

**ENERGY EFFICIENCY
THIRD-PARTY PROGRAM SOLICITATION PROCESS**

**Advice Letter
Template**

**Energy Efficiency
Energy Division
California Public Utilities Commission**

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OVERVIEW

1. Introduction

The California Public Utilities Commission's (CPUC) Decision (D.)18-01-004 requires the investor-owned utilities (IOUs)—Pacific Gas & Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE), and Southern California Gas Company (SoCalGas)—to file a Tier 2 advice letter for each energy efficiency (EE) third-party contract that is valued at \$5 million or more and/or with a term longer than three years, for CPUC review. This decision also requires CPUC to produce this template for the filing of the required advice letters.

This document provides the advice letter template developed by CPUC staff and guidance to the IOUs for submitting advice letters for EE third-party contracts. This document also reflects the requirements set forth in General Order (GO) 96-B, which governs all advice letter submittals.

2. Advice Letter Process for Third-Party Contracts

The steps leading up to the advice letter submission involve Procurement Review Group (PRG) and Independent Evaluator (IE) oversight. After completing contract negotiations, the IOU prepares a contract summary and presents it to the PRG for review. The IE prepares the Final IE Report for inclusion with the advice letter and submits it to the PRG and IOU. Upon CPUC approval of the advice letter, the IOU issues a Notice to Proceed to the Third-Party Implementer (TPI) to begin work for the draft implementation plan.



Figure 1: Advice Letter Process for EE Third-Party Contracts

3. Advice Letter Requirements

The advice letter template consists of two parts: Part 1 is the public section of the advice letter, including two (2) public “attachments,” and Part 2 is the confidential section consisting of up to four (4) “appendices.” In the filed advice letter, Part 1 should only contain public information. Any confidential information should be provided in Part 2.

As much information as possible should be provided in Part 1; however, if a complete answer requires the disclosure of confidential information, then the IOU should redact information considered confidential from Part 1 (as required by D.06-06-066) and indicate sensitive information is provided in the appropriate confidential appendix in Part 2 of the advice letter. A description of the information and reasoning for confidential treatment of the information should be summarized in Part 1 Section 4 of the advice letter. A separate declaration made under penalty of perjury and seeking confidential treatment shall be filed concurrently with the advice letter consistent with D.06-06-066, and all other

subsequent and relevant Commission decision regarding the treatment of confidential information.

The third-party advice letter submission requires specific documents for review and approval by the CPUC, including a signed executed contract between the IOU and the TPI. Table 1 below provides a list of the required content for advice letter submission and indicates where the content is to be provided, depending on whether content is public or confidential.

Table 1: Required Content for Advice Letter Submission

	Contents, Attachments, and Appendices	Part 1 Public	Part 2 Confidential
1	Introduction: Purpose and Subject (Summary of Contracts)	Part 1.1.A-1.1.B	Appendix D
2	Introduction: Solicitation Process Overview	Part 1.1.C	Appendix B
3	Transition Plan	Part 1.2	
4	Confidentiality	Part 1.3	
5	Final IE Report	Attachment A	Appendix A
6	Program-Level Measurement & Evaluation (M&V) Plan for NMEC programs seeking exceptions to the NMEC Rules	Attachment B	
7	Selection spreadsheet (in Excel)		Appendix C
8	Executed third-party contract		Appendix E

The IOU shall use the TPI's contract to populate the tables in the template. Where applicable, a separate table shall be provided for each contract submitted and labeled in sequence. Please do not create your own tables to replace the ones provided in the template.

Energy Division's preference is one advice letter for each solicitation (i.e. the advice letter can be submitted for the batch of contracts resulting from a single solicitation). If the solicitation is multi-sector, then the IOU should group contracts in the advice letter by sector in Table A below (i.e. clearly identify which contracts are targeting which sectors, and group the contracts targeting the same sector together.)

In addition to filing the advice letter, please send an electronic copy of the advice letter in PDF, Microsoft Word, and Excel to the assigned CPUC Energy Division, Energy Efficiency lead(s) overseeing the solicitation process.

The following sections provide the template with instructions for Part 1 and Part 2.

ADVICE LETTER TEMPLATE PART 1: PUBLIC SECTION

The title for each advice letter should include the name of the utility, the solicitation name, and if not already clear in the solicitation name, the sector(s) targeted by contracts, and if the solicitation is “statewide.”

1. Introduction

A. Purpose

Identify the purpose of the advice letter consistent with D.16-08-019, D.18-01-004, D.18-05-041, D.19-01-003 and any other relevant Energy Efficiency decisions. Describe how the solicitation is in conformance with the strategies in the utility’s business plan and how the contracts will contribute to an overall cost-effective energy efficiency portfolio, noting any programs that offer innovative program design or delivery. Note, specifically, the following: (1) how the contract or suite of contracts will contribute to meeting the utility’s target for third party programs; (2) whether or how the contract or suite of contracts will contribute to the utility’s energy savings goals, and; (3) whether the contract or suite of contracts is within the budget established by the Commission. Please ensure this section does not exceed five pages in length.

B. Subject

Identify the subject(s) of the advice letter through an overview list of contracts awarded from the solicitation in Table A. Group all contracts in the same sector together. List contracts that do not require approval via CPUC advice letter at the bottom with a grey cell background.

Table A: Contracts in [Name] Solicitation		
Contract	Budget	Duration
[Sector]		
1.1 [Contract Name]	[\$]	xx months
1.2 [Contract Name]	[\$]	xx months
1.3 [Contract Name]	\$4.5M	28 months
[Sector]		
2.1 [Contract Name]	[\$]	xx months
2.2 [Contract Name]	[\$]	xx months
2.3 [Contract Name]	[\$]	xx months
[Sector]		
3.1 [Contract Name]	[\$]	xx months
3.2 [Contract Name]	[\$]	xx months
3.3 [Contract Name]	\$3.5M	29 months

Using the table below, summarize each contract for contracts requiring approval via Advice Letter. A separate table shall be provided for each contract submitted and labeled in sequence as Table B-# or B-#.# (for multisector solicitations) to correspond with the number for contract in Table A.

Table B#(.#): General Contract Summary – Contract Name		
1	Solicitation name	
2	Type of program: local, regional or statewide	
3	Delivery Type – specify the delivery type (i.e., direct install, upstream, midstream, or downstream)	
3.1	A. Direct Install/Downstream Customer Targeting (Yes or No)	
3.2	B. Customer Targeting brief description, if applicable	
3.3	C. Midstream/Upstream Market Actors receiving incentives (i.e., manufacturers, distributors, contractors, or other (specify)).	
4	Market/Sector(s)	
5	Customer Segment(s)	
6	Third-Party Implementer/Subcontractor name	
7	Name of program or service	
8	Brief description of program or service (2-3 sentences)	
9	Total kWh Energy Savings (First year, net)	
10	Total MW Energy Savings (First year, net)	
11	Total therms Energy Savings (First year, net)	
12	Hard to Reach (HTR) Customers ¹ . Provide forecasted total number of HTR customer accounts (by customer segment) receiving program and total savings (net first year kWh, kW, and therms) to HTR customers from program over all years program in effect	e.g. 2,010 residential HTR customers, 20,000 kWh, 100 KW, 2000 therms for PY 2021 and 2022
13	Disadvantaged Community (DAC) ² Customers. Provide forecasted total number of DAC customer accounts (by customer segment) receiving program and total savings (net first year kWh, kW, and therms) to DAC customers from program over all years program in effect	e.g. 40 commercial DAC customers, 10,000 kWh, 750 KW, 1500 therms for PY 2021,2022, 2023; 150 residential DAC customers 300 kWh, 20 KW, 400 therms for PY 2021, 2022, 2023
14	Forecasted Number of Customers Served by Program Year	
15	Area(s) Served (including service territory, climate zones, cities, and/or counties, as applicable)	e.g. “PG&E service territory, CZ 3 and 12” or “SCE service territory, all climate zones” or “Ventura County” or “City of Los Angeles”
16	Program TRC ratio (CET output)	

Table B#(.#): General Contract Summary – Contract Name		
17	Program PAC ratio (CET output)	
18	Program \$/kWh (TRC leveled cost, CET output)	
19	Program \$/kWh (PAC leveled cost, CET output)	
20	Program \$/MW (TRC leveled cost, CET output)	
21	Program \$/MW (PAC leveled cost, CET output)	
22	Program \$/therm (TRC leveled cost, CET output)	
23	Program \$/kWh (PAC leveled cost, CET output)	
24	Budget: Forecast budget by program year (PY) for each year contract in effect	e.g. \$500,000 (PY2020), \$1.2 million (PY2021), etc.
25	Budget: Forecast expenditures by program year (PY) for each year contract in effect	e.g. \$400,000 (PY2020), \$1.3 million (PY2021), etc.
26	Budget: Total Program Budget (include explanation for difference, if any, from total contract budget provided in Table A)	
27	Budget: If EE/DR component to the program, provide dollar amount and percent of total budget dedicated to EE/DR component	e.g. \$EE-DR project budget/\$Total Budget = xx%
28	Measure(s)	
29	Savings Determination Type (i.e. custom, deemed, Net Metered Energy Consumption, or Randomized Control Trial)	
30	Savings Calculation Method(s) (Meter-Based, Deemed, Calculated, Multiple and/or Other) If Multiple or Other, please specify	
31	Contract start date and end date	e.g. MM/DD/YYYY – MM/DD/YYYY
32	Program start date and end date. If program dates aren't defined by the period the program is open for customer participation, explain, and also include customer participation period.	e.g. MM/DD/YYYY – MM/DD/YYYY

1. Hard to Reach Customers: Specific criteria were developed by staff to be used in classifying a customer as hard-to-reach. Two criteria are considered sufficient if one of the criteria met is the geographic criteria defined below. There are common as well as separate criteria when defining hard-to-reach for residential versus small business customers. The barriers common to both include:
 - Those customers who do not have easy access to program information or generally do not participate in energy efficiency programs due to a combination of language, business size, geographic, and lease (split incentive) barriers. These barriers to consider include
 - Language – Primary language spoken is other than English, and/or
 - Geographic – Businesses or homes in areas other than the United States Office of Management and Budget Combined Statistical Areas of the San Francisco Bay Area, the Greater Los Angeles Area and the Greater Sacramento Area or the Office of Management and Budget metropolitan statistical areas of San Diego County.
 - For small business added criteria to the above to consider:
 - Business Size – Less than ten employees and/or classified as Very Small (Customers whose annual electric demand is less than 20kW, or whose annual gas consumption is less than 10,000 therm, or both) , and/or

- Leased or Rented Facilities – Investments in improvements to a facility rented or leased by a participating business customer
- For residential added criteria to the above to consider:
 - Income – Those customers who qualify for the California Alternative Rates for Energy (CARE) or the Family Electric Rate Assistance Program (FERA), and/or
 - Housing Type – Multi-family and Mobile Home Tenants (rent and lease)
- 2. Disadvantaged Community Customers (DAC): Disadvantaged Communities are located in the most environmentally burdened California census tracts, as determined by the top 25 percent highest scores when using CalEPA's CalEnviroScreen tool. Disadvantaged communities are the communities that suffer a disproportionate impact from one or more environmental hazards, and are likely to experience disparate implementation of environmental regulations and socioeconomic investments in their communities.

C. Solicitation Process Overview

Describe the IOU's two-stage solicitation process in accordance with D.18-01-004. Any information in this Section 1.1.C that is confidential must be included in Appendix B.

1. IOU Solicitation Process

Explain the IOU solicitation process, including:

- a) Access to solicitation documents and timelines used
- b) Communications with respondents, including overarching questions from bidders and responses provided
- c) Independent Evaluator participation in the process, including a summary of recommendations and input they provided

2. Marketing and Outreach

Describe marketing and outreach efforts to increase awareness, including:

- a) Explain marketing and outreach to bidders to increase participation
- b) training and workshops that were provided to interested bidders
- c) efforts to increase bidder awareness of the process and the tools/platforms used to communicate this opportunity

3. Solicitation Event Schedule

Document the event schedule for the solicitation in Table C

Table C: Solicitation Event Schedule	
Activities	Date
Stage 1 RFA Events	
1	RFA issued
2	Pre-Bid Conference (optional)
3	Bidder's deadline to submit written questions
4	IOU response due to bidder questions
5	Bidder's abstract submission due

Table C: Solicitation Event Schedule

Activities	Date
6 Shortlist notification	
Stage 2 RFP Events	
1 RFP issued	
2 Pre-Bid Conference (optional)	
3 Bidder's deadline to submit questions to IOU	
4 Bidder's deadline to submit CET to IOU for preliminary review (optional)	
5 IOU responses due to bidder questions	
6 IOU responses due to preliminary CET review	
7 Bidder's proposal submission due	
8 Bidder interviews conducted by IOU	
9 Bidder shortlist notification	
10 Contract negotiations and execution	
11 Tier 2 Advice Letter submission	

4. Independent Evaluator (IE)

The use of a pool of IEs is required by D.18-01-004.

- a) Provide the name(s) of the IE.
- b) Describe the oversight provided by the IE(s) and a summary of their input / recommendations.
- c) List when the IE provided any findings to the PRG regarding the applicable solicitation(s), bid evaluations and selections, and contract negotiations.
- d) Insert the public version of the Final IE Report.

2. Transition Plan from Pre-Existing Program to New Program

Summarize for each contract the IOU proposal to transition from its current implementation of similar program(s) to the new third party implemented program. This will include the IOU plan to continue its staffing program design and/or delivery functions with utility personnel consistent with D.16-08-019 Conclusion of Law 58. Be sure to provide Program ID #(s) this contract/program replaces. If this contract is replacing an existing program only in part, describe which part of the existing program is being replaced, and what will remain.

3. Confidentiality

Explain if confidential treatment of specific information is requested. Describe the information and reason(s) for confidential treatment consistent with the showing required by D.06-06-066.

Attachment A: Final IE Report (Public)

Insert the public version of the Final IE report as Public Attachment A.

Attachment B: Program-Level Measurement & Verification Plan

For contracted programs using Normalized Metered Energy Consumption (NMEC) that are calling for exception to NMEC rules: Describe detailed Program-level M&V plan, as called for in the most recently updated NMEC Rulebook. A separate Program-Level M&V plan shall be provided for each contract seeking an exception NMEC Rulebook and shall be labeled in sequence as Attachment B-# or B-#.# (for multisector solicitations) where the numbering corresponds with the number for contract in Table A.

ADVICE LETTER TEMPLATE PART 2: CONFIDENTIAL APPENDICES

This section provides guidance for Part 2, the confidential appendices of the advice letter. Content in Appendices A,B, and C are Solicitation wide, in that a separate appendix for each contract is not expected, rather any content specific to a contract can be identified within the appendix using the numbering corresponds to the number for the specific contract in Table A

Appendix A: Final IE Report (Confidential)

Insert the confidential version of the Final IE report as Confidential Appendix A.

Appendix B: Solicitation Process Overview

Include the solicitation process overview information that is confidential but necessary to fully answer any items in Part 1.1.C of the advice letter template in this Confidential Appendix B. To the extent such information is not confidential, it should be included in the public version of the Advice Letter and not included or duplicated here.

Appendix C: Selection spreadsheet(s)

Include contract selection Excel spreadsheet(s) containing all relevant data regarding the solicitation. At a minimum, spreadsheet must include a list of all bidders for the solicitation, how each bidder scored in each category, and a ranking by final score in both the RFA and RFP phases.

Appendix D: Third-Party Contract Summary

A separate contract summary shall be provided for each contract submitted, and shall be labeled in sequence as Appendix D-# or D-#.# (for multisector solicitations) where the numbering corresponds with the number for the specific contract in Table A (see Part 1.1).

- a) In Table 1, include information relevant to summarizing the contract that is confidential.

Table 1: Contract Summary – Confidential Portion	
Bidder's Proposed Compensation Type (Time and Materials, Fixed Unit Pricing, Fixed Fee Deliverable Pricing, Pay-for-Performance, Custom Project Pricing, and/or Hybrid)	If Hybrid, please specify percent of compensation in each type.

- b) In Table 2 and 3, provide a table of contents of the contract, identifying contract provisions in each section (i.e., list the subsections), contract section number, and contract page number. Use Table 2(LGP) and Table 3(LGP) for contracts where Terms and Conditions from Decision 19-08-006 Adopting Standard Contract For Energy Efficiency Local Government Partnerships apply.

Table 2 – Major Contract Provisions – Standard				
	Contract Terms and Conditions	Contract Provisions	Contract Section Number	Contract Page Number
A	Eligibility (Type of Business, License Requirements, Insurance, and Bonding Requirements, etc.)			
B	Safety Requirement			
C	Dispute Resolution Process			
D	Performance Assurance and Bonding			

Table 3 – Major Contract Provisions – Modifiable				
	Contract Terms and Conditions	Contract Provisions	Contract Section Number	Contract Page Number
A	Workforce Standards and Quality Installation Procedures			
B	Progress and Evaluation Metrics			
C	Contract Term/Length			
D	Diverse and Disadvantaged Business and Employee Terms, including Small Business, if applicable			
E	Payment Schedule and Terms, including Pay-for-Performance Payment Provisions			
G	Coordination with Other Program Administrators			
H	Data Collection and Ownership Requirements			
I	Add any modifiable Ts and Cs appended by utility or third party in additional rows			

Table 2 (LGP) – Major Contract Provisions – Standard				
	Contract Terms and Conditions	Contract Provisions	Contract Section Number	Contract Page Number
A	Contract Term/Length			
B	Budget and payment schedule and terms, both to local governments and participating utility customers (for incentive payments)			
C	Dispute Resolution Process			
D	Termination Process			

Table 3 (LGP) – Major Contract Provisions – Modifiable				
	Contract Terms and Conditions	Contract Provisions	Contract Section Number	Contract Page Number
A	Eligibility (Type of Business, License Requirements, Insurance, and Bonding Requirements, etc.)			
B	Safety Requirements			
C	Workforce Standards and Quality Installation Procedures			
D	Progress and Evaluation Metrics			
E	Diverse and Disadvantaged Business and Employee Terms, Including Small Businesses, if Applicable			
G	Payment Schedule and Terms			
H	Measurement and Verification Requirements, including Guidelines about Normalized Metered Energy Consumption (NMEC) Design Requirements			
I	Data Collection and Ownership Requirements			
J	Method for Calculating Co-Benefits and Economic Development Benefits of Programs in Disadvantaged Communities and/or for Hard-to-Reach Customers			

Appendix E: Contract

Provide a copy of the entire executed contract as Confidential Appendix E. The contract must be signed and dated by both IOU and TPI. Each contract shall be provided as a separate Appendix labeled in sequence as Appendix E-# or E-#.# (for multisector solicitations) where the numbering corresponds with the number for contract in Table A (see Part 1.1).

Public Attachment A

Energy Efficiency Third-Party Solicitation Advice Letter

Final IE Report (Public)

(Use this attachment cover, label and insert document)

Public Attachment B

Energy Efficiency Third-Party Solicitation Advice Letter

Program-Level Measurement & Verification Plan

(Use this appendix cover, label and insert document)

Confidential Appendix A

Energy Efficiency Third-Party Solicitation Advice Letter

Final IE Report (Confidential)

(Use this appendix cover, label and insert document)

Confidential Appendix B

Energy Efficiency Third-Party Solicitation Advice Letter

Solicitation Process Overview

(Use this appendix cover, label and insert document)

Confidential Appendix C

Energy Efficiency Third-Party Solicitation Advice Letter

Selection Spreadsheet(s)

(Use this appendix cover, label and insert document)

Confidential Appendix D

Energy Efficiency Third-Party Solicitation Advice Letter

Third-Party Contract Summary

(Use this appendix cover, label and insert document)

Confidential Appendix E

Energy Efficiency Third-Party Solicitation Advice Letter

Contract

(Use this appendix cover and insert document)