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Sent: Wednesday, July 26, 2017 5:42 PM
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Subject: A1701013 Third Party Solicitation Proposal Guidance

STATE OF CALIFORNIA

EDMUND G. BROWN JR., *Governor*

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298



July 26, 2017

To Interested Parties in R.13-11-005 and A.17-01-013:

Investor Owned Utilities (IOUs) are required, and other parties are invited, to submit comprehensive third party solicitation process proposals on August 4, 2017, pursuant to the April 14th Scoping Memo and the June 9th Administrative Law Judge ruling in A.17-01-013. Commission staff would request the August 4th proposals to address the following questions/ topics:

- 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.
- 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.
- To the extent possible, each IOU should describe how their solicitation strategy differs from the other IOU proposals.
- Identify and include a list of programs that do not count towards the 60% minimum target that will be outsourced.
- Explain how this transition to mostly third party- implemented programs/components/functions could impact the portfolio budget, particularly with respect to administrative costs.
- Identify and include a list of the statewide programs that the IOUs intend to outsource.
- Identify the advantages and disadvantages of all IOUs issuing and conducting solicitations at the same time.
- Include a joint schedule of proposed solicitations by each program administrator (PA) for each year.
- 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?

- IOUs should clearly explain how existing long term contracts will ramp down while the third party proposals ramp up to meet the 60% target.
- 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?
- 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?
- 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?
- Provide an estimate for how many RFPs will be issued each quarter over the next three years.
- 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.
- Include the general scoring criteria and weighting the program administrators propose to use, to evaluate RFPs.
- 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?
- Include a description of the additional timing/ramp up process for creating an Independent Evaluator (IE)/Procurement Review Group (PRG) process, if applicable.
- 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.
- Explain what the IE would be reviewing: would they just review for compliance or would they evaluate program design?
- 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.
- Describe how the IOU IE/PRG process differs from the process that the CPUC currently uses for supply-side procurement.
- 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?