

Session 3

- Lara Ettenson/NRDC: What is role of CAEECC going forward?
 - Phase 3: there are a lot of items on the docket (p.6)
 - A lot of policy issues (p.8)
 - A whole list of remaining issues (p.9). Does CAEECC want to help prioritize these issues? Or inform the Commission on what comes next? [answer is no]
 - In current proceeding memo came out on Friday (April 14). Overall issues (p.5). There is a question that asks whether the BPs put the overall EE portfolio of the Commission on a path to contribute substantially to the goal of doubling the amount of EE in buildings by 2030.
 - The goal for 2030 to double energy efficiency is economy-wide. It is not just about doubling in buildings. NRDC fought for this clarification in the legislation and at the CEC.
 - NRDC brought up an additional question asking if this is meant to focus on the GOALS or rather on the STRATEGIES.
 - NRDC noted that the Business Plans respond to the goals authorized by the Commission so it does not make sense to ask whether the BPs get us to the SAVINGS of 2030. But could ask if these strategies set us up in such a way so that when the goals are set we are on the right path
 - Agreed that the Business Plans don't get us to 2030 savings. Of course not, because Business Plans are based on goals that were set before the new goals are set.
 - Peter Franzese/CPUC: It is unclear if strategies will get us to the doubling.
 - The question should be interpreted whether the strategies set us up
- Margie Gardner/CEEEIC: Goal in Business Plans is not to double. Goals in Business Plans are to get to annual requirements. How can we even ask if the strategies are right when we don't know what the goal is or where the potential is coming from?
- Lara Ettenson/NRDC: We do not have goals that get us to 2030. Will the strategies in the Business Plans set up a framework so that when we have bigger goals we have a framework to reach those goals or is there something missing? This conversation will get us to better answers to the question.
- Dave Dias/Sheet Metal Workers #104: The decision only says "contribute." It does not require reaching the goals.

- Lara Ettenson/NRDC: Agreed, the IOU goals will contribute to the overall SB 350 goals but they have to meet their goals set on that path. Current numerical goals are not anywhere near what we need for 2030. That will come later after the CEC sets the overall goal. Have we set up an infrastrucutre to get to 2030 when those goals are set?
- Athena Besa/SDG&E: I agree with that assessment. Statewide goal is statewide, not IOU goals. As of today, SDG&E's basic goal is what is currently approved. Goal is trending downward for the next few years. We are waiting for August when the Commission was expecting to have potential in goal for IOUs. At that point we will know what is our share and responsibility. Some of these will come from when we bid out and when we find implementers who have suggestions. We will set up sector plan to address some portion of goals. Potential study is important.
- Lara Ettenson/NRDC: Agree with Margie, how can we answer the question until we see the goals?
- Michelle Costello/SDG&E: I'm not sure how much strategies will change overall. What might change is how much emphasis we put on a sector or a stragegy. Hopefully, the whole framework won't have to change too much. Hopefully the strategies are solid. Rather, its a matter of how much effort we put into a strategy or sector.
- Craig Perkins/TEC: The question is where can an individual find an interpretation/definition of doubling energy efficiency by 2030?
- Lara Ettenson/NRDC: It is in the bill but the CEC's interpretation won't be published until November. Only the CEC has it now.
- Craig Perkins/TEC: It is to be determined. The public sector has no potential study because it has not been done before. Nothing in SB 350 says doubling of efficiency by 2030 only if it meets TRC.
- Brian Samuelson/CEC: The CEC is looking at June 19 for a workshop date on setting SB 350 goals.
- Lara Ettenson/NRDC: By statute, there has to be a statewide goal by November. The question is focused on whether there is a pathway. Is everything on the drawing board? How can we answer the question until we have goals and potential because that will focus the Business Plans.
- Margie Garnder/CEEIC: Possible other subjects for symposiums include embedding EM&V and program design.
- Lara Ettenson/NRDC: Issues for discussing the role of CAEECC going forward --
 - Do we need more CAEECC meetings?
 - Can we coordinate workshops with the ED?

- We have a list of potential topics for discussion
 - Do we need to have an ad hoc or CAEECC meeting regarding Independent Evaluator/Peer Review Group? If we have a meeting, will be it open discussion or settlement discussion?
 - Discussion regarding improvement of PRG around AB 793
- Lara Ettenson/NRDC: There is a lot in the scoping memo (p.6). Four issues are identified as outside scope (p.8-9).
 - Lara Ettenson/NRDC: What does this means for us? Parallel activities: There is a list of questions at the end (Attachment A) due May 15, plus Attachment B for everyone to answer, due June 5. There will be workshops, and maybe hearings. Some things can be handled by CAEECC pre/post workshops but will require notice. There are additional commenting opportunities. Final decision is expected in November (but will likely be December) 2017. Seems like we will not get implementation plans moving until late 2018 with programs launching late 2018 and 2019.
 - Margie Gardner/CEEIC: This is a big issue. We need to discuss whether we can address bidding before Business Plans are approved.
 - Lara Ettenson/NRDC: There may be no role for subcommittees until the fall of 2018.
 - Mike Campbell/ORA: My general feeling on this is that CAEECC has been useful in helping understand various other positions, but not usually reaching consensus. These meetings may not provide additional value outside of workshops. It provided value in getting stakeholder input during the discussion re: the solicitation process. We have stated our positions and now we are taking them to the Commission. With regard to the role for CAEECC going forward while there are ongoing proceedings, the action now is at the Commission. There could be settlement discussions by the parties here. The big role for CAEECC in the 2018 time frame is how are the PAs doing on their Business Plans in terms of their metrics? Assessment that CAEECC has a limited role for the rest of this year is accurate. We all have plenty to do.
 - Margie Gardner/CEEIC: I want to counter. I'm not looking for a lot of meetings. I do think there are a few issues that might benefit from CAEECC meetings or discussions. Workshops often expose ideas but, in my experience, there is very little discussion. I miss that at the workshops. I also think CAEECC's informality can promote more openness and good faith discussions. If the Commission staff would participate in CAEECC discussions and ask their questions, that would make it valuable. I would love to hear more about what the Commission staff thinks about certain issues.
 - Cody Coeckelenbergh/LINCUS: I completely agree with Margie. I'm often lost as to why the process takes so long. I much prefer discussion about what the holdup is, instead of the philosophical role of CAEECC. We have existing programs without budgets. There is no pipeline

for 2018. I'd rather be working with customers than sitting in these meetings. But the uncertainty of the process at this point requires my participation in these meetings.

- Lara Ettenson/NRDC: What would be helpful? If we don't figure it out here ...
- Cody Coeckelenbergh/LINCUS: The Commission needs to approve the Business Plans and allow the PAs go out to bid. Let the PAs design the portfolio based on programs. If we need to wait until 2018, I'm not highly optimistic, based on budgets. Turnaround will not be as fast as we hope. There are issues with current programs that we can address in the meantime. As an implementer, my perspective is different from someone else, but let's discuss.
- Jenny Berg/BayREN: We are in the rolling portfolio so PAs have existing annual budgets. I agree with Margie and Mike. I don't see a value in having the same CAEECC meetings right now. But maybe we can address specific topics, such as metrics and budgets. A deep dive on these issues could be helpful.
- Lara Ettenson/NRDC: I fear we will set up redundant meetings with the CPUC.
- Margie Gardner/CEEIC: If workshops continue to be set up as current, there won't be redundancy because they don't allow for discussion. There are a lot of questions about this material. There is so much we still don't understand before we can start addressing solutions.
- Lara Ettenson/NRDC: If we add another layer, will that mean another layer for the PAs? I'm concerned that will lead to a walkout?
- Margie Gardner/CEEIC: We need to limit the issues. Where is the match between this group and a couple key subjects?
- Jenny Berg/BayREN: To prevent redundancy, maybe we can work with the ED to co-lead workshops. ED doesn't have time to run these workshops. We can help lead and develop the agendas.
- Peter Franzese/CPUC: I think that would be great. We are just starting to work on a schedule - when and what these workshops will address.
- Margie Gardner/CEEIC: I'd like to follow up on my need for more discussion at these workshops ...
- Peter Franzese/CPUC: I'd like to have workshops with specified outcomes. If you have a workshop on metrics, first there would be a presentation and input, and then specified metrics would be set. We would have staff there.
- Margie Gardner/CEEIC: It almost seems like we would need to have some discussion before the workshops.
- Peter Franzese/CPUC: I'll note this for Hazlyn for when we talk about the workshops.

- Lara Ettenson/NRDC: It is true that most of us don't really know what good metrics are. We need a primer on metrics.
- Erin Palermo/SCG: In the Scoping Memo, I read there would be a staff memo on metrics and then we could respond to that.
- Jenny Berg/BayREN: I had a good experience with a former ALJ where he wanted to get educated, and subject matter experts were included for a more informative discussion.
- Lara Ettenson/NRDC: We meet weekly with ED and we can discuss how to structure these workshops going forward.
- Lara Ettenson/NRDC: What are we going to do? Meghan and I will work with ED to coordinate workshops so we can try to get the same effect as we have here, or use CAEECC to address issues. Or can we use CAEECC for existing programs? Cody, can you provide suggestions about how to address this?
- Cody Coeckelenbergh/LINCUS: In terms of existing programs, a lot of issues involve bidding. One of our concerns is that growing restrictions and costs challenge implementing programs in California by driving current implementers out of state. We are losing employees. New bidders are going to bid higher and low bids will be from firms who do not understand the complexities of doing business in the state. We are going to lose money on programs that will not be successful. I think there is an educational component. I'd be happy to provide information on current implementation process – how it works within the current contracting structure and what it means to design a program. I'm confident that potential exists to double the goals. The challenge is doing it at such a high cost so that cost is prohibitive.
- Lara Ettenson/NRDC: I can benefit from that discussion and I assume ED could as well. But I'd like this group to be more active – not just education, but what can we suggest as action going forward?
- Cody Coeckelenbergh/LINCUS: Understanding what it means to take risk on a project, to maybe not make money on a program, the need to make up for a loss. Risk assessment is important to understand. At the custom workshop on March 24 there was an entire panel focused on implementer payment and how to cap payments. For a majority of the presentation, it was very clear that there was not an understanding of how the implementation industry takes risks and designs programs. Generally understanding how the project cycle works and how programs are designed would benefit everyone.
- Lara Ettenson/NRDC: Okay, but what's next? What's the action item? I am hesitant to do anything that will not lead to an action.
- Jenny Berg/BayREN: I think it is an important topic but not necessarily appropriate for CAEECC. Workshops can be useful. ED should also be part of the discussion.

- Lara Ettenson/NRDC: What if we are working with Peter [Franzese/CPUC] and its our format?
- Jenny Berg/BayREN: Yes, I think that is important. But this topic should not be limited to just this group.
- Lara Ettenson/NRDC: I don't think a workshop would get us as far as this type of U-shaped discussion.
- Jenny Berg/BayREN: There is too much siloing.
- Margie Gardner/CEEIC: Backing up to the role of CAEECC, I think the role of CAEECC is education and discussion. Bring your best questions. That is when we can help the CPUC get the best decision based on discussion that happens here. I support Cody's suggestions for education and discussion.
- Mike Campbell/ORA: I think Cody's recommendation is fine. It could be useful for some of the issues that we have addressed. But my experience, from managing workshops, was that there was dialogue. Best result was when there was something written down. In workshop process, where something is written down, we have discussion about where there are issues and maybe second discussion. There needs to be something written for us to respond to.
- Cody Coecklenbergh/LINCUS: The education piece is more about calibration of this group. I'm guilty more than most that I have no idea what people are talking about outside of my role. This is my first policy involvement. There is so much uncertainty in our work, I need to be here. We are committed to efficiency in California. We want this to work and be successful. But, we are not all on the same page. That is why I bring up this issue. It is the base objective here – getting implementation of programs moving.
- Lara Ettenson/NRDC: What else? What about ETRM?
- Margie Gardner/CEEIC: With regard to ETRM, there has been less education and we need more information. I'm on CalTF policy committee so I understand why we need this. But I don't think this has been discussed in public. It has not been socialized yet. I think it is important for the State of California to move forward with this. This could be a good forum for that information. If there are issues from the ED and IOUs, I'd like to hear about them. There has not been a forum to advance this issue, so I'd like there to be so we can learn what the barriers are.
- Meghan Dewey/PG&E: I agree that we should have an informational discussion on this. Decision (OP 20) asked stakeholders to put forth proposal. They are working on this. As a group, it would be great to get support from the larger stakeholder group as ETRM is one of the solutions to resolve the ex ante.
- Lara Ettenson/NRDC: Another big issue that came up is what to do with no new bids until 2018. There is nothing in the scoping memo that prohibits PAs from bidding before the Business Plans are approved.

- Margie Gardner/CEEIC: I'd love to hear what the thinking is about bidding before approval of Business Plans.
- Matt Evans/SCE: We propose solicitation for innovation in our Business Plan. We are thinking there may be a two-step process: request for high-level abstracts, and then RFPs. Abstracts would be 15 pages, high level, what you are thinking, innovation in program, payment terms. What are some good ideas? RFP/RFA – we are considering a couple options. Leaning toward RFP (after BP approved) to top bidders from abstract. Another option is to target RFP to certain sectors across the whole portfolio.
- Lara Ettenson/NRDC: If you do an RFA and you pick promising options and you don't know how this will get resolved with regard to the rulings, how do you know if you are heading in right direction?
- Matt Evans/SCE: We may need to re-adjust if necessary.
- Lara Ettenson/NRDC: I understand the idea. This could be potentially more efficient to get out ahead of the decision but I still am not sure how this will play out in reality.
- Matt Evans/SCE: Yes, we will be ready to start with the RFP process once Business Plans are approved.
- Margie Gardner/CEEIC: How do bidders protect their secret sauce if they give information and SCE uses it for their bidding process?
- Matt Evans/SCE: For Option A, we'd go back to the proposer and ask for a full proposal. Protected information would only be between the two of us.
- Margie Gardner/CEEIC: It makes sense unless SCE moves out to the market.
- Matt Evans/SCE: For Option B, we will go out for broad RFP based on sector. We won't include ideas we received from the abstract process. We can do this for subsectors as well. Abstracts will identify what makes sense broadly. For the first time, it will be a close-ended abstract. Going forward, may be open ended – anyone can submit at any time.
- Susan Davison/CalCERTS: If I have a really good idea as an implementer, I will have an edge with SCE so long as I get some protection of my idea. Seems like an interesting idea.
- Mike Campbell/ORA: My general concern is that the program administrator does not have a good idea of what its plan is and has not included that information in the Business Plan that you already filed. Would you update your Business Plan based on market information you will get through this process?
- Matt Evans/SCE: Probably not, but this may help with annual advice letter.

- Mike Campbell/ORCA: With regard to your Business Plan, what are we measuring your activities going forward against? Annual advice letters? No metrics are set. How much detail needs to be included in the budgets? ORCA provided a lot of feedback on how much should be in the budgets. The Commission is heading toward wanting more details. I'm trying to understand how this all fits together.
- Lara Ettenson/NRDC: If there will be a process at the Commission to dive deeper into budgets, then if SCE uses an RFA process and then decide to change its budgets ... it doesn't jive.
- Mike Campbell/ORCA: How do we measure SCE's activities as an administrator against what is included in the Business Plan? Seems like there is an issue if SCE is moving in a different direction.
- Susan Davison/CalCERTS: We are talking about 2 years out. We are talking about an abstract possibility. SCE's attempt to move things forward makes sense to me. At least they are trying to move things forward. Why not allow a few things to start to get moving forward?
- Mike Campbell/ORCA: I'd like to see something on paper so we can understand what the proposal is. Maybe this is the type of thing that we need an interim decision from the Commission on. Absent that, I'm concerned with this not being written down. If it is not consistent with ORCA's policy and objective ... We need to see a proposal so we can address issues. ORCA does not want to create uncertainty for the marketplace. CEEIC has an interest in understanding this as well.
- Lara Ettenson/NRDC: This is what I was suggesting about whether there is something that we can do around solicitations pending CPUC final decisions. It is hard for stakeholders in this process with the direction from the Commission.
- Cody Coeckelenbergh/LINCUS: My understanding is that in a RFA/RFP process implementers would submit an RFA based on our understanding of the BP. We would design a program based on that. RFA would include our program design. I don't understand how I would design programs based on abstracts.
- Mike Campbell/ORCA: If Edison gets a lot of abstracts and they decide they want to do something with that ... I'd like specificity from the BP proceeding. What is the strategy for that? How will administrators be measured based on what is in BP? I don't think it is necessary to say what actual project will be that will ham implementers' business strategy. I see this as creating long term issues for evaluating actions against BP and inherent riskiness to potential bidders.
- Cody Coeckelenbergh/LINCUS: I agree with that. I assume that a target RFP based on a series of abstracts, and none of them align with what Edison sees, then they will issue RFP, but still needs to meet BP. We need to give PAs flexibility to address segments that we didn't know about last year. There may be new opportunities created and we should be able to address those opportunities without a new 2-year process.

- Jenny Berg/BayREN: I have a procedural question. BayREN is chomping at the bit to move forward with our new program ideas but we feel like we do not have authority to do that. Under what authority do you feel like you can do this?
- Matt Evans/SCE: With regard to the Request for Abstract, we do not feel like we are going into a new business contract.
- Susan Davison/CalCERTS: The market will bring a lot of interesting things to the table if there is an abstract process. How do utilities go out to bid once this get approved? What is the time frame once approved? This discussion about trying to get things going is good. If utilities can't get things going, how is this going to work?
- Mike Campbell/ORCA: This is exactly what is missing from the Business Plans. Maybe Matt [Evans/SCE] disagrees. We don't see it that way. The Commission gets to decide. But I don't have a sense of how this will work.
- Margie Gardner/CEEIC: We don't think the Business Plans have sufficient details to understand what Program Administrators are planning.
- Michelle Costello/SDG&E: It is in the questions and answers.
- Margie Gardner/CEEIC: I'm looking for specifics on the solicitation process.
- Athena Besa/SDG&E: There are interesting developments concurrent with the AB793 resolution. We are thinking that we are using this opportunity to move into a new definition of third-party programs. Solicitation is happening now because we need to move into AB793. This will help us as we move into the bigger solicitation.
- Meghan Dewey/PG&E: Also for strategic energy management under new third party management, we will also be going out to bid.
- Margie Gardner /CEEIC: Who authorized the program?
- Meghan Dewey/PG&E: Energy Division. We got authorization to do SEM in the manner they set forth and to bid outside of the business plan process.
- Margie Gardner /CEEIC: This is news to me.
- Lara Ettenson/NRDC: This is the type of discussion/decision making we thought would be good to discuss in subcommittees with CAEECC to provide transparency and understand what each entity's role is.
- Lara Ettenson/NRDC: This is a perfect place to test out the bidding process. Why not take that opportunity to get things moving? With the AB 793 resolution that requires a program by the end of this year, PAs have no choice but to get things out to bid. This is a good opportunity to test the process.

- Erin Palermo/SCG: Resolution 4820 requires that we have programs for AB 793, but they have to be set up by the end of 2017. To comply with this requirement, we are going out to bid this quarter. We were going to use the existing Peer Review Group.
- Lara Ettenson/NRDC: Maybe this is another issue that we may need to address in CAEECC. NRDC isn't going to participate in the PRG as is. Mike?
- Mike Campbell/ORCA: I'm not sure ORCA will participate in this.
- Lara Ettenson/NRDC: Maybe CAEECC ad hoc group can try to figure out if we can make the current process better to inform a future process. It does not make sense for just NRDC to participate in this discussion. We should probably take this off-line and think about it further.
- Erin Palermo/SCG: Program has to be implemented by end of 2017. We need to file advice letter on programs on May 22. We are working on figuring out a date for a workshop for the public.
- Lara Ettenson/NRDC: If we wanted to get a peer review group going...let's discuss further. It would be nice to test some of these ideas before we have full solicitation.
- Matt Evans/SCE: We have been advocating using our PRG group for procurement.
- Margie Gardner/CEEIC: With regard to bidding on strategic energy management, where is that program coming from? What is PG&E's authority?
- Meghan Dewey/PG&E: We got approval from Kay Hardy at CPUC. We can go out to bid. We have a program designed by third-party. IOUs helped support the program design.
- Margie Gardner/CEEIC: It seems odd that a CPUC staffer can authorize this. Why would you be going out with this program ... It was not really sent out to bid and I understand it was developed by just one contractor, PUC and IOUs are not third parties.
- Meghan Dewey/PG&E: Some of our best most innovative programs are designed collaboratively. We can't limit the definition of third-party.
- Margie Gardner/CEEIC: If there is still time, we may object. Will you please send me the email you have from Kay [Hardy/CPUC]?
- Lara Ettenson/NRDC: I thought ED directed this. This does happen but it is confusing to the rest of us who are not in the discussion. Are there meetings with the ED that would benefit from being more transparent? This has been happening for a long time and nobody knew about it.
- Margie Gardner/CEEIC: We strongly support strategic energy management but we support that going through the regular process. More people need to be included in the discussions.
- Meghan Dewey/PG&E: It is fairly prescriptive about how they want us to implement AB 793. There was a particular requirement for a HAN downstream program. Another education forum could be the prescriptive nature of programs and the roles and responsibilities for all of us.

- Lara Ettenson/NRDC: Let's have lunch and we'll proceed with the agenda in the afternoon. We can come back to this if we have time at the end. More comments? Public comments?
- Udi Merhau/Energy Orbit: I would like to make a suggestion that you look at what they are doing in New England. There they are banding together for the benefit of the customers. They are making things happen. There are issues here. We can learn from other success stories.
- Nick Brod/Clear Result: There are lots of big issues here. When will the Program Administrators have a meaningful moment when they say this is the sector and here's how we will deliver on it? I have concerns about SCE's proposal. The process is too complicated. We could be discussing this still in 5 years. We are eager to see the portfolios refreshed and programs bid so we can see what the future looks like. If we wait until 2018, there will be no progress.
- Erin Palermo/SCG: A lot of this is what we have talked about in our Business Plan. We have several reasons why we feel that we need to go out to bid now before BPs are approved. We have directives that require us to bid in Q2 2017. We plan to do so now. There needs to be a smooth transition of the rolling portfolio so there is not massive market disruption in 2018. We are looking at a phased transition this year by taking current 20% and re-bidding that value, using those funds. We have contracts that are expiring this year that need to be refreshed. Some are not performing to meet our goals. Some are not achieving the same goals that we need. We are looking for new ideas in the normal course of business. We also have a directive that requires current third-party projects to end by October 2018. If we extend our current projects until October 2018 there will be more market disruption. Therefore, we need to start our bidding.
- Margie Gardner/CEEIC: My biggest fear as we start to do things is that we proceed down the path and have no outcome. Can we get any clarity from the ED?
- Hazlyn Fortune/CPUC: Write to the judge. There could be a lot of procedural challenges with the proposed RFA. Please check to make sure this will not be an issue for you before you head down that path, particularly with the RFA approach. ED staff cannot give approval. Two judges are assigned now.
- Margie Gardner/CEEIC: What do you mean about concerns about RFA?
- Hazlyn Fortune/CPUC: This is a new concept that has not yet been vetted. This needs to be explained to the ED before you start doing it. We have new Commissioners with aggressive mandates. This is resulting in what you are seeing and why they are doing this. I can't comment on Kay Hardy's approval. She would not have done that without approval from her superiors.
- Lara Ettenson/NRDC: Erin [Palermo/SCG], what you described would be really good for our discussion on misalignments later today.