CAEECC Ad Hoc 8/14 meeting notes:

Lara: introduction, intention is to ask questions and get answers from the PAs who filed plus ORA and CEE, we thought we’d just get into questions and go from there. Amulya is taking notes, we’re recording in case we miss something but this recording is not going up online.

ClearResult: each of the IOUs at least gave budget ranges. Can the IOUs explain the ranges? Why the ranges and whether the budgets are inclusive of incentives or are total sector budgets?

SCG: our solicitation plan identifies those budgets of being inclusive of incentives, so that would be the size of the contract.

PG&E: echo what SCG said. What we really want to encourage bidders to understand is that these are just ranges, really need bidders to bring their best price forward. We didn’t really want to put prices in there. We’re looking to you all to bring us the best cost. These budgets could be reduced, or they could grow depending on what the market does.

SDG&E: same

SCE: same—these are estimates, we’ll know more once we have the RFA & solicitations. Really depends on what we get from the market.

ClearResult: follow up—some IOUs were explicit that these budgets were statewide and inclusive of all IOU contributions. San Diego’s budgets looked small in comparison. The plugload appliance program’s budget was much small than 2013’s filing.

SDG&E: the PLA was the SDG&E contribution only

PG&E: if you read our plan, the contribution for statewide is only PG&E, but there is another document that we filed much earlier (responses to attachment B of scoping memo) that did have statewide budgets in total

Robert Mowris (RM): San Diego budgets have significant budgets for statewide programs, why are they not part of the solicitations? Trying to find why that money can’t be available for programs.

SDG&E: what’s the question? You don’t believe the funding levels are sufficient?

Robert: Workpapers should not be run by the utilities b/c its failed for years. That money should be bid out. Commercial program has also been a failure. Asked some of the SDG&E folks about why people haven’t gotten aggressive of changing these programs. I don’t feel like there’s enough concern by the utilities for the statewide programs, I think they should be bid out.

PG&E: if you read the solicitation plans--- everything is getting bid out. There’s nothing in these plans that suggests we aren’t being bid out

Robert: We have been trying to get work papers submitted for 5 years

Lara: this is about the solicitation proposals that we’re going to be submitting comments on soon. I understand your concern, but this isn’t part of the solicitation concerns submitted by the ORA CEE etc.

PG&E: the expectation moving forwards is that third parties WILL bring forward work papers. PG&E has explained the concept of a deemed platform. There’s an opportunity to improve the way we approach third party programs.

ORA: do you propose to bid out your work paper development? Do all PAs or do you intend to continue work paper development with utility staff?

PG&E: the engineering underlying work paper is going to be bid out. We’re working collectively w/ the other IOUs to issue an RFI to create a statewide approach to the Deem (deed?) platform

ORA: so all utilities intend to bid out third party for work papers?

SDG&E: I think we’re committed to the RFI.

PG&E: we need to have some level of QA/QC. We would still want engineers to check the work

Robert: Your engineers are not qualified to check the work

ORA: Edison and SCG?

SCE: we have not been part of the discussion on bidding out. I could provide a follow up response. But at the moment we don’t have a response on whether it’s going to be bid out

SCG: we’re participating in the RFI process, optimistic about it.

Michelle, CEDMC: can we confirm that all of the PAs are going to be noticing on PEPMA?

All: yes

CEDMC: We’re assuming the RFA is up there? Edison looked like it was going to be the RFP, not the RFA?

SCE: no it’s going to be the RFA, RFPs are going to be offered for those who get through RFA

CEDMC: we noticed a lot of detail in your step one RFA process including cost effectiveness. Are you looking for a full level of analysis at this point? PG&E was super different. Are the requirements going to be consistent across the PAs. Wasn’t clear how S1 was different from S2 for SCE.

SCE: Cost-effectiveness is important to us, we would ask for that in the RFA> details of program design don’t need to be there. RFP would be a more robust.

CEDMC: so you’re asking for a full cost-effectiveness analysis in the RFA? That’s quite a bit

SCE: yes

CEDMC: terms and conditions was firmed up at the end. Are there going to be standard T&C released upfront? So bidders can know if they should count themselves out?

PG&E: I think so? I would have to check but I would like to say yes. Some of those go/no go things we’d like to include in the training.

Robert: why are the utilities are involved in the third part proposals? Shouldn’t that be a separate organization?

NRDC: the current CPUC rules allow for the IOUs, MCE, and RENs to be the administrators for their portfolios. One of my questions is what is the role of independent evaluators to assess the 3P bids. There’s going to be a compliance effort there depending on how the commission rules. But it is the role of the utilities to be PAs of their portfolios. That has been set in stone in 2005. The scope of administration isn’t in the business plans.

CEDMC: still waiting for my answers

SDG&E: we’re looking to publish our standard terms and conditions

SCE: actual T&C we’re still working with our supply management. But the basic stuff around safety requirements, cyber security, that’ll be in the solicitation. But these T&C will be negotiated still when we award the contract

SCG: same

CEDMC: what types of data would third parties be interested in leveraging in their program design. It would be helpful to know what kinds of data would be available.

PG&E: best place to look would be business plans

SDG&E: same, also if you have any ideas about this include them in the comments.

SCE: same, start w/ business plans. Also look @ past EM&V studies especially those with specific recommendations to address. Repackage it to something better that is most cost-effective

SCG: same w/ business plans. We’re planning in RFA release to identify advanced meter data we would make available for bidders

Ross, BlueGreen Alliance: going back to the range of budgets. For PG&E WE&T, why the large range?

PG&E: we have new programs, not sure what it’s going to look like. We’re ready for new and innovative ideas

SDG&E: we didn’t want to have giant budgets, but we did want to have enough money to make sure the program can scale

BGA: actual budgets will be determined by bids, right? (yes)

PG&E: WE&T includes synergies. While we outsource a majority of that work, that’s not necessarily reflected in the budget. This budget is just for third party programs (not centergies)

PG&E: difference between what’s going to be outsourced vs what is outsourced and credited to a third party.

SDG&E: even the training—we still need to work through what counts as third party and what doesn’t esp when you’re looking at a third party program. It might still be bid out but might not be counted as third party. We bid out a majority of our stuff but it might not be counted as third party under the new requirements.

BGA: for SCE & SDG&E both listed WE&T as local programs. Is that a mistake or??

SDG&E: no not a mistake. There’s a new downstream workforce program, the connections program 🡨 both statewide. The third program is called centergies—those are the classes/workshops/trainings that happen @ energy centers and online centers all locally administered programs

NRDC: Is PG&E open to switching the order of some workforce bids? The readiness bid is in 2019 but centergies is earlier. Perhaps switch b/c centergies are up and running but readiness isn’t?

PG&E: we’ll take it into consideration

SDG&E: one of the reasons it’s so far out is because it’s a brand new program. We’re starting from scratch going out into the market. Also it’s different b/c WE&T is a different kind of audience as opposed to the standard contractors for EE.

NRDC: that makes a good argument for doing it sooner to get more folks involved. Another question, for all the utilities, these RFA plus RFPs—is there any way to shave off any time? A lot of them take 18-20 months. Another thing—we’ve heard from a lot of parties about uncertainty in two stages. Is that better for you, the implementers? Is there anything we can do so we don’t have to wait til 2019 to get things moving?

PG&E: yeah it’d be great if we could shave off time. We were being conservative in our estimates. Also we want to give people time to put out quality programs. It will take time for folks to put out good proposals. For RFA to RFP—so this is new for PG&E. For the first workshop we had we did RFP first. But after conversations w/ vendors we think the two stage approach will result in better programs in the long term and reduce frustration for some vendors. This is faster and people know sooner if they’re not going to get the bid. We also want to give people better feedback.

CEDMC: SDG&E said contractors won’t know til the end but they’re one stop. So if there is a way to allow people know if they’re not in after a few months. Cost-effectiveness analysis at the beginning is going to kill the RFA for us. The lighter the RFA is (with pertinent info of course) the easier it’ll be for more information.

ClearResult: yup that makes sense. We like the two stage option b/c it helps us save time in the end. If it’s too light an idea for an RFA it might hurt someone who would have made a better RFP. Overall, we like it more than we don’t like it.

ORA: originally, the two stage solution was designed for innovative programs. That may or may not make sense for more established resource acquisition programs where the strategies and approaches are more tested. The idea for two stage stuff is to not shut folks out before they have a good idea. But my worry is when you have light RFAs, you shut out people who would have had good RFPs. @ the PAs, how do you balance those things? Innovation vs proposals that are good. Plus also it’s a lot more work from a reviewing perspective.

PG&E: it was our way to better assess what our portfolio could or should look like. The RFA & RFP approach isn’t new. The federal government uses this. In the long run, while it seems like it’ll be more time, we think it’ll shrink the time afterwards. We think it’ll help us get program on the street faster. That said, it’ll be a three year process and we can adjust.

SCE: we haven’t done a third party solicitation for many years. It’s hard to say what is going to be available in the market and @ one price point. An RFA will really help us identify and build our portfolio. It’ll help us have better quality in reviewing solicitations.

SDG&E: SDG&E has chosen the single stage mainly because we feel like we’ll get a more robust view of the program and what cost-effectiveness would be like coming out of the gate. At the point of the interviews, we’re downselecting to however many programs/contractors would support that need. At the second stage we’d ask for more refinement. Other than it not being an abstract and white, it does have two stages w/in the one RFP process. It does feel like if we ask for the full RFP at the beginning, RFAs don’t ask for pricing they ask for concepts.

SoCalREN: I agree w/ everyone. I’m thinking that we all know from past experience that procurement the longer it carries out the more it’ll cost. Not the most cost-effective use of our time. Whether or not some kind of parameters we want to put on it b/c otherwise I’m just concerned about what that means for the marketplace. You might have a lot of confusion. I’m not going to call it two stage, exactly, but we want the ability to do that too but this is all about cost-effectiveness so we’re looking at every tactic to drive up savings in the portfolio. I’m also thinking down the road in the future there are going to be a lot of CCAs coming in in the future. We don’t have to solve the issue of multiple requests on the street at this meeting but it might be helpful to come up with a framework we’re all comfortable with.

NRDC: you’re saying we need to be careful not to have too many RFAs at one time or??

SoCalREN: increasing number of PAs putting RFAs out on the street, it’s gonna cause confusion for vendors looking to respond for this because they’re all different kinds

ORA: also if you do two stage, you’re doubling the number of instruments out on the street so the confusion will be even worse.

CEDMC: well ideally it isn’t going to be open for all. I’m understanding that the two step single stage process, there’s going to be a down selection in the interview part of the process. Is it possible to have any notification at that point? I know the proposal says it wouldn’t but it would be super helpful.

SDG&E: traditionally we haven’t notified about this but put it in comments and we’ll take a look

ORA: 5 million $ threshold for use of independent evaluator. Why?

NRDC: also budget for each program or budget for RFP?

ORA: also which solicitations or how many solicitations would NOT meet that threshold aka not utilize the independent evaluator?

SCG: no independent evaluator. Don’t think the independent evaluators are necessary for this approach. This is normally used for electric procurement, not the gas side, throughout the companies. We set the 5 million dollar threshold amongst the utilities. It would be a very small number.

ORA: so the majority of your portfolio would not use an independent evaluator, even if the commission required it for gas.

SCG: it would depend on what the 5 million is—life of contract or annual basis.

ORA: on individual contract or all contracts in solicitations.

SCG: individual contract. we haven’t looked into the weeds. Preference would be on the contract.

ORA: Plan A is no independent evaluator, Plan B is almost no independent evaluator?

SCG: yes

SCE: a bulk of our solicitations would be for the independent evaluator. Given the budgets that we have for residential, commercial, and industrial, there’s going to be heavy use of IEs.

ORA: do you have any more color on why 5 million? Would you do it on the solicitation or individual contracts within the solicitation?

SCE: main function of IE is to make sure solicitation process is fair. IE would be involved from the very beginning. We won’t know individual contract budgets @ that point so IE would be involved from beginning to end so we’d be able to identify contracts.

ORA: so 5 million threshold is for the solicitation budget?

SCE: Not sure how that’s going to play out?

NRDC: 5 million for RFP is very different than 5 million for individual contract

SDG&E: 5 million is annual contract amount for one program. We looked at different sectors and solicitations going out and we felt that that was a reasonable number. We anticipate that we’ll use an IE for a majority of them.

NRDC: so a majority of contracts will be over 5 million?

ENOVITY: 5 million is a pretty large amount for implementers

ORA: I’m just trying to figure out what the basis is? I don’t get how you do an IE program by program if you have a solicitation for multiple contracts so if it’s by contract, how do you do that?

PG&E: (not speaking on behalf of PG&E) yeah we didn’t write this as clearly as we should. We don’t want to assign a specific budget amount. When the proposals come in and they’re above 5 million that’s when they’d be subjected?

NRDC: but how does that even work b/c the IE looks at all the proposals before you know how much each one is worth?

ENOVITY: what’s the objective of the threshold?

SDG&E: initially it was because we don’t want to have an IE for every little thing (like catering contracts or something).

PG&E: like for WE&T those are super small contracts. Putting those through that process probably wouldn’t be for the best interest of anybody

NRDC: yeah we don’t have the judgement yet on the threshold because we need the data from which that was determined (look at EEGA but challenging to find specific budgets for programs vs. 3P aggregated)

ClearResult: that is one way to cut the current portfolio. There’s no way to know what the financial threshold should be until the solicitations are out?

ORA: so perhaps the dollar threshold is premature

PG&E: if we use an IE for everything we’re not going to meet out 2020 goal.

BGA: so where did the 5 million come from??

PG&E: we looked @ existing programs today that are big and meaningful

BGA: would there be a desire from PAs for new statewide programs (WE&T) to be automatically included in the IE process

NRDC: was thinking the same thing. Statewide plus 5 million would use IE [ORA agreed]

PG&E: nope its statewide and third party that are above 5 million

ORA: what proportion of the portfolios would meet the threshold?

PG&E: a majority

NRDC: @ SoCalREN I understand that you already have a transparent process for contracting but I’m not sure what the IE would do to ensure that RFPs and bids comply with CPUC direction and business plan.

SoCalREN: CPUC directive and guidelines and special processes and accounting templates would all be in the RFP.

NRDC: right but nobody is checking?

SoCalREN: we have an evaluation committee. That committee has to sign off on representation that they are only basing their decision on actual relevant issues, no outside influence. If an RFP doesn’t meet those mandates it probably doesn’t even make it to the evaluation committee. Items from business plans would be considered mandatory elements from any subsequent agreement. Part of the eval committee process also has a procurement cost. Also, likely me, would sit in to make sure it’s detailed enough and they have all info they need to vote on to make sure they meet all mandated elements.

Jon Walsh? (speaker from phone): how do we get our program to qualify for all this?

NRDC: go to the CPUC (Jeorge Tagnipes – Jeorge.tagnipes@cpuc.ca.gov)

ORA: for the utilities—could you explain which activities you propose to keep in house beyond 2018? In particular: customer acquisition, data analytics, work papers, etc.

SoCalREN: for the most part, most if not all of these would be contracted out b/c the only way to have this in house is how we hired a consultant experienced in this very specific area. But we are talking about audits and rebates. To the extent that there are people that already have these skills, they already have jobs. But we don’t need it for a full time employee.

BayREN: it’s all bid out

SCE: contract management and regulatory reporting compliance oversight and tracking portfolio planning EM&V, building and program data mining, quality control reviews 🡪 all stay in house. Most of this is program admin function

ORA: data mining and audits. Could you explain why you’d keep those in house? Do you mean financial auditing or delivery of customer audits?

SCE: regulatory audits, not customer audits. Data mining is required for us for program data delivery and billing; reporting purposes not at the customer site.

SDG&E: we talk about the general transition from IOU admin to third party. In the beginning, we’re not going to outsource a lot at the same time we’ll be bidding out the portfolio. We’re not describing the kinds of services these third parties would offer. We will consider stuff like processing rebates as part of the RFP. Over time as third parties bid different aspects of the portfolios we will look into that. In the mean time, we don’t expect to wholesale outsource the portfolio since work needs to be done over the next two to three years.

ORA: so if you don’t intend to put rebate processing out as a function, how do you expect to get a proposal for it? Either you intend to solicit it or you don’t? Doesn’t make sense to just wait because it’s a cost, doesn’t have savings.

SDG&E: in a proposal, if a person says we’ll do rebate processing. If we get a proposal that doesn’t include that, we have to fill that gap. We’re working w/ the other PAs to see what is reasonable to do statewide but right now we don’t know what the proposals are going to be and what level the implementers are going to need us to do things.

ORA: okay yeah, but are you going to ask the market are you going to provide x?

PG&E: when you ask if we’re going out to bid for that are you envisioning a bid for wholesale rebate processing? Or are you suggesting whether we would expect rebate processing to be a part of a third party program’s proposal?

SDG&E: audit delivery we’re willing to put that out. Data analytics piece we prob ably won’t put out. Processing, depends on what we get, how much need there is going to be for it. We get into data issues and privacy issues, etc. Customer acquisition, not sure. Work paper development, we’re thinking of doing that statewide.

RM: utilities can turn in third party work papers any time, but if you have new technologies coming through the pipeline, but people won’t have those technologies to bid?

NRDC: Jeorge will know what to do. If you can’t get a work paper through: getting it submitted, getting it through. We should take this offline and figure it out. If Jeorge isn’t the right person then he’ll direct you.

PG&E: moving forward, third parties are going to manage their work paper process. In the existing process, we’re working with third parties to develop work papers.

ClearResult: for all the PAs—whether the PAs will accept multiple responses for the same RFA or RFP from the same implementer?

SDG&E: yes

ClearResult: if implementers can propose statewide programs under an RFA that is not statewide

PG&E: yes. If you’re proposing upstream or midstream program, that’s statewide. Implementation will be hard but yeah upstream and midstream is a v cost-effective way to achieve savings. If you propose something to PG&E that you think should be statewide, we’ll have to run that by all the other IOUs.

PG&E: btw PG&E would like to suggest a removal of our indoor ag program

ORA: perhaps you should have an open solicitation for a that statewide program

ClearResult: also for the IOUs—we have a pretty strong supplier diversity program, in all the IOU programs the size of the diverse company was called out as a positive sign of diversity. Why is size important here? Small businesses get an advantage. Why is this a new criteria, when the CPUC has already established criteria from General Order 156.

SDG&E: Other than requirements from the CPUC, the requirements are set by our supply management & diversity management groups.

Small Business Utility Advocates: Value of weighting participation of small businesses a little more regularly. Smaller businesses create more jobs, even in state contracting bids get a 5% bump if they’re a small business.

CEDMC: But why the combination though? Sounds like SDG&E says that is the case but it gets weighed quite minimally?

SDG&E: that criteria is set by the supply management team.

SCE: we would like to encourage big orgs to work with smaller entities

SCG: same as SDG&E

PG&E: upcoming event—9/18 @ the PUC first vendor training, supplier folks will be there

ORA: customer acquisition, data analytics, audits, work papers etc. @ SCG and PG&E

SCG: we’re keeping all that—it would be duplicative if an implementer proposed any of this, it would be on top of our efforts.

PG&E: all of these are fundamentally part of a program design. We have to see what is going to come in. For customer acquisition: the pool of our account reps shrinks from what it is today, but we do feel that they do play an important role since we do have different obligations to these customers. Work papers we have our vision for a new platform, but we have an obligation to do QA/QC from a regulatory perspective. On rebate processing: we need to still have a self-service channel for our trade programs. They’re an extremely important very cost effective channel for us. The volume would be so low as we move to third parties so we would need something in house.

NRDC: Is IDEEA 365 going to be its own separate thing or is it going to be combined. Definition of innovation is still the one we picked in 2007?

SCE: the way we differentiate is b/c Idea is smaller proposals

SDG&E: also separated. Innovation is defined somewhere before, we’re using the same one.

SCG: somewhat the same, we didn’t address it specifically. This plan would address core elements of the portfolio. IDEAA 365 would be suspended during that time. Kicked up again when the solicitations are all out.

PG&E: embedded w/in the sector RFA

Steve, Synergy Company: ty for the opportunity!

Strategic Energy Innovations: for PG&E around WE&T, under the statewide administration it lists k12 connections and you talked about statewide administration of career workforce and readiness. Where would colleges and universities fall? Doesn’t look like its under connections so would it be under career workforce and readiness?

SDG&E: the college age range was kind of a muddy area. In all four of the IOU business plans, there’s a grid that has each of the programs listed out, there are two separate areas: core energy education which is where we’d be focusing on the kinds of programs you’re talking about like community colleges, vocational schools, labor unions, etc. More about providing curriculum, etc. modified. Happy to discuss more.