

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Application of Southern California Edison Company (U 338-E) for Approval of Energy Efficiency Rolling Portfolio Business Plan.	A.17-01-013 (Filed January 17, 2017)
And Related Matters	A.17-01-014 A.17-01-015 A.17-01-016 A.17-01-017

**SOUTHERN CALIFORNIA EDISON COMPANY'S (U 338-E) COMPREHENSIVE
SOLICITATION PROCESS PROPOSAL**

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Pursuant to, and in compliance with, the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judges, dated April 14, 2017, the Administrative Law Judges’ Ruling Modifying Schedule (Ruling), issued on June 9, 2017, and the California Public Utilities Commission (Commission) Staff’s July 26, 2017 Third Party Solicitation Proposal Guidance (Staff Guidance), Southern California Edison Company (SCE) respectfully submits its comprehensive solicitation process proposal (Solicitation Proposal), which is included as Attachment A hereto. SCE has also included, as Appendix 1 to this Solicitation Proposal, specific responses to the series of questions issued by Commission Staff on July 26, 2017. Although most, if not all, of these topics are addressed in the body of this Solicitation Proposal, SCE has included Appendix 1 to Attachment A to ensure completeness.

As stated in SCE's Energy Efficiency (EE) Business Plan, SCE's vision for its EE portfolio from 2018 through 2025 is to continue to achieve cost-effective energy savings, expand innovative EE solutions, and drive toward market transformation.¹ To realize this vision, SCE will employ several strategies across the portfolio.

To achieve cost-effective energy savings, SCE will reduce costs and increase EE adoption by simplifying and streamlining offerings. This includes increasing upstream and midstream offerings and self-service delivery channels. It will also entail reducing the number of customer touchpoints in certain sectors. SCE also plans to increase EE adoption by providing customers with greater access to and understanding of their energy usage and expanded behavioral interventions. For non-residential customers, SCE plans to increase adoption and decrease costs by tailoring EE services based on customer energy usage and demand.

One way SCE will expand innovative EE solutions to customers is by significantly increasing the use of third-party providers and relying more on offerings designed and implemented by third-parties, as directed by the Commission.² SCE will also diversify its procurement for EE solutions by leveraging various demand-side management (DSM) solicitations within its power procurement organization and by developing a new solicitation for third-party EE solutions.

To help achieve this vision, SCE collaborated with the other California investor-owned utilities (IOUs) to develop its Third-Party Solicitation Strategy, described in Attachment A. This strategy was developed after significant stakeholder and Commission engagement. The IOUs worked together to develop third-party solicitation strategies as similar as possible in order to streamline solicitation activities across California. In addition, SCE provides more specific information regarding its planned Solicitation for Innovation set forth in its Solicitation Proposal

¹ SCE Amended EE Rolling Portfolio Business Plan, at p. 8.

² *Id.*, at p. 9.

in response to both formal and informal stakeholder input obtained throughout the course of the EE Business Plan application process.

SCE appreciates the opportunity to provide its Solicitation Proposal, and SCE respectfully requests that the Commission approve such proposal.

Respectfully submitted,

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Attachment A

SCE's Energy Efficiency Third Party Solicitation Proposal

SCE's Energy Efficiency Third Party Solicitation Proposal

Table of Contents

A. Overview 4

B. Background 5

C. Solicitation Approach 7

 1. Solicitation Format 7

 2. Solicitation Process 7

 a. Step 1: RFA Preparation and Release (1 – 3 months) 8

 b. Step 2: RFA Responses (1 month) 8

 c. Step 3: RFA Evaluation and Selection (2 – 3 months) 8

 d. Step 4: Solicitation Preparation (3 – 4 months) 8

 e. Step 5: Solicitation Release (1 month) 9

 f. Step 6: Solicitation Response and Evaluation (2 – 3 months) 9

 g. Step 7: Contract Recommendation (1 month) 10

 h. Step 8: Contract Negotiation (1 – 4 months) 10

 i. Step 9: Program Mobilization (3 -6 months) 11

 j. Solicitation Schedule 11

D. Procurement Review Group and Independent Evaluator 12

 1. IE Scope 13

 2. EE-PRG Role 13

 3. Bid Selection Process 14

 4. IE Selection Process and IE Contracts 15

 5. IE Workload 16

 6. Level of PRG and IE Review 16

E. Scoring Criteria 16

 1. Conformance Threshold 16

 2. Cost-Efficiency and Cost-Effectiveness 17

 3. Feasibility 17

 4. Capabilities and Experience 17

 5. Diversity 18

F. Measurement, and Verification (M&V) 18

G. Outreach and Training 18

H. Coordination with Other PAs on Regional Solicitations 19

- I. Transition Among Implementers 19
 - 1. Transition from IOU Implementation to Third-Party Implementation 19
 - 2. Transition from One Third-Party Implementer to Another Third-Party Implementer 20
 - 3. IOUs as Program Implementers 21
- J. SCE’s Statewide and Sector-level Solicitations 21
 - 1. Residential..... 23
 - a. Statewide Programs..... 23
 - b. Local Programs..... 23
 - 2. Commercial 23
 - a. Statewide Programs..... 23
 - b. Local Programs..... 24
 - 3. Industrial 24
 - a. Local Programs..... 24
 - 4. Agricultural..... 24
 - a. Local Programs..... 24
 - 5. Public..... 25
 - a. Local Programs..... 25
 - 6. Cross-Cutting..... 25

The purpose of this document is to describe Southern California Edison Company's (SCE's) comprehensive solicitation process proposal for its 2018-2025 Energy Efficiency (EE) Business Plan (Solicitation Proposal), in accordance with the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judges (ALJ), issued on April 14, 2017, and the ALJ's Ruling Modifying Schedule issued on June 9, 2017. SCE has also included, as Appendix 1 to this Solicitation Proposal, specific responses to the series of questions issued by California Public Utilities Commission (Commission or CPUC) Staff on July 26, 2017. Although most, if not all, of these topics raised by Staff are addressed in the body of this Solicitation Proposal, SCE has included Appendix 1 to ensure completeness.

A. Overview

SCE's Solicitation Proposal is designed to achieve the Commission's requirement that, at a minimum, 60 percent of the EE program portfolio budget must be used for programs proposed, designed, and implemented by third parties by the end of 2020.¹ SCE expects its proposed solicitation process to help achieve greater customer adoption of EE, leading to more energy savings, in support of California's goal to double EE by 2030 and to create a smooth transition to a new portfolio administration and third-party implementation structure that benefits stakeholders.

To accomplish these goals, SCE will conduct a multi-phased Solicitation for Innovation that will be implemented in stages beginning in the fourth quarter of 2017 (pending Commission approval). As part of SCE's EE Business Plan, various program intervention strategies and tactics were identified for potential bidders to consider as possible ways to overcome market barriers to customers adopting EE solutions. These intervention strategies and tactics, as well as the bidders' suggested design concepts, will form the basis of programs proposed and selected as part of the Solicitation for Innovation. SCE is committed to seeking programs that are proposed, designed, delivered, and implemented by third parties and looks forward to receiving new or innovative program design ideas that enable SCE to achieve its energy savings and demand reduction goals at a competitive cost. SCE's timeline for its Solicitation Proposal is contingent on an expeditious Commission decision approving its solicitation plan, as well as SCE receiving sufficient response to its solicitations.

¹ D.16-08-019, Ordering Paragraph (OP) 12, p. 111.

B. Background

Decision (D).16-08-019 requires utility program administrators (PAs) to outsource at least 60 percent of their portfolios to third parties by the end of 2020.² To qualify as a “third-party” program, a program “must be proposed, designed, implemented, and delivered by non-utility personnel under contract to a utility Program Administrator.”³ 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.”⁴

D.16-08-019 established a new definition for statewide programs requiring that all statewide programs should: (1) be consistent across territories and overseen by a single lead PA, (2) be designed and delivered by one or more statewide implementers under contract to the lead PA, and (3) generally not include local or regional variations in incentive levels, measure eligibility, or program interface.⁵ D.16-08-019 also requires 25 percent of each utility PA’s portfolio budget to be comprised of statewide programs by the end of 2020 and clarifies that all upstream and midstream programs must be delivered statewide.⁶ The Commission also expressed an interest in exploring the feasibility of the statewide approach for downstream programs and required the utility PAs to propose at least four downstream programs to be piloted on a statewide basis.⁷ In addition, the Commission clarified statewide programs could be considered third-party programs to the extent that they meet the definition of third-party programs established by D.16-08-019.⁸

Consistent with the guidance in D.16-08-019, the California investor-owned utilities (IOUs) proposed in their Business Plans a lead PA for each Statewide program. These proposed Lead PA designations are presented in Table 1.

² *Id.*

³ *Id.*, OP 10.

⁴ *Id.*, Conclusion of Law (“COL”) 57.

⁵ *Id.*, OP 5.

⁶ *Id.*, OP 5-6.

⁷ *Id.*, OP 9.

⁸ *Id.*, OP 10.

Table 1. Proposed Statewide Program Administration Lead PAs

Statewide Program Administrator	Program
PG&E	Codes & Standards <ul style="list-style-type: none"> • Building Codes Advocacy • Appliance Standards Advocacy
PG&E	Workforce Education & Training <ul style="list-style-type: none"> • K-12 Connections
PG&E	Institutional Partnership – State of California
PG&E	Institutional Partnership – California Department of Corrections and Rehabilitation
SCE	Emerging Technologies — Electric
SCE	Lighting <ul style="list-style-type: none"> • Primary Lighting • Lighting Innovations • Lighting Market Transformation
SCE	Commercial New Construction — Savings by Design
SCE	Government Institutional Partnerships (University of California (UC) / California State University (CSU) and CA Community Colleges)
SDG&E	Heating, Ventilation, and Air Conditioning (HVAC) — Residential and Commercial Upstream
SDG&E	Plug Load and Appliance (PLA)
SCG	Emerging Technologies — Gas
SCG	Residential New Construction
SCG	Midstream Water Heating
SCG	Midstream Foodservice Point of Sale

The Commission also directed the utilities to pilot the use of statewide approach with four downstream programs. Table 2 identifies the proposed statewide downstream program pilots and the proposed Lead PA for each program:

Table 2. Proposed Statewide Downstream Programs and Lead PAs

Statewide Program Administrator	Program
PG&E	Career and Workforce Readiness
SCG	Downstream Food Service ⁹
SCE	Water/Wastewater Pumping
SDG&E	Residential HVAC Quality Installation/Quality Maintenance (QI/QM)

⁹ On July 3, 2017, PG&E filed a Motion to for leave to amend its “2018-2025 Rolling Portfolio Energy Efficiency Business Plan and Budget” (Business Plan) to remove the Indoor Agriculture Program pilot from its Business Plan. In its place, SoCalGas proposed a new pilot, the statewide Downstream Foodservice Rebate Program.

C. Solicitation Approach

SCE’s solicitation approach will provide opportunities for third parties to bid on SCE-specific, regional and statewide programs. SCE will seek proposals that consider market trends, regulatory guidance, and legislative requirements and support mandated savings and metrics goals for each portfolio while also promoting innovation. SCE will encourage solicitations to identify opportunities and gaps in the portfolio and service territory and propose solutions to meet that need.

Using the best practices and strategies outlined in this document, SCE plans to procure services that balance scope, approach, contractor expertise, implementation timeframes, and cost-effectiveness.

1. Solicitation Format

SCE plans to use a two-stage process for most of its solicitations to procure third-party EE programs, though there may be situations when SCE will use another approach, depending on the circumstances of the solicitation.

Under the two-stage solicitation framework, SCE first will issue a Request for Abstracts (RFA) to the market, in which interested bidders provide proposals for third-party programs to be implemented by such respondents, if selected. SCE will select potentially-qualified respondents following scoring and evaluation of the abstracts. In its selection process, SCE will also assess viability and usefulness of the programs proposed in the RFAs.

In the second stage of the process, SCE will issue a Request for Proposal (RFP) to the small number of qualified bidders identified through the RFA step, which may also include targeted questions and in-person interviews with the bidders. Assuming SCE receives at least one satisfactory bid, one or more winning bids will be selected.

2. Solicitation Process

SCE’s proposed solicitation process includes nine steps.

a. Step 1: RFA Preparation and Release (1 – 3 months)

SCE will develop the statement of work (SOW), RFA, scoresheets, and other related documents, as needed, in consultation with the appropriate Procurement Review Group (PRG)¹⁰ and Independent Evaluator (IE).

b. Step 2: RFA Responses (1 month)

Respondents will prepare and submit abstracts and participate in a bidders' conference hosted by SCE.

c. Step 3: RFA Evaluation and Selection (2 – 3 months)

SCE will review and score abstracts in consultation with the appropriate PRG/IE.

d. Step 4: Solicitation Preparation (3 – 4 months)

SCE will develop the statement of work, RFP, evaluation criteria, scoresheets, general terms and conditions, and other related documents. A significant portion of the RFP preparation in this step is anticipated to be conducted in parallel with the RFA process.

The following documents are likely to be included in each solicitation package:

- Request for Proposal – Rules of Engagement
 - Registration requirements
 - Proposal submittal procedures
 - Timelines, milestones and submittal deadline
 - Bidders' Conference detail
- Evaluation criteria – Overview of Criteria
- Diverse Business Enterprise Goals and Commitments
- Sustainability Questionnaire
- Solicitation Requirements (as determined by opportunity, gap, sector, etc.)

Additionally, the IOUs are working together to verify that the overall structure of the documents and the content is similar (or identical in some high-level sections),

¹⁰ While there are distinctions between Procurement Review Group and Peer Review Group, both are used to review solicitations, as more specifically discussed herein. For ease of reference, SCE uses the term “PRG” throughout this document to refer to both groups.

including the approach, layout, and required sections for completion. The IOUs will work together to allow, to the extent possible, each bidder to use a standard form and standard data for the bidders' company information including company name, size, revenue, location, etc.

e. Step 5: Solicitation Release (1 month)

This step begins with final assembly and issuance of all documents for the RFP. SCE's Supply Management team will review the package (and coordinate a legal review if required). Following the procurement and legal review, leadership will conduct a final review (if required) will also be completed. Approximately two weeks prior to the release of the solicitation, SCE will notify contractors and implementers of the upcoming solicitation and release date with a notice on the statewide solicitation system, Proposal Evaluation & Proposal management Application (PEPMA).¹¹ This notice will include the type of solicitation and any required pre-qualifications (for example, licenses, experience in energy management, etc.). Third parties will be given instructions to register for the solicitation and will be directed to additional sites as needed.

The solicitation will require bidders to provide the following key details:

- The targeted sector(s), segment(s), customer(s), etc. for the proposed program;
- Whether the proposed program is a resource or non-resource program and a reference to the metrics / targets it will help to achieve;
- Description of the proposed timeframe for implementing the program, including when the bidder anticipates being able to evaluate the success of the program; and
- The purpose for the proposed program (e.g., to meet a particular Commission or Business Plan objective, improve overall territory EE savings, etc.).

f. Step 6: Solicitation Response and Evaluation (2 – 3 months)

SCE will host a Bidders' Conference and respond to questions from third parties to provide information that will enable them to provide a comprehensive response to the solicitation. All questions submitted by solicitation participants and SCE's corresponding

¹¹ PEPMA website available at <https://www.pepma-ca.com/Account/Login.aspx?ReturnUrl=%2fRegistration1.aspx>.

responses will be posted publicly so that all respondents have equal access to solicitation information provided by SCE.

After bids are submitted, SCE will conduct its evaluation process. SCE's evaluation team will compile scores and scorecards and develop a recommendation for top bidders. The PRG/IE will be consulted during the evaluation to provide fairness and accuracy in the process.¹² The PRG/IE will be notified of the top bidders and the down-selection process that was followed to arrive at the recommendation. The top bidders will be invited to SCE for interviews and proposal presentations that will be part of the final evaluation process.

g. Step 7: Contract Recommendation (1 month)

The SCE evaluation team will finalize its recommendation for the winning proposal and present that recommendation to its leadership to seek approval of the selection. Upon internal approval, SCE will present its final selection to the PRG/IE. At this point, the selected contractor(s)/implementer(s) will be notified of the opportunity to begin program development and contract negotiation.¹³

h. Step 8: Contract Negotiation (1 – 4 months)

This step focuses on contract negotiations to finalize pricing, general terms and conditions, and specific terms based on program requirements. This includes coordination with program staff, utility personnel, and the third parties for finalization of the SOW. It is during the contract negotiation period that SCE will work with the selected bidder(s) to further develop any features and components of the proposed programs to meet the identified gaps and opportunities. The combined expertise of IOU personnel and that of the third parties will result in the development of the final program design that will be documented in an Implementation Plan.

During this phase, SCE will work together with its Supply Management and Legal teams on the internal contracting requirements. Upon agreement of all terms and conditions and the SOW between the parties, SCE will move forward with its Supply Management division and the counterparty to execute the agreement(s).

¹² See *infra.*, Section D for further discussion about the PRG/IE process SCE proposes to utilize.

¹³ Unsuccessful bidders will not be notified until the successful bidder and SCE reach agreement and contracts are executed.

i. Step 9: Program Mobilization (3 -6 months)

Multiple activities must take place to complete the mobilization of a program, including, but not limited to, the following key activities:

- Data and Security approvals
- Contractor Safety review
- Implementation Plan development and review by stakeholders, as needed
- Implementation Plan revisions and finalization
- Implementation Plan posting to the California Energy Data and Reporting System (CEDARS)
- Accounting/Financial system set-up (program tracking and reporting systems)
- Measure coordination and program system development, as needed
- Program kick-offs (internal and formal external kick-offs)

j. Solicitation Schedule

SCE anticipates the solicitation timeframes will vary based on the complexity of the solicitation. For example, solicitations for an entire sector may take longer than solicitations for a specific statewide program. SCE's high-level estimate is that a two-stage RFA and RFP solicitation process could take up to 12 months and that subsequent contract negotiations and full program launch could take up to an additional 8 months, as discussed at the solicitation workshop held on June 16, 2017. Appendix 2 contains a representative timeline for the two-stage process SCE intends to use for most of its solicitations. The timeline assumes that the scope and processes associated with a new PRG and IE for EE will be resolved and become a seamless part of the solicitation process. The timeline also assumes that adequate proposals and bids will be submitted by potential program implementers.

The IOUs have collaborated on the development and review of their respective solicitation schedules. However, given the aggressive schedule to outsource a minimum of 60 percent of the overall portfolio to third parties by the end of 2020, the solicitation release dates will be tailored to individual IOU needs and take into account the differences in service territories, portfolio needs, and business plan requirements as needed. The IOUs will

continue to coordinate their respective schedules. A combined schedule showing the proposed Statewide and local solicitations by each IOU is included in Appendix 3.

D. Procurement Review Group and Independent Evaluator

SCE conducts its competitive solicitations in accordance with procedures developed by its Supply Management department. The standards for these practices are consistent with industry best practice and are designed to procure quality goods and services that balance scope, methodologies, contractor expertise, and delivery timeframe requirements with fair prices and quality for the benefit of SCE's customers and ratepayers. In addition to these standards, SCE has operated its EE third-party program solicitations in partnership with its PRG.

More recently, the CAEECC and other stakeholders have been discussing the PRG's potential role in future third-party solicitations and considering alternative approaches. It should be noted that during these discussions it was determined that CAEECC's full membership may not serve as an oversight group for these solicitations because potential conflicts of interest were identified with some members of CAEECC that are also market participants in the EE space. This issue was also acknowledged by the Commission.¹⁴

There was general consensus among CAEECC members regarding the following points:

- Although the IOUs have demonstrated a consistent practice of performing third-party solicitations in a fair and transparent manner, some external monitoring of future solicitations continues to offer value to stakeholders by providing ongoing reassurance that these practices will continue.
- Although current and past members of the PRG have worked to provide meaningful advice on both specific and general solicitation issues, they have stated that they have neither the resource availability nor expertise to monitor solicitations to the extent they feel is necessary.
- Additionally, and likely in large part because of the previous point, PRG participation has historically been low. Another contributing factor to this low participation rate is the difficulty in finding interested parties with meaningful expertise who are not financially interested in the outcome of the solicitations.

¹⁴ Energy Efficiency Rolling Portfolio Business Plan Guidance, Energy Division (May 2, 2016), p. 2.

Given these concerns with the current PRG process, stakeholders have proposed that IEs be used to conduct most of the activities associated with monitoring the third-party solicitations in a manner that supports the role of the new PRG.

SCE supports the use of a PRG/IE process for its EE solicitations. SCE plans to leverage its current PRG and IE process used in power procurement for the EE statewide and third-party solicitation process or adopt new PRG and IE requirements as directed by the Commission.

If the Commission adopts an IE approach, SCE recommends it also adopt the following features.¹⁵

1. IE Scope

The IE would work with the IOUs on an ongoing basis, create and deliver reports to the PRG to inform their discussions, and potentially provide advice to the IOUs. During their work with the IOUs, the IE would advise the lead IOU and assess the solicitation's reasonable conformance with the solicitation plan and Commission solicitation directives. 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 Commission and RFA / RFP requirements (as prescribed in a predetermined list);
- Assessing whether contract negotiations are fair to both parties;
- Assisting with settlement of disputes during contract negotiations;
- Offering process improvement suggestions throughout the solicitation process; and
- Generating advisory reports to IOU(s) and the PRG, including Energy Division staff.

2. EE-PRG Role

The purpose of the PRG is to provide advice to the IOU so that it conducts its solicitation in accordance with the Commission's requirements and objectives.

The PRG role would include, but is not limited to:

¹⁵ See also Southern California Edison Company's (U 338-E) Responses to Questions in Attachment B of the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judges document dated June 22, 2017 for more information about SCE's position.

- Reviewing the IOU's solicitation plans;
- Providing timely input into the draft RFA or RFP language and criteria used for scoring;
- Reviewing presentations and advisory reports by the IE regarding the process and whether the IOUs complied with Commission direction, solicitation plans, the approved Business Plan, and applicable CPUC or other state policies;
- Providing recommendations to each IOU based on the review; and
- Reviewing and commenting on IE advisory reports, where applicable.

The PRG should include Commission staff representing both the Energy Division and the Office of Ratepayer Advocates, other state agencies as appropriate (e.g., California Energy Commission), public interest advocates such as The Utility Reform Network and Natural Resources Defense Council, 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.

Because the PRG will have access to the financial and operating information of individual EE 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.

Status update meetings with the PRG, IOUs, and IEs held with a consistent schedule (e.g., bi-monthly, quarterly, etc.) could update the PRG on solicitation activities on a regular basis.

3. Bid Selection Process

The final step of the selection portion of each solicitation process would be for the PRG and IOU to discuss the selection(s) that the IOU has made. The PRG would use the IE's report to inform the discussions. At that time, the PRG may offer advice related to either the specific solicitations, the IOU's selection(s), or the solicitation process in general. Once this meeting has concluded, the IOUs would proceed with the contracting phase of the process, followed by program implementation.

4. IE Selection Process and IE Contracts

For SCE, a rigorous Commission-authorized IE selection process currently exists in support of power procurement, and this process could be used so that an entity with the appropriate knowledge, expertise, and skills would serve in the IE role for EE solicitations. This process, and the role of the IE in power procurement, is described below.

D.04-12-048 and D.07-12-052, modified by D.08-11-008, direct the IOUs to use IEs to monitor competitive solicitations that involve affiliate transactions and seek energy products of two years or greater in duration.¹⁶ The Commission requires that the selection process for an IE begin with a pool of at least three preapproved IEs.¹⁷ With this pre-established pool in place, SCE creates an additional list of potential IEs and solicits the necessary information from them. SCE then circulates the list of candidates and their resumes to its PRG and Energy Division staff for feedback. SCE and the PRG select the prospects from this list that they deem most suitable for the role and interview them. The PRG may interview each candidate with or without SCE present. The PRG submits its recommendations and a general consensus — and any opposition — on each prospective candidate to SCE. After collecting and assessing all data, SCE prepares and submits a written list of proposed IEs to Energy Division. Energy Division will determine — by authority of the Commission — who will be added to the pre-established pool referenced above. The ED notifies SCE by letter if a proposed candidate is approved.

Pursuant to D.14-02-040 an IE may only remain in the pool for three years unless membership is renewed by the IOU.¹⁸ SCE can also either reevaluate its existing IE pool or establish a new IE pool. As noted previously, a minimum of three IEs are required to be in the pool.

SCE anticipates that the process used for the selection of IEs for SCE's procurement solicitations would be the most efficient and effective framework for selection of IEs for EE solicitations, because SCE and others already have experience with, and have refined, the process.

¹⁶ D.04-12-048, p. 136 and D.08-11-008, p. 27.

¹⁷ D. 07-12-052, p. 136.

¹⁸ D.14-02-040, pp. 68 and 74, OP 14.

5. IE Workload

SCE currently has three entities under contract to perform IE activities in power procurement. The IEs can handle a wide range of workload because they employ consultants that allow them to either scale up or down depending on the anticipated work hours needed to support SCE’s solicitations and their portfolio of customers. Additionally, SCE confirms with the selected IE that they are able to commit to the solicitation prior to getting approval from ED.

6. Level of PRG and IE Review

SCE recommends that the IE be focused on the most meaningful or impactful solicitations and that the IE review process not applied broadly to all EE solicitations. Thus, SCE recommends including IEs on all resource-based statewide program solicitations and other solicitations where the expected annual contract value exceeds \$5 million. Solicitations that do not meet either of these two criteria would be conducted in a manner consistent with the current best practices for the third-party solicitation processes. These thresholds would enable the most impactful solicitations to be reviewed appropriately, without unduly slowing down the process by requiring IE review for every single solicitation.

E. Scoring Criteria

This section presents the general criteria that are likely be applied to statewide and local program solicitations. The processes and criteria described are representative and may be modified for a particular solicitation.

1. Conformance Threshold

Before proposals are fully reviewed and scored, they must pass a minimum threshold review. As part of the minimum requirements, each bid is reviewed for completeness, consistency, accuracy, and conformance with the general requirements identified in the corresponding RFA/RFP. In some instances, specific qualification criteria (e.g., financial stability) will be stated in the RFA/RFP and assessed during this threshold review.

Bid proposals will also be scored based on how well the proposed program design addresses the information presented in the RFP. Applicable scoring criteria may include, but will not be limited to, review of the proposed program’s process flow and work plan, market approach, outreach plan, effectiveness in generating savings and other defined outcomes, feasibility, and any applicable measurement and verification considerations.

Finally, the review will consider how the proposal satisfies the directives of the Commission and addresses legislative mandates and other regulatory requirements or priorities.

2. Cost-Efficiency and Cost-Effectiveness

Bids are typically scored on how cost-efficiently and cost-effectively the proposed program can be delivered. One way to measure cost-efficiency is acquisition cost (e.g., \$/MW and \$/kWh).

SCE will also generally require each third-party program to be cost-effective as measured by both the Total Resource Cost and Program Administrator Cost tests. Proposed program designs that are most cost-effective will likely receive higher scores based upon these criteria. However, because the Commission does not require individual programs to be cost-effective, cost-effectiveness thresholds may vary among solicitations and individual programs.

3. Feasibility

SCE will review and score proposals for the design elements, outreach plan, and the likelihood of a positive response by the targeted customer segment(s). This includes evaluating how new or existing technologies are used or combined to improve achieving savings in new and innovative ways. It also considers the possibilities of new channels, outlets, and spillover to measures outside of the program. Innovation can be an improvement on a similar or existing program design.

4. Capabilities and Experience

Another consideration is the capability of the bidding company to successfully implement the program. If applicable, SCE will conduct a review of the bidder's past program performance. Typically, a bidder's past performance is evaluated on energy savings achieved compared to goals, actual spending compared to budget, and actual cost-effectiveness achieved. If the bidder has limited EE experience relative to the program being proposed, the bidder's experience and past performance in other areas will be considered. Additionally, the IOUs may evaluate the bidding company's size, location, and other characteristics that may help increase the likelihood of success.

Based on information requested in the RFP, SCE may evaluate the applicable expertise of the bidder's staff. In addition to evaluating these capabilities, the PAs will judge the bidder's commitment to staff the proposed program with those individuals who have the relevant expertise and experience as described in their proposals

5. Diversity

Scoring criteria includes consideration for encouraging the growth of the contractor market and thus criteria may be established to encourage participation by a diverse set of contractors including smaller companies; firms specializing in specific markets, equipment, or other unique attributes; and entities that have not historically operated in the EE sector. As part of the proposal requirement, a Diverse Business Enterprise (DBE) commitment form is included and scored according to how the bidder will contribute to any relevant utility DBE goals. IOUs may also establish a scoring methodology that considers past performance related to DBE subcontracting.

F. Measurement, and Verification (M&V)

SCE will seek third parties to propose embedded M&V designs in their bids for third-party programs and include an M&V plan in their proposals. After one or more third-party implementers is selected, SCE will work with such parties to refine their proposals for embedded M&V before a program is launched.

G. Outreach and Training

To achieve broad awareness of solicitations, the IOUs propose several channels for notification of solicitations. These channels include, but may not be limited to, PEPMA, individual IOU websites, CAEECC website, and R.13-11-005 and A.17-01-013 service lists.

Additionally, the IOUs plan to hold a series of in-person vendor training workshops to provide prospective bidders general information on essential administrative requirements such as cybersecurity and contractor safety requirements, insurance requirements, third-party security review and data access requirements, diverse businesses, and other basic qualifications (e.g., what constitutes an acceptable bid, qualification process, etc.). The trainings will also include an overview of EE program-related resources and where to locate them (e.g., recent Commission decisions, IOU EE Business Plans, California Standard Practice Manual, cost-effectiveness tool (CET), etc.) as well as best practices in measuring savings and M&V. The IOUs will collaborate on the development of these trainings. In some instances, the trainings could be recorded and posted on the CAEECC website so that they are accessible at any time to all prospective bidders and/or stakeholders.

In addition to the outreach and training opportunities described above, the IOUs may offer bidders' conferences for each of the specific RFAs or RFPs. In most cases, bidders'

conferences will be web-based and may provide a detailed review of the specifics of a particular RFA or RFP including milestones, dates, specific instructions for proposal submittals, questions and responses, and a more detailed description of each solicitation's requirements. Additionally, the bidders' conference may detail best practices and preferred methods for responses to aid the bidders in preparing their proposals. The web-conference is typically held early in the process to inform potential bidders regarding the requirements of the submittal and to provide an opportunity for them to ask any additional questions of the respective IOU during the specific RFA or RFP process.

H. Coordination with Other PAs on Regional Solicitations

SCE will look for opportunities to coordinate solicitations and potentially partner with other utilities (IOUs and publicly owned utilities) with respect to certain third-party programs. Coordination on solicitation timing with regional PAs may create opportunities for bidders to propose comprehensive programs and reduce overlapping programs in the marketplace. Partnering with other utilities to co-administer a program or set of programs can improve program effectiveness and efficiency. Mutual collaboration and coordination as well as equitable contribution of resources and commitments are key to such program strategies.

I. Transition Among Implementers

The change in how third-party implementers are going to be utilized for both statewide and local programs and the shift from existing third-party programs to new third-party programs solicited as part of the Business Plans' implementation may, in some cases, necessitate a transition from one implementer to another. There are two primary situations that will need to be addressed: (1) transition from programs currently implemented by SCE to be implemented by third parties; and (2) transition from programs currently implemented by third parties to be implemented by new third parties. These situations could apply to statewide or local programs.

1. Transition from IOU Implementation to Third-Party Implementation

The transition from SCE implementation to third-party implementation entails fewer contractual hurdles than transitioning between implementers, but it may result in additional customer-facing issues where customers are accustomed to interfacing directly with SCE. The implementation of such programs can be assumed by a third party on any date the parties agree to, subject to the completion of transitional and start-up tasks necessary for the

third-party implementer to successfully begin implementing the program. The third party will assume all implementation responsibilities as of this transition date.

However, due to this major market change, it may take time for customers to adjust to interfacing with contractors rather than SCE. As is the case with many utilities, SCE customers are generally receptive to being contacted by SCE; however, these same customers may be less receptive to an unknown implementer. Such situations are most likely to occur with residential and small non-residential customers who are not accustomed to sustained working relationships with other implementers. Thus, customer transition may be a challenge, and SCE will work with the third-party implementers to mitigate those challenges to the extent possible.

2. Transition from One Third-Party Implementer to Another Third-Party Implementer

The transition from one third-party implementer to another is less likely to face the same transition issues as the move from IOU implementation to third-party implementation. For programs and services already provided by third-party implementers, the introduction of one or more new contractors is less likely to provoke customer apprehension; however, SCE will need to carefully manage transition issues related to contracts and project implementation.

Depending upon the program design, it may be necessary for SCE to administer a transition period that allows both the existing contractor(s) and the new contractor(s) to implement the program simultaneously. The duration of the transition period will depend upon the duration of ongoing projects being implemented by the former contractor(s). This transitional situation is demonstrated through the example below:

A program performs comprehensive EE projects for medium-sized businesses. The implementer's services include potential project identification, audits, business case development and presentation, project approval, measure implementation, and M&V, as needed. Once the project is approved, implementation through M&V takes between six and twelve months. When the old program is being replaced by a new program, SCE proposes to establish a timeframe for the old implementer to complete its existing projects. Depending upon available budget, specific projects, and other such factors, SCE would set dates by which all remaining projects must be completed. The existing contract would then be amended to allow these specific projects, and only these specific projects, to be completed by the existing third-party

implementer. This phase-out would prevent customer disruption by transitioning to the new implementer.

In parallel with the activities associated with the existing implementer, SCE would pursue startup activities with the new third-party implementer. The new implementer would initiate the new program and, for some period of time, both the new and old third-party implementers would be operating similar programs. The new implementer would be allowed to approach all customers and projects within the program scope except those specifically included in the scope of the old contractor.

This situation will necessitate SCE's careful administration of multiple contracts with implementers during the transition period, and those contracts will need to be structured to protect the interests of the affected customers.

3. IOUs as Program Implementers

D.16-08-019 states, "Basically, all program design and delivery would be presumed to be conducted by third parties, unless the utility specifically made a case for why the program activity must be conducted by utility personnel"¹⁹ As discussed above, SCE will be issuing solicitations for the various sectors over a period of time. As such, not all new programs with new implementers will be in place as the solicitation process progresses. During this time, it is reasonable for SCE to continue programs that have not yet been replaced by new third-party programs (both local and statewide) so that EE programs and services will be available to customers and to enable SCE to make progress toward its EE savings goals. In addition, there could be cases where a solicitation process is conducted and no successful program proposals is obtained. In situations such as this, SCE may need to assume the responsibility for implementing programs to fill portfolio gaps so that customer needs and goals are met until such time as a new solicitation can be conducted. If this situation occurs, the relevant IOU(s) should be permitted to continue existing programs or implement new programs to fill those needs, through filing a Tier 2 advice letter with the Commission.

J. SCE's Statewide and Sector-level Solicitations

As described in its business plan, SCE will procure both Statewide and local programs through competitive solicitations, utilizing the methods and strategies described herein. The

¹⁹ D.16-08-019, p. 73.

solicitations will be organized by sector, as well as individual statewide programs, where applicable. This section provides more specific details about specific sector and program solicitations.

The estimated solicitation budget ranges are provided in Table 3 and reflect three-year values. The estimated solicitation budget ranges for the statewide programs are for those programs in which SCE is the proposed statewide lead administrator and represent the fully loaded estimated budgets and are the aggregate budget of all IOUs. Note that the estimated solicitation budgets are subject to change and that total contract award amounts may differ.

Table 3. Estimated Solicitation Budgets

Local Programs	Estimated Solicitation Budget Range²⁰
Residential	\$130 - \$216 million
Commercial	\$97 - \$147 million
Industrial	\$56 - \$85 million
Agricultural	\$6 - \$10 million
Public	\$22 - \$34 million
Codes and Standards	\$4.8 - \$7.3 million
Workforce Education and Training	\$4.6 – 7.1 million
Statewide Programs	Estimated Solicitation Budget Range²¹
Electric Emerging Technologies	\$29 - \$44 million
Lighting	\$30 - \$44 million
Commercial New Construction – Savings By Design	\$46 - \$70 million
Government and Institutional Partnerships (UC/CSU, California Community Colleges)	\$31 - \$46 million
Water / Wastewater Pumping (downstream pilot)	\$11 - \$16 million

²⁰ The estimated solicitation budget ranges for Local SCE Programs are based on the 2018, 2019, & 2020 budgets found in Appendix C of SCE’s Amended EE Business Plan. Local Program estimated solicitation budgets do not include funds associated with Statewide Programs.

²¹ The estimated solicitation budget ranges for Statewide Programs are the combined totals of all IOUs and are based on the 2018, 2019, & 2020 budgets found in SCE’s Response to Scoping Memo and Ruling at p. H-1.

1. Residential

a. Statewide Programs

SCE will be the statewide administrator for the Residential Lighting program and will lead the statewide RFP effort in this regard. The RFP will call for proposals to address the program’s primary objectives and to garner innovative program ideas. The IOUs will consider a variety of implementation options, including scenarios that involve one or more statewide implementers.

b. Local Programs

SCE’s vision for the residential sector centers on five key strategies:

1. Enable third parties to promote cost-effective solutions;
2. Simplify EE offerings by increasing the utilization of upstream; midstream, and self-service delivery channels and by reducing the number of customer touchpoints;
3. Expand customer engagement opportunities as a result of increased customer awareness of and access to their consumption data;
4. Expand behavioral interventions to enable deeper adoption of EE; and
5. Leverage alternative cross-cutting portfolio resources to enable market transformation activities across the residential sector.

SCE’s Business Plan includes proposed intervention strategies for specific customer types in the Residential sector. Third parties may wish to consider these when developing their proposals. These strategies are located in Tables 15, 16, and 17 of SCE’s Amended EE Business Plan.²²

2. Commercial

a. Statewide Programs

SCE will lead the statewide RFP effort for the Savings By Design and Water/Wastewater Pumping Downstream Statewide Pilot programs. This effort will require participation by all funding IOUs and will draw input from relevant stakeholders that do not

²² SCE’s Amended EE Business Plan, pp. 67-73.

present a conflict of interest. The RFP will call for proposals to address the program’s primary objectives and garner innovative program ideas from external experts. The IOUs will consider a variety of implementation options, including scenarios that involve one or more statewide implementers.

b. Local Programs

SCE's vision for its Commercial sector is to achieve cost-effective energy savings by tailoring EE services based on customer size and behavior, piloting innovative EE solutions, and increasing education and awareness for customers and partners.

SCE’s Business Plan includes proposed intervention strategies for specific customer types in the Commercial sector. Third parties may wish to consider these when developing their proposals. These strategies are located in Table 27 of SCE’s Amended EE Business Plan.²³

3. Industrial

a. Local Programs

SCE's vision for its Industrial sector is to achieve cost-effective energy savings by tailoring EE services based on customer size and behavior, piloting innovative EE solutions, and increasing education and awareness for customers and partners.

SCE’s Business Plan includes proposed intervention strategies for specific customer types in the Industrial sector. Third parties may wish to consider these when developing their proposals. These strategies are located in Table 34 of SCE’s Amended EE Business Plan.²⁴

4. Agricultural

a. Local Programs

SCE's vision for its Agricultural sector is to achieve cost-effective energy savings by tailoring EE services based on customer size and behavior, piloting innovative EE solutions, and increasing education and awareness for customers and partners.

SCE’s Business Plan includes proposed intervention strategies for specific customer types in the Agricultural sector. Third parties may wish to consider these when

²³ SCE’s Amended EE Business Plan, pp. 105-106.

²⁴ SCE’s Amended EE Business Plan, p. 131.

developing their proposals. These strategies are located in Table 40 of SCE's Amended EE Business Plan.²⁵

5. Public

a. Local Programs

SCE's vision for the Public sector is to cost-effectively increase customer adoption of EE improvements and simplify program participation for customers. SCE's Public Sector EE portfolio will focus on enhancing the customer experience and simplifying program processes to better align with customer needs.

SCE's Business Plan includes proposed intervention strategies to address challenges in the Public sector. Third parties may wish to consider these when developing their proposals. These strategies are located in Tables 48, 49, and 50 of SCE's Amended EE Business Plan.²⁶

6. Cross-Cutting

SCE will lead the statewide RFP effort for the Emerging Technologies Program (ETP). The RFP will call for proposals to address the program's primary objectives and garner innovative program ideas. SCE will consider a variety of implementation options, including scenarios that involve one or more statewide implementers. Please see SCE's Amended Business Plan for more information regarding ETP.²⁷

²⁵ SCE's Amended EE Business Plan, p. 151.

²⁶ SCE's Amended EE Business Plan, pp. 187-189.

²⁷ *Id.*, p. 243.

Appendix 1

**SCE'S Response to Commission Staff's Questions/Topics in
Third Party Solicitation Proposal Guidance**

APPENDIX 1

SCE'S RESPONSE TO COMMISSION STAFF'S QUESTIONS/TOPICS IN THIRD PARTY SOLICITATION PROPOSAL GUIDANCE

On July 26, 2017, Staff issued a series of questions to guide the IOUs to include specific topics in their Third-Party Solicitation Proposals. Although most of the topics are addressed in the body of SCE's Solicitation Proposal, SCE has included specific responses to the Staff's questions in this Appendix 1 of the Solicitation Proposal to ensure completeness.

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.

SCE anticipates performing solicitations for nearly all program implementation activities during the timeframe covered by its Business Plan. However, because SCE has not yet received a Commission decision on its Business Plan, and has not yet executed any of its solicitations, it currently does not know which programs and services will be proposed by third parties, nor can it identify specific implementation activities that it will continue to perform.

SCE expects that the work its staff performs will shift from program operations to more contract management as a result of increased third-party EE implementation as required by D.16-08-019. In addition, SCE will need to continue to execute other support functions to manage compliance, verify energy savings, and achieve customer satisfaction. SCE does not anticipate that the administration and support functions will be bid out as these functions are likely to be performed by SCE. These functions include, but may not be limited to:

- Contract management;
- Regulatory reporting and filing development;
- Compliance oversight and tracking;
- Portfolio planning and optimization;
- Integrated DSM/DER planning;

- Evaluation, measurement, and verification;
- Engineering Quality Assurance and Quality Control reviews;
- Billing and program data mining, provisioning, and analysis; and
- Audits.

In its Business Plan, SCE included a proposal to transition a minimum of 60 percent of its budgeted portfolio to be third-party designed and delivered by the end of 2020. As mentioned above, SCE is not able to specify which program design and/or delivery functions it will continue to perform until it conducts its third-party solicitations and determines what programs and activities third parties are willing and able to do. As SCE also noted in its Business Plan, "If there are sectors for which SCE receives little to no interest, SCE will assess alternative solutions to achieve savings goals for those sectors. Alternative solutions could include more targeted solicitations for particular programs or programs implemented by SCE."¹ The administrative and support functions identified above are the type of "back office types of work" and "portfolio design and coordination" work that should continue to be conducted by utility personnel.²

In addition, SCE anticipates that several programs that have recently gone out to bid or will soon go out to bid in 2017 will not be included in the solicitations associated with approval of the business plan, such as the Residential and Small & Medium Business Pay-for-Performance Program associated with AB 793, the Industrial Strategic Energy Management (SEM) Pilot Program, and the HVAC HOPPs Program.

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.

Please see the Section J of SCE's Solicitation Proposal (Attachment A).

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

¹ SCE Exhibit SCE-02 Amended EE Rolling Portfolio Business Plan for 2018-2025 at p. 19.

² D.16-08-019 pp. 73-74.

SCE's solicitation strategy is similar to the other IOU proposals, although SCE cannot state exactly how its proposal is different until it reviews the other IOUs' final proposals. The timing of the solicitation per sector, program phase-out, and third-party program ramp-up may differ. In addition, SCE plans to use a two-stage solicitation process that includes an RFA followed by an RFP; however, other IOUs may choose to use a single-stage solicitation with a two-step process. Please see Appendix 3 to the Solicitation Proposal that shows the solicitation timelines for all IOUs.

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

In 2018, SCE anticipates that its portfolio will largely consist of the current core programs such as non-residential Custom and Deemed Programs as well as the majority of the existing residential programs similar to the 2017 portfolio composition. SCE plans to award approximately 50 percent of its portfolio to third parties in 2018. By 2019, SCE is expecting a 10 percent increase in third-party implemented programs. By 2020, SCE aspires to exceed the 60-percent third-party requirement. If the current solicitation process is delayed, an extension may be necessary to support a systematic transition to 60-percent third-party programs in the portfolio.

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

As SCE transitions to mostly third-party-implemented programs, SCE anticipates that the new model may yield efficiencies; however, because the model has not yet been implemented and tested, SCE does not know exactly how administrative costs for these programs will be affected. Without knowing what specific programs and delivery channels the third parties will propose and SCE will ultimately select, it is difficult to know exactly how administrative costs will vary over time. However, a program administration cap will be included in the third-party

program solicitations, and SCE will manage all third-party program implementer contracts accordingly.

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

Advantages of the IOUs issuing solicitations at the same time include:

1. It may be easier to coordinate the selection of statewide third-party programs.
2. It may be easier for third-party implementers to submit one single proposal to be considered by multiple program administrators (PAs) simultaneously.

Disadvantages of the IOUs issuing solicitations at the same time include:

1. Each PA may have different needs to complete its third-party program solicitation, implementation ramp-up, and ramp-down of existing programs in order to minimize customer disruption in the market or meet its goals.
2. The customer needs and portfolio needs may not be the same among all PAs.
3. A rapid transition across California involving such large-scale change may disrupt the market.
4. An emphasis on new and innovative programs may lead to greater risk in the market.

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

SCE anticipates performing solicitations for the following statewide programs for which SCE is the proposed statewide lead:

- Emerging Technologies – Electric
- Lighting (Primary Lighting, Lighting Innovations, and Lighting Market Transformation)
- Commercial New Construction – Savings By Design
- Governmental Institutional Partnerships (University of California, California State University, and California Community Colleges)
- Water / Wastewater Pumping (downstream pilot)

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

Please see Appendix 3 to the Solicitation Plan.

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?

SCE anticipates that the solicitation for third-party programs will be a lengthy activity as described in SCE's Solicitation Proposal. If program solicitations cannot start until mid-2018, SCE is likely to continue many of the existing programs through the end of 2019 to meet customer needs and to meet savings goals while the third-party implementers execute contracts and ramp up their respective programs. During this ramp-up period, SCE's existing EE contracts must be extended accordingly.

SCE anticipates completing the initial rounds of solicitation and awarding all contracts before the end of 2018. All new implementer and vendor orientation activities should be completed by early 2019 so that the new programs can ramp-up and begin full-scale operations as quickly as possible. Some residential and non-residential projects with a long customer engagement process may not be able to generate substantive energy savings and results until 2020 and beyond.

In addition, D.15-10-028 requires that all third-party energy efficiency (EE) contracts must expire by October 28, 2018.³ A mandatory termination date of October 28, 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. SCE, San Diego Gas & Electric Company (SDG&E), and Southern

³ D.15-10-028, OP 22.

California Gas Company (SCG) requested an extension for the expiration of third-party contracts from October 28, 2018 to the end of 2020.⁴

Please also see the Section I of SCE's Solicitation Proposal (Attachment A) for more information.

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.

SCE plans to increase third-party program percentages each year beginning in 2018. Once new third-party contracts are awarded, all new projects must be initiated under the new contracts. However, existing contracts will remain open in parallel with the new contracts until the pre-existing pipeline of projects are fully completed. This parallel design will help minimize the disruption to customers and vendors. In some cases, in order to complete all the projects in the pipeline, an extension of existing contracts may be needed beyond October 2018 due to the length of time that some projects will take between initiation and completion, which can span multiple years.

Below are possible steps for the transition to take place, assuming that a solicitation will not take place until mid-2018.

2018: 50 Percent of Third-Party Implemented Programs

Existing programs:

1. Renew existing third-party programs through the end of 2018. If the overall solicitation process is delayed, then SCE may opt to renew its existing third-party programs through 2019, pending Commission approval.
2. Initiate program ramp-down by mid-2019 until all projects in the pipeline are installed or cancelled if they cannot be completed within an expected timeframe.

New third-party programs from the solicitation process:

⁴ SDG&E Response, p. 25; SCE Response, p. 41; SCG Response, p. 37. Third party contracts are required to expire by October 23, 2018 per D.15-10-028, OP 22.

3. Complete the solicitation process by Q4 2018.
4. Complete contract awards by Q1 2019.
5. Initiate new program orientation, training, and ramp-up by Q2 2019.

2019: 60 Percent of Third-Party Implemented Programs

6. Repeat the solicitation process to acquire at least ten percent more third-party programs.
7. Monitor early results to decide if any of the third-party programs can be scaled-up further to generate more energy savings.
8. Monitor early results and provide guidance or corrective action as needed, which could result in more targeted solicitations to fill any gaps.
9. For non-performing programs, decide if ramp-down and program closure is needed.

2020: Exceed 60 Percent of Third-Party Programs

10. Repeat solicitation process to increase the percentage of third-party programs in the portfolio.
11. Monitor program results and determine if any of the third-party programs should be scaled-up, scaled-down or closed to maximize portfolio cost-effectiveness, customer satisfaction, and ensure goal attainment.

Please also see the Section I of SCE's Solicitation Proposal (Attachment A) for more information.

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?

The vision, proposed intervention strategies, and sample tactics in SCE's Business Plan will guide SCE's third -party program selection. In addition, SCE will encourage third parties to propose new and innovative programs. SCE will assess whether the third-party program

proposals meet the vision and goals identified in SCE's Business Plan in the most cost-effective and customer-centric manner while being innovative.⁵ In addition, local area grid needs may also be considered during the selection process.⁶

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?

The IOUs plan to hold a series of in-person vendor training workshops to provide prospective bidders general information on essential administrative requirements and may offer bidders' conferences for each of the specific RFAs or RFPs. Trainings will be held jointly among the IOUs, and recorded to provide convenient access year round by prospective bidders.

Please also see the Section G of SCE's Solicitation Proposal (Attachment A) for more information.

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?

Please see Section C.2.d (Step 4 of SCE's Solicitation Process) in SCE's Solicitation Proposal (Attachment A) for information regarding standard templates.

In addition, an example of the information SCE anticipates that its RFA and RFP documents will contain is set forth below, although this list is subject to change depending on the nature of the solicitation and other factors:

RFA Outline (subject to change)

- (1) SCE company background

⁵ The Commission held, "By necessity, the program administrator will be determining the needs for which a solicitation is being conducted in the first place." D.16-08-019, p. 74.

⁶ The Commission clarified in D.16-08-019 "that nothing in this decision is intended to remove or diminish the utilities' responsibility for electric and natural gas reliability, particularly in local areas." *Id.*, p. 72.

- (2) General description and purpose of RFA, including scope, eligibility requirements, disallowances, affiliation disclosure, SCE terms and conditions, and other procurement administration requirements
- (3) Appendix-A: Definition of Terms
- (4) Appendix-B: SCE Rolling Portfolio Business Plan
- (5) Appendix-C: SCE Service Territory Zip Codes
- (6) Appendix-D: Aliso Canyon Affected Zip Codes
- (7) Appendix-E: Goleta Affected Zip Codes
- (8) Appendix-F: Program Design and Implementation Reference Material, including a description of program elements and other requirements
- (9) Appendix-G: Cost Effectiveness Tool (CET) Database
- (10) Appendix-H: Supplier Responsibility Program
- (11) Appendix-I: DSM RFA Response Third-Party Program Document, including RFA response check list and RFA response template
- (12) Appendix-J: Program Description All Sectors Document, providing characterization of customer segments and customer needs
- (13) Appendix-K: Cybersecurity Qualification

RFP Outline (subject to change)

- (1) SCE company background
- (2) General description and purpose of RFA, including scope, eligibility requirements, disallowances, affiliation disclosure, SCE terms and conditions, and other procurement administration requirements
- (3) Request for Proposal Details
- (4) 3P RFP Billing Worksheet
- (5) 3P RFP Direct Install Worksheet
- (6) Appendix-A: Definition of Terms

- (7) Appendix-B: SCE Rolling Portfolio Business Plan
- (8) Appendix-C: SCE Service Territory Zip Codes
- (9) Appendix-D: Aliso Canyon Affected Zip Codes
- (10) Appendix-E: Goleta Affected Zip Codes
- (11) Appendix-F: Program Design and Implementation Reference Material, including a description of program elements and other requirements
- (12) Appendix-G: Cost Effectiveness Tool (CET) Database
- (13) Appendix-H: Supplier Responsibility Program
- (14) Appendix-I: DSM RFP Response Third-Party Program Document, including RFP response check list and RFP response template
- (15) Appendix-J: Appendix-J: Program Description All Sectors Document, providing characterization of customer segments and customer needs
- (16) Appendix-K: Cybersecurity Qualification

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

Please see Appendix 3 to SCE's Solicitation Proposal.

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.

SCE will issue RFAs and RFPs that will support SCE achieving its metrics targets, which includes targets for disadvantaged communities and hard-to-reach communities, to be approved by the Commission. In addition, SCE will also require third-party program implementers to include associated metrics and targets in their implementation plans.

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

Please see the Scoring Criteria section (Section E) of SCE's Solicitation Proposal (Attachment A).

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?

Please see the IOUs as Program Implementers section (Section I.3) of SCE's Solicitation Proposal (Attachment A).

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

Please see the Procurement Review and Independent Evaluator section (Section D) of SCE's Solicitation Proposal (Attachment A).

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.

Please see the Procurement Review and Independent Evaluator section (Section D) of SCE's Solicitation Proposal (Attachment A).

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

The IE will assess the solicitation's reasonable conformance with the solicitation plan and Commission solicitation directives. Please see the Procurement Review and Independent Evaluator section (Section D) of SCE's Solicitation Proposal (Attachment A).

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.

SCE cannot anticipate the number of bids that the IE will be reviewing. SCE recommends that the PRG and IE review all resource-based statewide program solicitations and other solicitations where the expected annual contract value exceeds \$5 million. Please see Procurement Review and Independent Evaluator section (Section D) of SCE's Solicitation Proposal (Attachment A) for additional information.

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

SCE anticipates using the same or a similar process that the CPUC uses for supply-side procurement for its EE solicitations, with the exception that EE contracts will not be filed to the Commission through Advice Letters.

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?

SCE considers the risk associated with a single bidder being selected by more than one PA in a shared service area to be minimal. If the bidder is selected in multiple PA solicitations to serve a shared service territory, then the IOUs, RENs and/or CCAs can coordinate implementation activities and arrange for possible co-funding or cost-sharing arrangements as needed. Being an electric-only utility, SCE has experience managing such occurrences with SoCalGas as well as with SoCalREN.

Appendix 2

2017 – 2020 Solicitation Timeframes

APPENDIX 2 - 2017 – 2020 Solicitation Timeframes

2017-2020 Solicitation Timeframes			Subsector Focus / Program Concepts / SV Program																		
Description	Sector	RFI	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	Platform	SV - Deemed Platform Support																			
PB&E	Statewide RFI	SV - Codes and Standards Title 24 - Phase 1							Launch												
PB&E	Statewide Program RFP	Cross Cutting SV - Codes and Standards Title 24 - Phase 2					End														
PB&E	Statewide Program RFP	Cross Cutting SV - Codes and Standards Title 24 - Phase 2							Launch												
PB&E	Open Sector RFA / RFP	Commercial Large Office / High Tech / Regional SMB																			
PB&E	Open Sector RFA / RFP	Industrial Food Processing / Petroleum																			
PB&E	Open Sector RFA / RFP	Residential Single Family / Multi-Family																			
PB&E	Statewide Program RFP	Cross Cutting SV - WEST Career Connections																			
PB&E	Statewide Program RFP	Cross Cutting SV - State of California Partnership																			
PB&E	Open Sector RFA / RFP	Public Sector K-12 / Government																			
PB&E	Open Sector RFA / RFP	Agricultural Dairies / Vineyards / Breweries																			
PB&E	Open Sector RFA / RFP	Cross Cutting C&S / WE&T / ET																			
PB&E	Open Sector RFA / RFP	Commercial Retail / Healthcare / Hospitality																			
PB&E	Open Sector RFA / RFP	Industrial Manufacturing																			
PB&E	Open Sector RFA / RFP	Residential Single Family / Multi-Family																			
PB&E	Statewide Program RFP	Cross Cutting SV - Codes and Standards Title 20																			
PB&E	Statewide Program RFP	Cross Cutting SV - WE&T Workforce Readiness																			
PB&E	Open Sector RFA / RFP	Cross Cutting C&S / WE&T / ET																			
PB&E	Open Sector RFA / RFP	Public Sector K-12 / Government																			
PB&E	Open Sector RFA / RFP	Agricultural Greenhouses / Crop Production																			
PB&E	All Sector RFA	All Droughting																			
SCE	Open Sector RFA / RFP	Commercial SV - Commercial New Construction																			
SCE	Open Sector RFA / RFP	Industrial SV - Lighting Program																			
SCE	Open Sector RFA / RFP	Residential SV - Gov. & Inst. Partnerships and Water/Wastewater Pumping																			
SCE	Statewide Program RFP	Cross Cutting Electric Emerging Technologies																			
SCE	Open Sector RFA / RFP	Agricultural SV - Commercial New Construction																			
SCE	All Sector RFA	All Future Targeted RFPs as Needed (per RFA results)																			
SoC-HIGs	Local RFA/RFP	Residential Whole Building / Residential D/I / Prescriptive Incentives / Efficient Home Rating																			
SoC-HIGs	Local RFA/RFP	Commercial DA Community Outreach / Small Commercial Standard and Comprehensive DI																			
SoC-HIGs	Local RFA/RFP	Agricultural Small Ag Outreach / Urban Ag & Small Green Houses																			
SoC-HIGs	Local RFA/RFP	Industrial Small Industrial Upgrades / Med & Large Food Beverage Facility Upgrade																			
SoC-HIGs	Local RFA/RFP	Public DA Community Outreach / DI Public Facilities / Tech, Policy & Plan Assistance																			
SoC-HIGs	Statewide Program RFP	Residential SV - Res New Construction																			
SoC-HIGs	Statewide Program RFP	Non-Resource SV - Gas Emerging Technologies																			
SoC-HIGs	Statewide Program RFP	Commercial SV - Foodservice POS																			
SoC-HIGs	Statewide Program RFP	Commercial SV - Downstream Food Service																			
SoC-HIGs	Statewide Program RFP	Commercial SV - Midstream Water Heating																			
SoC-HIGs	Local RFA/RFP	Residential SV - Midstream Water Heating																			
SoC-HIGs	Local RFA/RFP	Commercial SV - Midstream Water Heating																			
SoC-HIGs	Local RFA/RFP	Industrial SV - Midstream Water Heating																			
SoC-HIGs	Local RFA/RFP	Public SV - Midstream Water Heating																			
SDIGRE	Statewide Program RFP	Commercial SV - Upstream-Midstream Commercial HVAC																			
SDIGRE	Statewide Program RFP	Residential SV - Upstream-Midstream Residential HVAC																			
SDIGRE	Statewide Program RFP	Residential SV - Plug Load and Appliances																			
SDIGRE	Open Sector RFP	Commercial SMB / Direct Install																			
SDIGRE	Open Sector RFP	Residential Multi-Family and Low Income Residential																			
SDIGRE	Open Sector RFP	Commercial Multi-Family and Low Income Residential																			
SDIGRE	Open Sector RFP	TBD Commercial Real Estate																			
SDIGRE	Statewide Program RFP	Residential IDEA 385																			
SDIGRE	Open Sector RFP	Residential SV - HVAC QIGM																			
SDIGRE	Open Sector RFP	Agricultural EUC, Behavioral, CDPH																			
SDIGRE	Open Sector RFP	Industrial Agriculture																			
SDIGRE	Open Sector RFP	Commercial Core Commercial Programs																			
SDIGRE	Open Sector RFP	Residential Residential Lighting																			
SDIGRE	Open Sector RFP	TBD IDEA 385																			
SDIGRE	Open Sector RFP	TBD IDEA 385																			

Appendix 3

**Representative Solicitation / Program Launch Timelines for a Two-Stage RFA
and RFP Solicitation Process**

Appendix 3 - Representative Solicitation / Program Launch Timelines for a Two-Stage RFA and RFP Solicitation Process

