

D.16-08-019 directs a significant shift in role for PG&E's Energy Efficiency operations, processes and vendor relationships by 2020

- PG&E leadership recognized that the existing approach to managing the portfolio must change
- To envision how this future operation would look and function, PG&E began a process to gather information on how this work is performed in other states
 - Interviews with program leaders at other large IOUs across the US
 - Meetings with large vendors that support those IOUs
- To scale the information gathering, contracted with the implementation team at DNV GL to provide a nationwide assessment that focused on:
 - A detailed taxonomy of typical utility models
 - Case study examples of relevant utilities / energy efficiency programs for each model
 - Contracting terms typical for these program models



DNV GL Taxonomy of Utility Outsourcing Models and Key Attributes

	Minimal Outsourcing	Project or Activity Outsourcing	Integrated Program Outsourcing	Integrated Portfolio Outsourcing	Arm's Length Resource Acquisition
Typical Outsourced Scope	Peak load staffing, licensed contractors,	Project: Program evaluation, SaaS, outreach, marketing campaign mgmt., market research, Activity: Field inspections, engineering reviews, advertising,	Program Implementation with significant utility oversight and integration with various utility core functions	Implementation of a portfolio of programs, often with subcontractors serving as implementers and reporting to the contractor, with significant utility oversight and integration with various utility core functions	Program Implementation with little or no utility involvement, resource acquisition (kW, kWh and therm impacts)
Utility Staff Involvement in Program Design	100%	95%	75%	60%	10%
Common Utility Role	All management and most staff assignments. Outsourcing limited to short term needs, technical capability gaps, and cost reduction opportunities	All management responsibilities, including program design, with selective outsourcing of non-core or non-regular projects	Close management oversight, program design approval, integration of core utility functions such as regulatory management, call centers, customer management, data management and marketing, and required coordination with other program implementers	Close management oversight with integration of core utility functions such as regulatory management, customer management, and marketing. Contracts with fewer "master" implementers that then contract to various other providers. Program design is more collaborative but utility has final approval.	Contract management
Brand	Utility	Utility	Mostly Utility	High Utility/ Some Contractor	High Contractor / Some Utility
Competitive Index (From the End Customer Perspective)	Very Low	Very Low	Low to Moderate	Low to Moderate	Moderate to High (some exclusivity is possible) May compete with utility's core programs and other Res. Acquisition Programs.
Data Management Systems Leadership	Utility	Utility	Hybrid	Contractor with Utility Warehousing	Mainly Contractor
Data Ownership	Utility	Utility	Utility	Utility	Contractor
Relative Number of Direct Contractors	Few	Moderate	High	Moderate	High
Value-based Pricing	Rarely	10% Retention	10% to 30% KPI	20% to 50% KPI	50% to 100% Resource Value

Many questions are prompted from the Decision and the report that would benefit from ongoing stakeholder and CPUC discussion:

- Pay for performance definition?
- PA flexibility with contracts?
- Does PA outsourcing have to be one-size-fits all?