

DRAFT Proposal for Revamped Peer Review Group and Independent Evaluator – Compilation of Ideas

I. Purpose

This memo sets forth the initial concept of a revamped Peer Review Group (PRG) with the aid of a new independent evaluator to review the PAs competitive bidding process. This would be separate from the CAEECC process to avoid conflict of interest concerns but could report progress to the CAEECC as needed. This document is a compilation of various submittals by CAEECC members, notes from CAEECC public meetings, and informal conversations.

II. Why

The current structure of the PRG was developed to ensure a fair and transparent bidding process but is not set up to be an effective and meaningful oversight forum. Given the recent decision requiring the expansion of the third party portion of the portfolio from 20% to 60% by the end of 2020,¹ there has been strong interest in developing a more robust stakeholder participation process to aid in this transition as well as for ongoing third party bids.

III. Who

- A. Peer Review Group: Non-financially interested stakeholders (parties or otherwise) would be able to join the Peer Review Group if they meet the (forthcoming) criteria.²
- B. The Independent Evaluator (IE): The IE would be chosen through a solicitation and would have significant experience in management as well as design of energy efficiency portfolios and programs, as well as experience managing third party procurement processes.
- C. CPUC: The CPUC staff would participate and maintain current authority.
- D. Public: The public would not be able to have access to these meetings, but could learn of high level progress through the CAEECC forum.

IV. What

This process would entail regular stakeholder meetings to review bidding plans, Request for Proposal (RFP) language and criteria, bid evaluations, and final selection.

¹ D.16-10-019; OP 11 & 12; p.111

² It will be necessary to ensure Intervenor Compensation direction is clear for participation in this process

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The IE roles would be:

- A. Review how the PAs structure their bids to ensure consistency with Commission guidance and state policy, including proposed budgets, prequalification requirements as appropriate, scopes of work, performance and EM&V requirements, target TRC and PAC, evaluation criteria and each criterion's respective weight, RFP language, and RFP distribution lists.
- B. Conduct a periodic review of the results of the PAs' evaluation processes (e.g., how many parties responded to each bid, what was the range of scoring results, disqualified respondents, etc.).
- C. Provide an annual written assessment to CPUC's Energy Division and the PRG of the processes and results, with possible suggestions for future enhancements.

If approved, the IE and revamped PRG should:

- A. Establish a timeline for launch such that this process would be ready concurrent with initial bids after the Commission decision on the business plans;
- B. Determine a timeline of meetings post-launch; and
- C. Outline meeting protocols.

V. Key Questions/Comments

A. What is the problem we're trying to solve?

- a. Comment that this question presumes something needs to be fixed.
- b. Comment that process should be set up to discuss patterns of trouble, not necessarily focus solely on anomalies.
- c. Additional comment responded that the request to establish this process does not presume foul play, rather such an approach enables due diligence of spending customer funds. Similar approaches are used in other situations that use public or customer funds.
- d. *No clear follow up discussion needed – check with group*

B. How do we ensure this process does not slow the bidding process?

- a. Depending on how this approach is established, it could conceivably add layers of review that delay the process.
- b. It is already time consuming to get through the process, please do not make it harder for implementers.
- c. *Design should consider such concerns. (e.g., proposal should outline reasonable predetermined time limits on stages of the process so there is a predictable timeline)*

C. How would this fit with the current PA bidding oversight processes?

- a. Comment that there is a current extensive quality control process. Would this be an additive or duplicative layer?
- b. Comment response that is would replace current processes that are not functioning (like the current PRG) thereby would not be additional and focuses on transparent quality assurance of the current processes.
- c. *Design should speak to interplay with current process (e.g., this PRG/IE process is before/after/interspersed with the internal PA bid. The internal process does XYZ while the PRG/IE process would do PDQ).*

D. Would this apply to all types of bids?

- a. Comment that some bids are “quick bids” among other outsource types
- b. Proposal for this to apply only to 3P bids (i.e., 20% now to 60% 2020)
- c. What about SW that are also 3P?
- d. *Ad hoc working group needs to outline a clear scope.*

E. What is a reasonable cost?

- a. Comment that the cost of this could be extensive. The scope of the IE would be critical to manage the cost from ballooning (e.g., spot check and review PA process vs. concurrently reviewing and scoring all bids)
- b. *PRG/IE subcommittee should explore costs associated with such processes within and outside CA for a basis to determine appropriate budget of IE.*

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F. Who should the IE be under contract to?

- a. CPUC/State of California contracting practices are challenging
- b. PAs could present a real or perceived potential conflict or interest
- c. Other options?
- d. *Group to discuss pros/cons of the various options.*

G. Should we require Advice Letters for contract approval?

- a. Pro: Stakeholder process should reduce party protests, or at least expedite the protest period (no need for extensive data requests).
- b. Pro: CPUC approval reduces PA and implementer community uncertainty about contracts.
- c. Pro: Provides an opportunity for stakeholders to raise concerns if the bids are not aligning with the business plans.
- d. Con: delays program implementation (Tier 3 in particular).
- e. Con: potential added cost of contracting process.
- f. *Group to discuss.*

H. How often should the review occur? Annually?

- a. No previous comment on this particular issue, but historically the PRG created a report after the review cycle. This didn't necessarily align with the year as some planning processes extended beyond a single calendar year. Annual might work in this instance.
- b. *Group to discuss.*

I. Should a role be to assist the PRG in its assessment of the effectiveness of the PAs' portfolios?

- a. One proposal included a role for this group to assess effectiveness of the portfolio.
- b. *Group to discuss how this differs from the CPUC EM&V group and what exactly was the intent of the recommendation.*

J. Would this be the forum for other EE solicitations as well (e.g., Diablo potentially)?

- a. *Question left open for group to decide. If a 3P model, possibly. If a competitive solicitation with other resources then it is uncertain how this would interact.*