both supply-side and demand-side resource procurement" because California had recently ended electric restructuring and there were significant concerns about restoring the IOU to a lead role in energy efficiency portfolio management. *See*, *Interim Opinion on the Administrative Structure for Energy Efficiency: Threshold Issues*, Decision 05-01-055, California Public Utilities Commission, January 27, 2005, p. 10.

conformance with Commission direction, solicitation plans, the approved Business Plans, and applicable CPUC and other state policy. The IE would rely on a standard checklist and would attend relevant IOU meetings. Specific tasks and responsibilities may include, but are not limited to:

- Assessing conformance with CPUC and RFP requirements (as prescribed in the PA's Solicitation Protocol)
- Assessing whether contract negotiations are being conducted fairly
- Mediating disputes that may arise during contract negotiations
- Offering process improvement suggestions throughout the solicitation process
- Generating advisory reports which will be available to the PA and its PRG

2. IE Selection and Engagement Process

In order to implement the IE concept in a timely manner, PG&E proposes to rely on its existing pool of IEs, which have been confirmed by the Energy Division according to PG&E's Bundled Procurement Plan.[37/] PG&E supports soliciting additional EE-specific IEs, but cautions that the terms of any "competitive solicitation" must carefully weigh expertise, as well as cost.

PG&E proposes that each IOU may conduct a competitive solicitation to select one or more IEs qualified to monitor their energy efficiency third party solicitations – such candidates may include those who have expertise in EM&V, energy efficiency and demand response, but do not necessarily require expertise in energy procurement, construction practices, power purchase requirements, buyout options, and turn-keys. Additionally, some IOUs may use IEs who have demonstrated demand-side management (DSM) experience, who currently support their current Energy Procurement Review Group.

37/ Based on their publicly-posted resumes, the individuals employed by all four of PG&E's Energy Division-approved IEs are experienced in the evaluation of substantial demand-side solicitations. In particular, one evaluator served as the common evaluator for the Distributed Resource Auction Mechanism (DRAM) pilots operated by all four of the energy IOUs. Another one of PG&E's IEs is serving as PG&E's IE on the current Distribution Resource Plan solicitation, where the demand side management is a critical component of resource strategy.

Consistent with existing practice, PG&E's selection of IEs would be confirmed by Energy Division management and approved IEs would be placed in a pool of qualified IEs. Subject to Energy Division staff approval, PG&E would enter into a contract with one of the qualified IEs to monitor an IE-eligible solicitation, that is, a solicitation for either a statewide program or other third party program valued at $5 million or more.

C. Offer Selection Process

The IOU will present its selected offers to the PRG for feedback and guidance. In the case of an IE-eligible solicitation, the IE will also present its report/recommendation to the PRG and the PRG will use the IE's report to inform its evaluation and guidance to the IOU. The PRG may comment on anything included in the IE's report, such as the process leading up to the IOU's offer selection, and should comment on the IOU's selection(s). Once this meeting has concluded, the IOU would proceed with the contracting phase of the process, followed by program implementation. No CPUC approval would be required once an offer has been reviewed by the PRG.

APPENDIX 1: RESPONSES TO THIRD PARTY SOLICITATION PROPOSAL GUIDANCE

1. If the IOUs are planning to keep a program or component/function in-house, provide an explanation and the reasons why they are not putting this program/component/function out to bid.

The roles and responsibilities of program administrators (PAs) are shifting under the new third party and statewide program models. As a PA, PG&E will determine the need for programs and identify the means of fulfilling those needs, while focusing on scaling energy efficiency cost-effectively, operational excellence, and meeting customer needs.[1/] PG&E sees its role as that of portfolio designer, manager, and administrator.

PG&E's ultimate responsibility as PA centers on designing an energy efficiency portfolio that achieves energy savings goals cost-effectively, within PG&E's approved portfolio budget. PG&E retains discretion regarding portfolio composition and program budget allocations based on service territory needs.

PG&E plans to retain a limited amount of program design and delivery functions, for programs that are still in the pilot phase, and other unique programs that require IOU subject matter expertise (see Table 1 for more information). Once programs transition from the pilot phase to independently operational subprograms, PG&E anticipates the program design and delivery to be transferred fully to third parties. PG&E anticipates retaining the implementation of the following subprograms and/or programmatic functions:

Table 1: Overview of In-House Programmatic Activities

Residential Sector	
Pay-for-Performance (P4P)	The P4P program is one of PG&E's approved high opportunity projects or programs (HOPPs).[2/] While PG&E intends that each intervention be designed and implemented by third-party aggregators, certain programmatic functions require PG&E management. For example, PG&E staff will maintain the CalTrack system that relies on Advanced Meter Technology to create the energy efficiency baseline and determine savings for the program.
Retail Products Platform (RPP) Pilot[3/]	PG&E's RPP pilot was proposed, designed, and delivered in conjunction with the U.S. Environmental Protection Agency, the Northwest Energy Efficiency Alliance, California Public Utilities Commission Energy Division Staff (Commission Staff or Energy Division Staff) and national and California program administrators. PG&E will continue to provide RPP program management and coordination support until RPP moves out of pilot stage.
Public Sector	

1/ D.16-08-019, p. 71.

2/ PG&E Advice Letter 3698-G/4813-E.

3/ PG&E Advice Letter 3668-G/4765-E.

Local Government Partnerships (LGPs)	PG&E does not plan to issue solicitations for third parties to take over the overall design, delivery, and management of LGPs so that local governments can continue to shape and evolve partnerships to meet their constituents' unique needs. However, in many cases, PG&E uses third parties to deliver support services to its LGPs. For example, third parties provide direct install (DI) services for public-sector facilities, and DI will continue to be considered third-party programs.
Codes and Standards (C&S)	
Building Codes and Appliance Standards Advocacy, Reach Codes, Compliance Improvement and Code Readiness	PG&E contracts out more than 75 percent of its C&S budget to support these activities, and will continue to do so. PG&E anticipates a portion of the scope of work will be directed by PG&E's C&S team, but plans to issue solicitations for portions of Building Codes and Appliance Standards Advocacy, Reach Codes, Compliance Improvement and Code Readiness subprograms by the end of 2020. PG&E anticipates providing program design guidance for Code Compliance, National and International Standards, Code Readiness, and Reach Codes activities. Additionally, PG&E anticipates certain aspects of each of these programs will be delivered by PG&E staff. For these activities to be successful, coordination with PG&E's resource programs, Commission Staff, the Energy Commission, and other stakeholders is critical, hence the need for utility personnel supporting them. For example, to successfully implement the Building Codes and Appliance Standards Advocacy subprogram, PG&E needs to augment large CASE study development projects to monitor and verify the work.
Workforce Education & Training	
Integrated Energy Education & Training (IEET; formerly "Centergies")	PG&E uses third parties to support certain administrative functions in support of IEET (e.g., Pacific Energy Center), such as class registration and event management services. The overall management of each Education Center will continue to be led by PG&E staff to ensure coordination with overall energy efficiency portfolio needs.
Financing	
On-Bill Financing (OBF)	PG&E will continue to support OBF with internal PG&E staff as OBF requires significant utility operational expertise to coordinate PG&E tariff and billing functionality.

Additionally, PG&E will keep activities that reflect its role as PA , those that are integrated with other customer programs or integrated with core utility operations, and those required to fulfill its regulatory and fiduciary obligation. These functional areas below are central functions to portfolio administration and will be led by PG&E utility staff:

- Policy, Strategy, and Regulatory Reporting Compliance
- Contract/Program Management
- Engineering Services for Quality Assurance and Quality Control (QA/QC)

- Customer Application/Rebate/Incentive Processing
- Customer Project Inspections
- Portfolio Analytics
- Evaluation, Measurement and Verification (EM&V) support

PG&E will also maintain a certain level of customer outreach and support to ensure that energy savings goals and customer satisfaction expectations are met.

PG&E plans to maintain some customer-facing workforce to complement program implementation and ensure energy savings goals and customer satisfaction expectations are met, such as account representatives who serve as PG&E's trusted energy advisors. PG&E will continue targeted local marketing outreach to drive customer awareness, interest, and participation in energy efficiency programs.

While PG&E anticipates retaining certain responsibilities, PG&E plans to reduce its labor and total program portfolio costs by 2020.

PG&E's projections for what it keeps "in-house" are based on currently available information. PG&E will evaluate on a continuous basis portfolio administration activities to understand if efficiencies could be found through outsourcing. PG&E will adjust its strategy accordingly as roles and responsibilities evolve.

2. Provide an estimated budget for the sector solicitations at the portfolio level. These estimates should reflect the IOUs' best judgment based on the determination of portfolio need.

Table 2 provides estimated three-year budget ranges for sector solicitations. These figures are based on historical budgets, and are inclusive of estimates for local programs and PG&E's contribution to statewide programs. As a result, these figures should not be interpreted to represent PG&E's projections or expectations for future sector-level budgets. Note that actual contract values and sector budgets may vary once program awards are made. Additionally, actual contract and sector budgets may vary based on portfolio need.

Table 2: Estimated Sector-Level and Statewide Solicitation Budgets (Three-Year)

Sectors	**Budget Range**
Residential	$122M - $158M
Commercial	$148M - $210M
Industrial	$68M - $92M
Agricultural	$51M - $70M
Public	$109M - $153M
Codes and Standards	$16M - $18M
Emerging Technologies	$11M - $18M
Workforce Education & Training	$4M - $15M
Financing	$1M - 2M
Platforms	$12M - 26M

Indeed, PG&E believes the competitive solicitation for energy efficiency programs should be expressed in terms of energy savings, rather than utility spend. Publicly available solicitation budgets may enable competitors to estimate PG&E's potential cost per unit of energy savings. This pro-forma cost may become a bid floor, as bidders submit offers clustering just under PG&E's budget. Thus, public disclosure of PG&E's solicitation budget may nullify the ability of competitive solicitations to identify reasonably-priced offers.

PG&E will report its achievement to at least 60% third party programs by the end of 2020 in each annual budget advice letter.

3. To the extent possible, each IOU should describe how their solicitation strategy differs from the other IOU proposals.

A primary difference between PG&E's solicitation strategy and existing solicitation practice is PG&E's proposed two-stage approach at the sector level. The first stage includes a broad Request for Abstract (RFA) and is followed by a more defined second stage Request for Proposal (RFP). For example, PG&E anticipates applying a single RFA process to simultaneously collect abstracts for multiple sectors and statewide programs. Similar to PG&E, Southern California Edison Company (SCE) and Southern California Gas Company (SoCal Gas) also expect to apply a RFA stage in its solicitation process. San Diego Gas & Electric Company's (SDG&E's) solicitation strategy is based on an RFP approach and does not include an RFA stage. In addition, the sector-level solicitation timeframes for all IOUs are relatively aligned for solicitations to be released in the first half of 2018. Please refer to the IOU solicitation timeline in Appendix 2 for a detailed view of each IOU's planned solicitation schedule. Lastly, PG&E and SoCal Gas both plan to incorporate a minimum of two rounds of solicitations for each sector. This strategy does not rely upon a single solicitation to source all programs for that sector, and provides vendors with more opportunities to participate in the solicitation process with time to learn, incorporate feedback, and improve their program proposals.

4. Identify and include a list of programs that do not count towards the 60% minimum target that will be outsourced.

In most cases, PG&E will look to third parties to propose, design and delivery the bulk of its energy efficiency portfolio. PG&E will seek these programs through competitive solicitations from the market.

In some cases, select programs have been designed jointly by IOUs and non-IOU entities, and are delivered by third parties. As these programs were proposed and designed collectively, PG&E considers these programs to count toward the 60% minimum target. Specifically, these programs are:

- **Residential Pay-for-Performance:** This program was proposed and designed in collaboration with multiple stakeholders including Natural Resources Defense Council (NRDC), The Utility Reform Network (TURN), and Energy Division Staff. Program delivery is 100% outsourced to third party aggregators.

- **Residential Retail Products Platform (RPP) Pilot:** PG&E's RPP pilot was proposed, designed, and delivered in conjunction with the U.S. Environmental Protection Agency, the Northwest Energy Efficiency Alliance, Commission staff and other national and California program administrators. Program implementation is performed by several third party contractors.
- **Industrial Strategic Energy Management (SEM) pilot:** The SEM pilot was proposed and designed by Energy Division Staff, consultants from Lawrence Berkeley National Lab (LBNL) and IOUs. The program will be delivered by third parties.

Other programs that may not count toward the 60%, but will be outsourced include:

- **Local Government Partnerships (LGPs):** In many cases, PG&E uses third parties to deliver support services to its LGPs. For example, third parties provide direct install services for public sector facilities. PG&E will continue this practice under the rolling portfolio. Additionally, local governments themselves are responsible for elements of the partnerships' program implementation. However, PG&E does not plan to issue solicitations for the overall design, delivery, and management of LGPs. This way, local governments can continue to shape and evolve partnerships to meet their constituents' unique needs.

- **Building Codes and Appliance Standards Advocacy, Reach Codes, Compliance Improvement and Code Readiness:** PG&E contracts out more than 75% of its C&S budget to support these activities, and will continue to do so. PG&E anticipates a portion of the scope of work will be directed by PG&E's C&S team but plans to bid out portions of Building Codes and Appliance Standards Advocacy, Reach Codes, Compliance Improvement and Code Readiness subprograms by the end of 2020. Additionally, PG&E anticipates that certain aspects of each of these programs will be delivered by PG&E staff. For these activities to be successful, coordination with PG&E's resource programs, Commission staff, Energy Commission and other stakeholders is critical, hence the need for utility personnel to support them. For example, to successfully implement the Building Codes and Appliance Standards Advocacy subprogram, PG&E needs to augment Codes and Standards Enhancement (CASE) reports to monitor and verify the work.

- **Workforce Education and Training Integrated Energy Education & Training (IEET; formerly "Centergies"):** PG&E uses third parties to provide certain administrative functions in support of IEET (e.g., Pacific Energy Center), such as class registration and event management services.

This list of programs above is based on PG&E's current portfolio of programs, and may be augmented based on program designs received from prospective third parties.

5. **Explain how this transition to mostly third-party implemented programs/components/functions could impact the portfolio budget, particularly with respect to administrative costs.**

PG&E envisions administrative and non-incentive costs will decrease approximately 10% across the portfolio between 2018-2020 due to operational efficiencies and changes in portfolio strategy. PG&E hopes that the transition to the third party model may contribute to reducing transaction costs as a result of consolidating the operational and administrative aspects of program implementation.

However, PG&E underscores that the connection between statewide administration and cost efficiencies is an untested hypothesis. As a result, PG&E cannot be certain these efficiencies will be achieved, particularly in the early phase of the transition. PG&E will continuously seek opportunities to refine the statewide and third party models and promote cost-efficiencies.

6. **Identify and include a list of the statewide programs that the IOUs intend to outsource.**

The IOUs intend to outsource statewide programs to the extent possible, in accordance with the definition of third party programs in D.16-08-019.[4/] PG&E is the proposed lead PA for the list of statewide programs in the table below, and anticipates fully outsourcing State Government Partnerships, WE&T Career Connections, and WE&T Career and Workforce Readiness. PG&E plans to outsource elements of C&S Advocacy, but will retain some programmatic functions in-house, as described in its foregoing response to Question #1.

Table 3: Statewide Programs PG&E Intends to Outsource

Statewide Program	Proposed Lead
State Government Partnerships (State of California, CDCR)	PG&E
Codes and Standards Advocacy	PG&E
WE&T Career Connections	PG&E
WE&T Career & Workforce Readiness	PG&E

7. **Identify the advantages and disadvantages of all IOUs issuing and conducting solicitations at the same time.**

If all IOUs conduct sector solicitations simultaneously, IOUs may identify opportunities for efficiencies, economies of scale, and/or program coordination. A second potential advantage of this approach is that it may enable the “Peer” or “Procurement” Review Group to coordinate participation based on subject matter expertise. Lastly, this approach may be beneficial for third parties by enabling them to concentrate their resources and staffing in more predictable cadences.

4/ D.16-08-019, OP 10.

However, disadvantages may exist with this approach. For example, without strong coordination from each IOU on specific solicitation timing, RFA/RFP due dates can overlap, leading to lost bidding opportunities for vendors and poor proposal quality due to divided attention and resources. IOUs may also need flexibility in meeting specific sector needs, and rigid timelines by sector may preclude them from meeting these needs.

8. Include a joint schedule of proposed solicitations by each program administrator (PA) for each year.

A consolidated solicitation schedule is provided in Appendix 2. This table includes proposed solicitation timeframes for each IOU from 2017 to 2020.

9. Explain what the relevant programs will look like in 2018, since solicitations will not likely begin until mid-2018. Specifically: identify and describe the types of transition, preparation, etc. activities that are currently underway and/or scheduled to occur. Will current contracts get extended? For how long?

PG&E's 2018 program portfolio will, in large part, be similar to its 2017 program portfolio with the exception of new program additions, such as SEM and Res P4P. PG&E's Annual Budget Advice Letter will be filed on September 1, 2017 and will include an overview of anticipated 2018 program activities.

To support a smooth transition, PG&E should be allowed flexibility to extend third-party contracts until they are replaced by new third-party programs. Existing programs should be extended in 2018, as needed, to minimize market disruption and ensure the needs of our customers are met. D.15-10-028 requires that all third party energy efficiency contracts must expire by October 23, 2018.[5/] A mandatory termination date of October 23, 2018 requires IOUs to conduct solicitations to replace the existing third party contracts to maintain the 20 percent third-party procurement targets required by D.16-08-019. This limitation could lead to significant market disruption and considerable administrative burdens, particularly for vendors and Commission staff.

All of the IOUs have requested, on the record, that the expiration of third-party contracts be extended from October 28, 2018 to the end of 2020.[6/] PG&E supports this recommendation to

5/ D.15-10-028, OP 22.

6/ "San Diego Gas & Electric Company's (U 902-M) Responses to Attachment B," p. 25; "Southern California Edison Company's (U338-E) Responses to Questions in Attachment B of the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judges," p. 41; "Response of Southern California Gas Company (U 904 G) to the Questions in Attachment B of the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judges," p. 37; "Reply Comments of Pacific Gas and Electric Company (U 39 M) on Responses to the Questions in Scoping Memo Attachments A and B," pp. 19-20. Third party contracts are required to expire by October 28, 2018 per D.15-10-028, OP 22.

ensure there is a smooth transition to the third-party model for the customer and implementer community, as directed in D.16-08-019.[7/]

PG&E is also conducting the following activities with its third party implementers to prepare for the transition to the new third party model:

- Discussing the impacts of the updated avoided costs on their programs
- Engaging with them on any potential impacts of transitioning to net savings goals
- Sharing upcoming rules for AB 802 implementation so they can incorporate these requirements into their operations
- Working closely with vendors to emphasize the importance of meeting 2017 savings goals and evaluating whether their performance merits potential contract renewal. PG&E is also engaging its internal sourcing staff to prepare to execute any potential contract renewal discussions

10. IOUs should clearly explain how existing long term contracts will ramp down while the third party proposals ramp up to meet the 60% target.

PG&E is committed to minimizing market disruption and ensuring the needs of our customers are met during the time of the transition period. To support a smooth transition, PAs should be allowed flexibility to extend third-party contracts until they are replaced by new third-party programs.

PG&E recognizes that the shift from existing third-party programs to new third-party programs solicited as part of the Business Plans' implementation may necessitate a transition from one implementer to another. PG&E recognizes the importance of supporting new and existing implementers, and customers in the transition. PG&E will work with incumbents to ensure all customers who have committed projects in the pipeline, and/or new customers, continue to have access to energy efficiency programs as existing long-term contracts may expire. Please refer to Section VII in the Solicitation Plan for detailed information on the transition from one implementer to another.

11. Explain how third party programs will meet the new definition in 2018: How will each program administrator ensure cohesion between their business plan visions and strategies, and third-party designed and implemented programs?

PG&E's Business Plan includes a vision, proposed intervention strategies, and example tactics in each sector that third parties can draw on to develop programs. These categories are intended to guide, but not limit, third parties' program proposals and designs.

In its role as PA,[8/] PG&E will shape solicitations to ensure programs align with the Business Plan vision while capturing market potential by sector / subsector, geography, technology, and/or

7/ D.16-08-019, OP 14.

8/ D.16-08-019, pp. 71 and 74, "By necessity, the program administrator will be determining the needs for which a solicitation is being conducted in the first place."

channel.[9/] In all cases, PG&E will seek third parties to propose and design programs that fit needs, and may work collaboratively with winning bidders to ensure the proposed program design meets the portfolio needs, and align with key portfolio and Business Plan metrics (e.g., savings goals, cost-effectiveness targets etc.).

Please refer to Section IV in the Solicitation Plan, which provides a comprehensive overview of each sector's approach, including vision, goals, key strategies, and savings targets.

12. Provide a description of the type of training/support that will or could be offered to implementers and potential bidders. Will this be offered jointly across the state? Will the training be offered year round?

A prepared and informed bidder pool is foundational to the success of the IOUs' sector solicitations. The IOUs plan to prepare and educate the marketplace for the upcoming solicitations through a series of outreach events and bidders conferences. Such support will be especially valuable to new and/or small business bidders. The IOUs will seek vendor and stakeholder feedback, and incorporate lessons learned, to enhance outreach and education. Trainings will be held jointly amongst the IOUs, and recorded to provide yearly access by prospective bidders.

Please refer to Section V in the Solicitation Plan for a detailed description of the outreach and training that PG&E expects to offer.

13. Include a description of the components of the RFPs. Will program administrators develop a 'standard' (user-friendly) RFP template and optional add-ons, and/or one or more non-standard RFP template(s) for more unique solicitations?

PG&E understands that providing clear and consistent direction is critical to receiving quality proposals and implementing effective programs. To this end, PG&E will work with the other IOUs to adopt standard RFP templates for common information requests to any extent possible. Table 3 in the Solicitation Plan outlines the information PG&E expects to be included in the RFA/RFP phases.

14. Provide an estimate for how many RFPs will be issued each quarter over the next three years.

PG&E's solicitation plan relies on a manageable number of solicitations — 3-5 RFPs on average every six months until the portfolio needs are fulfilled. These RFPs are staged to rotate through each market sector in successive rounds during a two-year timeframe and will establish the baseline portfolio of programs that will constitute the minimum 60 percent third-party requirement. Going forward, future targeted RFPs will be launched as needed per periodic all-sector RFA results and ongoing portfolio needs. Please refer to Figure 3 in the Solicitation Plan

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9/ D.16-08-019, p. 72, "We clarify…that nothing in this decision is intended to remove or diminish the utilities' responsibility for electric and natural gas reliability, particularly in local areas.

that outlines PG&E's 2017-2020 solicitation timeline. This solicitation timeline includes the estimated local and statewide RFPs over the next three years.

15. Describe how program administrators will ensure the RFPs will respond to address hard to reach communities or other segments, without direct oversight or of designing programs.

The RFA process will encourage the inclusion of strategic portfolio elements, including, but not limited to, hard-to-reach and disadvantaged communities.

While third parties will be responsible for leading program design, the Commission recognized that "utilities may consult and collaborate, using their expertise, on the ultimate program design implemented by the third party."[10/] PG&E may use its knowledge of customers to collaborate with vendors during the contract negotiation phase to adequately address hard-to-reach or disadvantaged communities, as needed.

16. Include the general scoring criteria and weighting the program administrators propose to use, to evaluate RFPs.

Generally, proposals received in response to RFPs will be evaluated based on their benefits in terms of cost per savings, feasibility; the proponent's capabilities and experience, and the promotion of PG&E values such as diversity and sustainability.[11/] PG&E also retains the discretion, in its sole judgment, at any time to formulate and implement new or additional criteria for the evaluation and selection of programs.

PG&E has not adopted a "one size fits all" relative weighting of evaluation criteria, as the scoring methodology employed may vary among solicitations depending on sector needs.

PG&E may elect to include as part of its solicitation protocol a list of "Key Selection Factors" which would be tailored to the specific procurement goals of each solicitation. This practice is similar to the CAISO Competitive Transmission solicitation process, and conveys points of emphasis within a solicitation without disclosing a mathematical weighting.

PG&E will provide the PRG with examples of weighting applied to evaluation criteria in previous energy efficiency solicitations. Please see Section IV for more information on sample evaluation criteria.

17. Describe the process if bids received are rejected, i.e., there is no selected bidder to implement a program. What are the steps to fill the program gaps if this happens?

To encourage vendors to create high quality proposals, PG&E will use a two-stage solicitation approach that will consist of a RFA stage as a precursor to a RFP stage as its primary solicitation format. PG&E will issue a Solicitation Protocol that gives specific instructions to participants in

10/ D.16-08-019, COL 57.

11/ Please see Section IV in the Solicitation Plan for more information on sample evaluation criteria.

each particular RFA or RFP. The introduction of the RFA stage in PG&E's solicitation process provides several benefits that circumvent the possibility of no selected bidder to implement a program. For example, an RFA provides an early warning if a given solicitation does not attract competitive proposals in advance of an RFP, thus allowing for the RFP to be optimized before launch. Each RFA will define the overall sector opportunity, define any statewide program opportunity, provide further definition of specific customer segment opportunities PG&E believes to be of particular value, and encourage the inclusion of strategic portfolio elements.

Additionally, PG&E's solicitation process offers the opportunity for a second round of bids if the portfolio needs are not met during the first solicitation round. Figure 3 in the Solicitation Plan illustrates a detailed schedule of anticipated solicitations for PG&E's local and statewide programs. During this second round of solicitations, PG&E will seek third parties to propose and design programs to fill any remaining gaps, and may work collaboratively with winning bidders to ensure the proposed program design meets portfolio needs and aligns with key portfolio metrics (e.g., savings goals, cost-effectiveness targets) to ensure a healthy, compliant energy efficiency portfolio.[12/]

In the case that no bidders are selected to deliver a program in an area that PG&E believes has high potential, PG&E will consider (on a case-by-case basis) implementing a program. In these instances, PG&E would comply with D.16-08-019 and provide a justification for why PG&E is better positioned to deliver this program than a third party.[13/]

Please refer to Section IV in the Solicitation Plan for detailed information on PG&E's two-stage solicitation approach.

18. Include a description of the additional timing/ramp up process for creating an Independent Evaluator (IE)/Procurement Review Group (PRG) process, if applicable.

The role and primary function of the IE and PRG should be established in the Business Plan decision. The process for instituting an IE - PRG review of PA solicitations of third-party implementers can be simple and straightforward. PG&E's current version of its conformed Bundled Procurement Plan includes an extensive description of PG&E's PRG process. See, PG&E Advice Letter 4750-E, approved June 15, 2016, "Bundled Procurement Plan," Appendix B, Procurement Review Group, and Independent Evaluator Administration," Cal. P.U. C. Sheets Nos. 190-201. PG&E recommends that its third party energy efficiency reviewers – the "EE PRG" and "EE IE" be constituted along the same lines as the PRG and IE practices used for supply-side energy resources (i.e., generation resources) since 2004. The same review structure has been successfully applied to PG&E's Demand Response Auction Mechanism (DRAM) pilot

12/ D.16-08-019, COL 57, "…utilities may consult and collaborate, using their expertise, on the ultimate program design implemented by the third party."D.16-08-019, p. 74, "…in the contract negotiation and implementation of successful proposals, the expertise of the utility personnel and the third parties should be brought to bear to ensure the best possible results."

13/ D.16-08-019, p. 73.

solicitation pursuant to Commission Resolution E-4754.[14/] To expeditiously apply this review process to energy efficiency solicitations, the Commission should authorize the following actions:

1. No less than 90 days prior to the date on which a PA expects to issue its first RFA/RFP under its approved Business Plan, the PA should issue a notice to participants in the CAEECC and members of its supply-side and demand side PRGs, inviting them to notify the PA of any interest in participating in the PA's energy efficiency PRG.

2. PRG membership includes both organizations and individuals. The Energy Division employees are ex-officio participants in the PRG. Organizations and individuals on the PRG must be non-market participants, may not be potentially enriched by the process of providing advice on the selection of potential Business Plan implementers, and are required to execute a Non-Disclosure Agreement.

3. No less than 60 days prior to initial RFA/RFP issuance date, the PA will nominate from the pool of submitted names and evaluate PRG members for participation in the PRG. No less than 45 days prior to initial RFA/RFP issuance date, the PA will recommend organizations and individuals to Energy Division for approval. No less than 30 days prior to initial RFA/RFP issuance date, Energy Division will provide the list of confirmed PRG members to the PA.

19. Explain how many IEs there would be, who holds the contract for the IE, how to ensure the IE has adequate experience in evaluating energy efficiency bids, or other relevant experience.

There are currently four IEs in PG&E's IE pool, Arroyo Seco Consulting, Merrimack Energy, Sedway Consulting, and PA Consulting. These IEs were identified and approved by the Energy Division in accordance with PG&E's Bundled Procurement Plan, Appendix M, Cal. P.U. C. Sheet No. 198-201. These terms, which have been filed with the Commission in compliance with D. 15-10-031, are reproduced below. PG&E strongly urges the reader to consult the plan, which may be found on PG&E's website under "2015 Advice Filing Index – Electric." PG&E proposes to apply these terms to its selection and use of an IE for EE resource procurement.

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14/ See, also, PG&E Advice No. 4900-E, seeking approval of the DRAM Pilot for 2018, which was approved by Resolution E-4817. The IOUs were instructed to launch the 2018-2019 DRA solicitation on March 10, 2017, as outlined in Res. E-4817.

(Excerpt from PG&E's Filed Bundled Procurement Plan, Appendix M)

B. Independent Evaluators

1. Independent Evaluator Pool

PG&E, in consultation with its PRG, shall develop a pool of at least three, but preferably more IEs. PG&E will develop and periodically add to its IE pool as follows:

1) PG&E shall develop a list of prospective IEs via industry contacts, literature searches, PRG recommendations, and similar methods. PG&E will solicit information from the prospective IEs and circulate the list of candidates and their "resumes" to the PRG and ED for feedback. All individuals who perform the specific IE responsibilities and duties are covered under the IE organization or company.

2) PG&E shall rely on the guidance regarding IE expertise and qualifications provided in D.04-12-048, D.07-12-052 and D.12-01-033. However, these qualifications should represent the minimum threshold necessary for an IE to be effective, and PG&E and the PRG will evaluate all relevant, energy procurement-related knowledge, skill, and experience as part of the IE selection process.

3) PG&E and its PRG shall identify and interview a subset of prospective candidates that PG&E, the PRG and ED staff deem most suitable for the role.

4) PG&E shall coordinate materials and submit its recommendations to the PRG regarding each prospective candidate (including the general consensus and any opposition to the consensus). PG&E shall submit a written list of qualified IEs to ED to add to the contracting pool. The list will contain the recommendations of the PRG that were submitted to the PRG. ED will evaluate the proposed IE's competencies based on the guidelines in D.04-12-048 as well as evaluating the IE's independence, including any conflicts of interest. ED shall give final approval for inclusion of an IE in the IE pool by letter to PG&E. ED will also have the right to final approval of the use of a particular IE for each RFO.

5) Beyond the development of the initial IE pool, additional IEs may be added to the pool by following the same procedures listed above.

6) An IE may remain in the IE pool for three (3) consecutive years, within which they must go through a re-evaluation process based upon the inclusion criteria to assure continued compliance. The re-evaluation

process will involve additional reviews of the IE candidate by PG&E, the PRG, and ED staff, including additional interviews, or the use of other evaluation tools, if necessary. The re-evaluation of an IE is based on both the organization and the individuals who have participated as an IE within that organization. The conclusions may include the inclusion of an organization and specific IEs in that organization. The resulting conclusions may also identify the specific IEs that will not continue in the pool for the next successive three years.

7) PG&E has developed a pro forma master contract to be used each time it contracts with an IE. If deviations from the pro forma contract are necessary, then the modifications must be approved by the ED. (fn 4: Id., pp 137-138 and Appendix E, pp. 2-3, as affirmed and modified in D.14-02-040, p.68.)

PG&E will provide to the PRG the name of the IE to be used in a specific procurement solicitation, along with the estimated and actual IE costs before and after the solicitation takes place. (fn 5: Id., Appendix E, p.3.)

(End of excerpt from PG&E's Filed Bundled Procurement Plan, Appendix M)

The Bundled Procurement Plan identifies the many situations in which IEs are used to review PG&E's supply-side energy procurement processes. IEs are used for all competitive solicitations seeking supply-side resources issued to satisfy service area need with products greater than two years in duration, the design and implementation of solicitations for transactions five years or greater in duration; all renewables portfolio standard (RPS) solicitations, bilateral negotiations, and energy storage solicitations.[15/]

Once an IE has been confirmed, it may be selected by the IOU to oversee a particular energy resource solicitation. Upon Energy Division concurrence, the IOU and IE would enter into a contract for IE services for the particular IOU solicitation.

PG&E submits that all four of the IEs in its pool are well suited to serve in the IE role for its Business Plan solicitations. PG&E identified certain qualified IEs and submitted them for evaluation by the Energy Division. Energy Division reviewed the proposed IEs' competencies based on the guidelines in D.14-12-048, confirmed the IEs' independence, and ensured there were no conflicts of interest. The resumes of the individuals employed by the IEs are publicly available at the CAEECC website.

PG&E recommends that this process continue to be used to qualify and select a pool of IEs to oversee PG&E's competitive solicitation of energy efficiency program implementers.

20. Explain what the IE would be reviewing: would they just review for compliance or would they evaluate program design?

Using a standard checklist based on the Solicitation Protocol for the particular procurement initiative, the IE would determine whether the solicitation was conducted in a manner that reasonably conformed with the approved Business Plan and Solicitation Protocol, and whether the solicitation results, i.e., selected programs or non-selection of any program, comply with the terms of the approved Business Plan, the Solicitation Plan, and CPUC solicitation directives. The IE would not evaluate program design.

The following excerpt from PG&E's Advice No. 5109-E (June 30, 2017), which seeks Commission approval of PG&E's 2018-2019 DRAM purchase agreements, summarizes the role of the IE:

> The California Investor-owned utilities ("IOU"), including PG&E, retained Merrimack Energy to serve as Independent Evaluator for PG&E's 2018-19 DRAM RFO. Merrimack Energy was retained to provide an independent evaluation of the appropriateness of PG&E's proposal evaluation methodology and selection process for product offers and to provide PG&E, PG&E's Procurement Review Group ("PRG"), and the Energy Division with periodic presentations, findings and other reports as requested. The objective of the role of the IE is to ensure that the solicitation process is undertaken in a fair, consistent,

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15/ Bundled Procurement Plan, Cal. P.U.C. Sheet no. 199-200, "2. Independent Evaluator Requirements."

unbiased and objective manner and that the best offers are selected and acquired consistent with the solicitation requirements. This role generally involves an assessment of the solicitation documents, detailed review and assessment of the evaluation process, the results of the quantitative and qualitative (non-price) analysis, selection of the short list or preferred product options, and monitoring and assessment of contract negotiations. For this solicitation, Merrimack Energy was retained from the beginning of the process through contract execution. Merrimack Energy participated in meetings of the DRAM RFO teams comprised of representatives of all three utilities prior to receipt of offers and coordinated with all three utilities separately after submission of offers.[16/]

21. Describe how many bids - the IE would be reviewing: should they review a sample or review all, or is there a dollar threshold? If a dollar threshold, explain why this threshold was selected.

The IOUs propose that IE and PRG oversight should be deployed on more significant solicitations, i.e., all statewide program solicitations and other third party program solicitations in which the expected aggregate contract value exceeds $5 million, to conserve ratepayer funds. Third-party solicitations that do not meet either of these two criteria would be conducted with the oversight of the PRG, as currently done.

22. Describe how the IOU IE/PRG process differs from the process that the CPUC currently uses for supply-side procurement.

PG&E proposes to use its approved IE/PRG process for the monitoring of its supply-side procurement for energy efficiency procurement, so differences would be limited to details required by the difference between the procurement of supply side versus demand side resources.

23. Is there a risk of a bidder getting selected in two or more different solicitations, to implement programs/serve customers located in a service area shared by an IOU and a REN or CCA? If so, how will the program administrators coordinate to eliminate or mitigate this risk?

No. As explained in the *Reply Comments of Pacific Gas and Electric Company (U 39 M) on Responses to the Questions in Scoping Memo Attachments A and B*,[17/] in the event that PG&E and other PAs operating in its service territory intend to offer the same energy efficiency program according to their Business Plans, PG&E believes it should be permitted to hold its solicitation prior to any solicitation by the local PA. This resolves at least two issues – first, the risk that a bidder would be forced to duplicate its services to one customer group on behalf of more than one PA, and second, the problem that would arise if a PA's program were denied economies of scope or scale due to a duplicative offering.

16/ PG&E Advice No. 5109-E, Appendix D (Redacted) Independent Evaluator Report of Merrimack Energy Group, Inc., p.14.

17/ *Reply Comments of Pacific Gas and Electric Company (U 39 M) on Responses to the Questions in Scoping Memo Attachments A and B*, pp. 4-10.

Appendix 2: Joint IOU Solicitation Timeline

	Description	Sector	Subsector Focus / Program Concepts / SW Program	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018	Q4 2018	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
JOINT	Statewide RFI	Platform	SW - Deemed Platform Support	RFI																	
PG&E	Statewide Program RFP	Cross Cutting	SW - Codes and Standards Title 24 - Phase 1		Start	End	Launch														
PG&E	Statewide Program RFP	Cross Cutting	SW - Codes and Standards Title 24 - Phase 2			Start		End	Launch												
PG&E	Open Sector RFA / RFP	Commercial	Large Office / High Tech / Regional SMB				Start		End	Launch											
PG&E	Open Sector RFA / RFP	Industrial	Food Processing / Petroleum			RFA	Start		End	Launch											
PG&E	Open Sector RFA / RFP	Residential	Single Family / Multi-Family				Start		End	Launch											
PG&E	Statewide Prog RFA / RFP	Cross Cutting	SW - WE&T Career Connections					Start		End	Launch										
PG&E	Statewide Prog RFA / RFP	Public Sector	SW - State of California Partnership					Start		End	Launch										
PG&E	Open Sector RFA / RFP	Public Sector	K-12 / Government				RFA	Start		End	Launch										
PG&E	Open Sector RFA / RFP	Agricultural	Dairies / Wineries / Breweries					Start		End	Launch										
PG&E	Open Sector RFA / RFP	Cross Cutting	C&S / WE&T / ET					Start		End	Launch										
PG&E	Open Sector RFA / RFP	Commercial	Retail / Healthcare / Hospitality							Start		End	Launch								
PG&E	Open Sector RFA / RFP	Industrial	Manufacturing						RFA	Start		End	Launch								
PG&E	Open Sector RFA / RFP	Residential	Single Family / Multi-Family							Start		End	Launch								
PG&E	Statewide Program RFP	Cross Cutting	SW - Codes and Standards Title 20							Start		End	Launch								
PG&E	Statewide Prog RFA / RFP	Cross Cutting	SW - WE&T Workforce Readiness									Start		End	Launch						
PG&E	Open Sector RFA / RFP	Cross Cutting	C&S / WE&T / ET								RFA	Start		End	Launch						
PG&E	Open Sector RFA / RFP	Public Sector	K-12 / Government									Start		End	Launch						
PG&E	Open Sector RFA / RFP	Agricultural	Greenhouses / Crop Production									Start		End	Launch						
PG&E	All Sector RFA	All	Ongoing										RFA								
SCE	Open Sector RFA / RFP	Commercial	SW - Commercial New Construction			Start		End	Launch												
SCE	Open Sector RFA / RFP	Industrial	-		RFA	Start		End	Launch												
SCE	Open Sector RFA / RFP	Residential	SW - Lighting Program			Start		End	Launch												
SCE	Open Sector RFA / RFP	Public Sector	SW - Gov. & Inst. Partnerships and Water/Wastewater Pumping				RFA	Start		End	Launch										
SCE	Statewide Prog RFA / RFP	Cross Cutting	Electric Emerging Technologies					Start		End	Launch										
SCE	Open Sector RFA / RFP	Agricultural	-						RFA	Start		End	Launch								
SCE	All Sector RFA	All	Future Targeted RFPs as Needed (per RFA results)								RFA										
SoCalGas	Local RFA/RFP	Residential	Whole Building / Residential DI / Prescriptive Incentives / Efficient Home Rating / DA Communit					Start	End	Launch											
SoCalGas	Local RFA/RFP	Commercial	DA Community Outreach / Small Commercial Standard and Comprehensive DI / Segment Soluti					Start	End	Launch											
SoCalGas	Local RFA/RFP	Agricultural	Small Ag Outreach / Urban Ag & Small Green Houses				RFA	Start	End	Launch											
SoCalGas	Local RFA/RFP	Industrial	Small Industrial Upgrades / Med & Large Food Beverage Facility Upgrade					Start	End	Launch											
SoCalGas	Local RFA/RFP	Public	DA Community Outreach / DI Public Facilities / Tech, Policy & Plan Assistance / Public Performa					Start	End	Launch											
SoCalGas	Statewide Program RFP	Residential	SW - Res New Construction						Start	End	Launch										
SoCalGas	Statewide Program RFP	Non-Resource	SW - Gas Emerging Technologies					RFA	Start	End	Launch										
SoCalGas	Statewide Program RFP	Commercial	SW - Foodservice POS									Start	End	Launch							
SoCalGas	Statewide Program RFP	Commercial	SW - Downstream Food Service								RFA	Start	End	Launch							
SoCalGas	Statewide Program RFP	Commercial	SW - Midstream Water Heating									Start	End	Launch							
SoCalGas	Local RFA/RFP	Residential														Start	End	Launch			
SoCalGas	Local RFA/RFP	Commercial														Start	End	Launch			
SoCalGas	Local RFA/RFP	Agricultural													RFA	Start	End	Launch			
SoCalGas	Local RFA/RFP	Industrial														Start	End	Launch			
SoCalGas	Local RFA/RFP	Public														Start	End	Launch			
SDG&E	Statewide Program RFP	Commercial	SW - Upstream-Midstream Commercial HVAC			Start			End		Launch										
SDG&E	Statewide Program RFP	Residential	SW - Upstream-Midstream Residential HVAC			Start			End		Launch										
SDG&E	Statewide Program RFP	Residential	SW - Plug Load and Appliances			Start		End	Launch												
SDG&E	Open Sector RFP	Commercial	SMB / Direct Install			Start			End		Launch										
SDG&E	Open Sector RFP	Residential	Multi-Family and Low Income Residential				Start			End		Launch									
SDG&E	Open Sector RFP	Cross Cutting	WE&T				Start			End		Launch									
SDG&E	Open Sector RFP	Commercial	Commercial Real Estate					Start		End	Launch										
SDG&E	Open Sector RFP	TBD	IDEEA 365					Start		End	Launch										
SDG&E	Statewide Program RFP	Residential	SW - HVAC QI/QM							Start			End		Launch						
SDG&E	Open Sector RFP	Residential	EUC, Behavioral, CMPH							Start			End		Launch						
SDG&E	Open Sector RFP	Agricultural	Agriculture							Start		End	Launch								
SDG&E	Open Sector RFP	Industrial	Industrial							Start		End	Launch								
SDG&E	Open Sector RFP	Commercial	Core Commercial Programs							Start			End		Launch						
SDG&E	Open Sector RFP	Residential	Residential Lighting									Start			End		Launch				
SDG&E	Open Sector RFP	TBD	IDEEA 365									Start		End	Launch						
SDG&E	Open Sector RFP	TBD	IDEEA 365													Start					