

Notes from Energy Efficiency Coordinating Committee Meeting #5

4/20/2016 9:00AM to 5:00PM

Location: SDG&E's Energy Innovation Center, San Diego

Meeting Co-Chairs: Lara Ettenson, NRDC, Meghan Dewey, PG&E

Facilitator/Notes: 2050 Partners

Notes: Presentations are generally not summarized in these notes. Please see presentation slides on www.CAEECC.org website for context. Lack of attribution for meeting participant comments is intentional by agreement of Coordinating Committee.

Session: Welcome and Background – Facilitator Ted Pope

Welcome and Safety message - Brandi Turner

Introductions

Objectives for the day - reviewing agenda

Question: Is the survey of topics being used for order of priority for discussion or order of importance?

Response: Survey was intended to be informative, not directive. Survey was to get information on the level of motivation for discussion of certain issues. Now we need to decide when we will talk about them.

Session 1: Reviewing Coordinating Committee (CC) Scope and Process — Facilitator Ted Pope

Background of CC and Purpose: What does the CC do and why?

Overriding purpose: to provide open and transparent stakeholder engagement process and to get input to share with Program Administrators (PAs). Also important to provide a scheduled forum for addressing issues and resolving differences. We may not reach consensus but we can narrow issues.

CC is to advise the PAs. It has no authority beyond providing advice.

PAs should listen to CC but don't have to do what we ask. PAs are responsible for deciding what to include in their Business Plans (BPs).

Interested parties and Stakeholders have a duty to provide input to help move process forward.

Bottom line: CC collects information to provide to PAs.

Two basic types of issues for the CC:

- Process issues - looking for consensus if we are trying to change CC process on substantive issues (i.e., how the CC works administratively), and
- Substantive topics — less likely to get consensus; looking to narrow issues.

Subcommittees collect public input and information.

CC guides subcommittees on process. As for substance of conversation, CC can guide discussion and provide recommendations. If CC does not have consensus on an issue, any member can participate on a subcommittee (SC) and provide their input.

This is very different from a standard business control process.

Information Flow:

Information comes into the SC → gets shared with PAs

Information does not come back to CC from SC.

PAs evaluate what they want from SC. PAs then draft their own BPs.

CC will review Stage 3 BP chapters.

Co-Chair: CC can recommend that SC consider an issue. The hope is that SC will take CC recommendation and look at issue. We can't make PAs do anything with regard to their BPs. Public input and CC recommendations will be captured in comparison document and issue trackers so that discussions are documented for the CPUC.

Questions: How does SC connect back with CC?

Response: There are several ways that CC conveys information to SC.

- We capture meeting notes, which provide constructive notice to subcommittees of issues raised by CC.
- We have CC members relaying recommendations to SCs - through emails, input to facilitators. Issues will be added to input tracker. CC members attend SC meetings and provide input.

CC can't direct SCs what to talk about and PAs don't have to listen so you may ask why you should participate in the process?

- CC provides a forum to discuss and debate issues. We can work to flush issues out and narrow differences. Key focus of CC is to have informative conversations and to work on narrowing differences on issues so that we can make recommendations to subcommittee.

Any interested party can send email raising issues to anyone else involved in the process.

Question: How does feedback from SCs get to CC? Suggestions made that there should be a formal process where SC provides input and feedback about what is discussed at SC meetings to CC.

Facilitator response: Currently, best place to provide feedback is in Stage 3 CC meetings.

Co-Chair response: Longer term vision is to have quarterly meetings and have SCs report out at quarterly CC meetings. In short term, PAs should address issues raised in SC meetings in the BPs. CC will have opportunity to address what is missing from those discussions.

Question: How do we close the loop and loop back?

Facilitator response: Comparison document will get filed with CPUC at end of this process. Comparison document will note substantive issues raised in CC and SC meetings and will provide different sides of arguments.

We also have an issue tracking spreadsheet posted on the CAEECC website with approximately 120 issues now. We will try to digest and further organize the information in the spreadsheet.

Summary of four types of issues:

- For issues on which we are clear we cannot reach consensus, we can note and put aside.
- For issues raised in CC but there is not a lot of interest for discussion, we will include in Comparison Document. Proponents can raise these issues again in litigated process.
- There will also be issues raised and lots of interest but simple issue so CC can address and resolve.
- Finally, there will be issues raised and lots of discussion among CC but no consensus. Group can discuss further and come up with revised proposal to offer CC for further discussion and possibly consensus. This will tee up issue for Comparison Document.

Question: If there is a subject that merits more discussion, but is not adopted by PA, will it go in Comparison Document?

Response: Comparison Document will include all kinds of positions, no matter how they are raised.

Question: Can't Facilitator and Co-Chairs try to pull out issues raised at SC meetings that may apply to multiple sectors and raise at CC meetings?

Facilitator: There are two ways issues raised at SC meetings are presented to CC:

- CC members attend each SC meeting
- issues captured in notes

It has started happening. Some of these issues have already been addressed in key issues tracker.

Suggestion made for a standing CC agenda item where we can go over issues that have been brought up in SC meetings that cover all sectors.

Statement by Coalition that CC and SC issue is very difficult. The basic structure is problematic. There are a lot of issues discussed by the CC which can then be constricted in SC. CC could agree on something but then the SC could come up with a conflicting position. Coalition is not pleased with the way this is going forward in its format because it is so problematic. Not all organizations involved can attend all the meetings. Coalition wants to go on record to say this is not a good format and it does not work.

Co-Chair: What suggestions do you have?

Coalition response: CC can decide we will make strong recommendations to SCs. We would like to see general consensus that we can make strong recommendations to SCs.

Facilitator: Why do you claim that the process is not working?

Coalition response: We can't attend all the SC meetings.

Facilitator: CC members do not need to attend all meetings.

Coalition: If you don't attend, you don't have a voice.

Facilitator: PAs are going to make ultimate decision about what to include in BPs.

Coalition: We want statement that we don't think process is working to stand. CC should be able to make strong recommendations to SCs. We also support having SC summaries reported back to CC. We can't follow all the meetings, notes, documents, emails, etc.

Co-Chair: Next meeting is Stage 3 documents. PAs can refer to issues raised in SC meetings in their stage 3 presentation and confirm that issues are being addressed in their BPs, or SCs can report back to CC.

Facilitator: SC meetings include PA presentations. Notes from meetings provide summary of SC meeting discussions.

Co-Chair: Maybe some of these discussions are more appropriate after BPs are submitted and PAs are working on Implementation Plans (IPs).

Comment supporting Coalition position that interested stakeholders need to attend SC meetings. CC does not have expertise in all areas.

Co-Chair: We have been very conscientious about setting up these meetings -- making them as infrequent as possible, allowing access by webinar. With 13 members of the Coalition, maybe members can rotate to attend more meetings. We have set up infrastructure to help smaller groups to participate. We welcome other suggestions about how smaller groups can participate.

PA Comment agreeing to need for 2-way communication between CC and SC. It seems reasonable for CC to tell SCs to address certain issues and if that is done, then SC has obligation to address issue. The CC's job is to guide the BP development process. We want to minimize amount of paperwork that is submitted after BPs written. There needs to be a 2-way communication plan. I totally sympathize that it is hard to keep up with it all the meetings and information. Can we have an agenda item where SC leads report on what they are doing?

Facilitator: Let's work on a SC report out at each CC meeting where SC Co-Chair would summarize notes and direction.

Comment that member was looking for a shorter summary.

Comment from SC Co-Chair that now they are getting more work. The notes from SC meetings are at a high level. It puts an undue burden on SC Co-Chairs to summarize summary notes. The report out requirement should be limited to issues raised by CC.

Resolution: CC will ask SC to report on issues raised by CC.

Session 2: Updates to the CC Schedule – Co-Chairs Meghan Dewey and Lara Ettenson
Proposal is to move the dates for Residential and Commercial Stage 3 subcommittee meetings (first draft of Business Plans) to June so that all sectors will be on the same track. PAs really need time to ensure they are thoughtfully incorporating feedback and so that BPs meet expectations of stakeholders. PAs agree it would be better if we could put all Stage 3 presentations on in June. Residential and Commercial sectors face similar problem statements. We want to ensure that BPs provide statewide consistency.

We also have a lot of issues to address in the CC. This proposed schedule change would give CC more time to address issues before August.

Proposal to keep May 18 – 19 for CC meeting.

Need to find 2 more dates in June for Residential and Commercial sector SC meetings.

All Stage 3 presentations would be in June.

Also proposing July meetings move to 4th week of July (around July 26, 27). These would be last call before PAs finalize their BPs.

We also propose moving August meeting to second Wednesday (August 10). The focus of this meeting would be to review the Comparison Document and draft a CC cover letter which highlights key issues of the year. We will present more on the Comparison Document in May CC meeting.

As for format for June Stage 3 presentation meetings, we recommend more of a discussion rather than presentations. At some point we need to move away from PAs providing Powerpoint presentations of findings.

Question: When will the ED provide feedback on BP template?

Response: Good news! Draft guidance has been issued by ED and may be addressed today but we probably won't have time.

PA Comment: We need to submit working drafts of BPs in writing so we can get feedback.

Facilitator: We have agenda item to address how PAs would like to receive comments.

Question from SC Co-Chair: When we talk about Stage 3 presentations for cross-cutting, how do you want to see our presentations?

Response: Where cross-cutting can be woven into other sectors, discussion should be included in those presentations. For cross-cutting issues that can't be woven into other sectors, they should have their own presentation.

Further comment on scope and discussions: If there is a discussion without consensus and not a lot of dialogue, there should be a “gut check” around the room about whether people aren’t discussing the issue because they aren’t interested in it or because they need more information.

Co-Chair: Anyone opposed to changing schedule as proposed?

[No response.]

Comment about getting actual drafts in writing: There needs to be a balance to allow PAs to complete the project, but members need enough time to be able to read BPs.

Co-Chair: We want Stage 3 presentations submitted 7 business days before respective meetings.

Comment from PA: PAs are expecting about 20 pages per chapter in BPs.

Discussion about BP template expected to be provided from the CPUC shortly. Template is intended to capture key information from the BPs. Template will ask for very specific information and PAs will “fill in the blanks.” This will help CPUC with its review of BPs. CPUC is hoping to provide template by end of the month. In the meantime, PAs should continue working on BPs. Template will be a spreadsheet summarizing all content in BP.

Question: Which document will be posted publicly – the BP or the template?

Response: Both will be posted publicly. Template will require key information from BPs.

Comment from PA: We need staggered deadlines for production of presentations before each meeting.

PA Comment looking for clarification on BP template. Can PAs use different formats to present information in BPs?

Response: Yes. CPUC expects to provide a list of the content it wants to know about, but has not stipulated a prescribed format. It is important that content is there. PAs need to respond to every issue raised in the CPUC template. If you are not responding to an issue raised in the template, you need to say why but CPUC does not care where the information is in the documents. CPUC template will be a quick snapshot of BP.

PA Comment: Since we all have different writing styles, previous reports were standardized so that people reading them knew where to find information.

Co-Chair Comment: PAs have already prepared a BP template. It makes sense for them to follow the template they agreed to which will help with standardization.

[General consensus among PAs to follow template previously agreed to.]

CPUC may review BP outline as agreed by PAs to start their template and include additional CPUC issues of interest at the end of the template.

Session 3: Business Plan vs Implementation Plan – Co-Chair Lara Ettenson

We are not getting to Implementation Plans (IPs) yet. BPs are a new structure we need to address now. Given compressed time schedule, we really don't have enough time to look at IPs now. Also, if PAs file BPs and CPUC decides it wants something different, then it would have been a waste to spend a lot of time on it now. We will address IPs after BPs are filed.

[See [presentation](#) for more information.]

Question: If large portion of programs don't change at all, maybe there won't be a lot of IPs or if there are a large amount of programs changing, there will be a lot of IPs?

Response from PA: CPUC decision addressed proliferation of IPs. If PA is keeping a program currently in place, it needs to update PIP. If PA is introducing a totally new program, then it needs to prepare IP under new format.

Further comment: I'm trying to envision whether there are going to be a lot of IPs. What can implementers expect? IPs are a lot of work, but this is the opportunity for new and innovative programs.

Response from PA: Expect some of both.

Co-Chair: It would be great if PAs could outline what we can expect – as far as updated PIPs vs new IPs – over next few years.

PA response: For 2017, there probably will not be a lot of changes. For 2018 - 2022, we expect a progression from PIPs to IPs.

Further PA response: Also keep in mind that new programs need to be approved by the Commission.

Co-Chair comment: Statewide policy changes may also trigger opportunities for new programs.

Further PA comment: Just to clarify, it is our understanding that we will not prepare IPs until BPs are approved.

[Everyone agreed.]

Comment that one of the challenges here is that for some period of time, there will be two systems in place: continuation of PIPs as we are transitioning to IPs. But these two systems will not co-exist for the next 10 years. Some of PIPs are stale. We don't want to see PIPs staying on for too long. PAs should update their PIPs if they are continuing with programs that rely on previous PIPs.

Co-Chair: I think it will be helpful to get clarity from CPUC about what is required for IP vs. PIP.

PA comment: I want to clarify that “file” and “submit” are not the same thing. The decision says “submit” IPs.

Co-Chair: BPs are formally filed with application and stakeholders can provide comment. IPs are submitted.

PA comment: PIP is a lengthy document. Cleaning it up may be harder than filing an IP.

Co-Chair: Eventually we need one system. The question becomes what is the time frame of that?

Session 4 - Setting Sequence and Schedule for Each Discussion Topic: Facilitator Ted Pope

Proposing change in agenda: Let’s just go ahead and discuss topics based on order of priority from Survey Monkey.

Please fill out [Discussion Topic Proposal Form](#). Form requires you to include basic background about why topics are important.

Session 5: Topic Discussion

Issue: Providing opportunities to disadvantaged communities - Carmelita Miller

Providing clarification on Coalition’s proposal regarding disadvantaged workers. We would like to see PA efforts to connect disadvantaged workers to jobs. State agencies and legislature are pushing PAs to look at disadvantaged workers throughout the state. What is missing is actual concrete plan for how disadvantaged workers will be connected to EE jobs.

Co-Chair: Will you reference where you think these are best suited?

Response: Proposal includes the following areas:

- To start with, it is important to understand who we are talking about. We want PAs to agree to a definition of “disadvantaged worker” that they will adopt and include in their Business Plans. We propose the following definition: a worker from census tract or zip code with income less than 80% of AMI and/or a worker from a census tract or zip code with rate of unemployment in excess of 150% for their city.
- We want to see data collection on job quality, workforce diversity and other measures. It is important to build a baseline and then track progress of workforce inclusion over time.
- We would like the RFP process to include workforce inclusion as a factor in ranking proposals with third party contractors in energy efficiency solicitations.
- We would also like proposals for new projects to include a specific goal to connect disadvantaged workers with high-road energy efficiency jobs.

Comment that in the next several months, the CEC will be working on disadvantaged community. CC should be careful that its definition does not compete with CEC's work on this issue. Interested parties are encouraged to work together and attend workshops.

Question: Is there a definition for "high road energy efficiency jobs"?

Response: Not yet. We are not trying to connect this to low income program. We are trying to connect to mainstream EE programs.

Comment that [Donald Vial Center's report released in May 2014](#), includes multiple references to what "high road" is.

Comment that BPs should include a section about jobs creation, of which the disadvantaged community would be a subset.

Comments made supporting the proposal to include this issue in BPs but noting that it cannot be addressed until CEC provides its guidance on the issue.

Comment that WE&T's Advice Letter, filed last year, includes a similar definition of disadvantaged worker: 1) a **high unemployment zip code** where the unemployment rate is either at least 150 percent of the median unemployment rate for the county or for the state, or 2) a **low income zip code** where average household income is 50% below Area Median Income (AMI). Statewide WE&T program is about greening the workforce (i.e., training program about EE). It is not a jobs-creation program.

Comment clarifying that the proposal does not say anything about job creation. Coalition wants to address how SB 350 affects the disadvantaged community. IOUs have an opportunity to start figuring this out if they start thinking about it now. This is a good topic to address in BPs. Coalition is fine with using WE&T's definition of "disadvantaged worker" in BPs.

Suggestion made that CC arrange a time for further discussion about issues involving disadvantaged workers, specifically: What are the barriers for getting them into the workforce? What is the context we are talking about here? Can we schedule something further for more information?

Comment that CC needs to include community colleges and Contractors State Licensing Board in conversation around training and job development. These groups are critical components in developing clear statewide positions.

Question: How will discussions about statewide WE&T be included in BPs?

Co-Chair: WE&T is in cross-cutting sector. Subcommittee is continuing to work on that effort. We expect it will be woven into sectors as appropriate, and in its own section where appropriate.

Question: Is Coalition looking for disadvantaged community strategies to be employed where PA is directly contracting for services or where contractors are participating in retrofit programs?

Response: It can be both. We can keep talking about it. Maybe appropriate time is IPs. There are not enough programs out there for disadvantaged workers to access these jobs.

Comment supporting Coalition points on creating baseline and tracking workforce diversity and work quality. These are really good strategies. We want to see more incentive projects with sensitivity to needs of disadvantaged communities. We should be offering jobs and serving buildings in those communities, especially MUSH and multifamily buildings.

Comment further supporting efforts to help disadvantaged communities. Establishing a baseline and tracking development is critical to better understanding who is getting jobs and the overall quality of the jobs.

Question: Are there any pieces of the Coalition's request on this issue that PAs need before they can include in their BPs?

Facilitator: I'd like to see a refined request incorporating this discussion.

Comment clarifying that some of the elements in Coalition proposal are not covered by WE&T team. We don't hire contractors. Opinion Dynamics Corp has done some studies.

- [WE&T Skill Standards for IOU Resource Programs Study – Phase 1 Workforce Conditions Data Investigation](#)
- [WE&T Skill Standards for IOU Resource Programs Study – Phase 2 Contractor Training Characterization](#)
- [Lighting Controls Training Assessment](#)

It is important to have a holistic view on all research and data that has been done on these issues. Some of these things are committee-wide not just WE&T.

Co-Chair: As follow up, it would be helpful to have [Discussion Topic Proposal Form](#) filled out. We can post reports on website so everyone can have complete picture. What else is needed by PAs before they can include discussion in BPs? PAs are less likely to include new definition of disadvantaged worker until CEC position is issued. The current RFP process includes similar issues. Is this recommendation to expand RFP, or is this something completely separate? It is unclear at this time who owns that decision.

Issue: Data challenge discussion – Facilitator Ted Pope

Are we using outdated market data? People complained during Stage 1 presentations about lack of current market data but there has been no commitment to raise this issue in BPs. Do people agree to the need to ask for more resources authorized for more market data?

Comment expressing agreement with proposal. Maybe we should discuss in subcommittees what we specifically need so we don't ask for money without a plan. The needs may be different for each sector.

Co-Chair: Reminder that joint parties proposed that if CEC couldn't update RASS and CEUS in time, then PAs could use EM&V funds. Not sure this was included in the Decision.

NRDC supports that BPs should include statements from PAs about what data is missing that makes it harder for them to move forward with programs. Need to provide notice to CPUC of issue.

Facilitator: Is there any reason to not include?

Comment from PA that it will probably footnote what its data is which will provide implied notice that the data is outdated.

Co-Chair: Why wouldn't you want to ask for updated data?

Comment that the data is really old. Request for updated data should probably be in plan for EM&V roadmap.

PA clarification: So the request is for PAs to mention in their BPs what data we feel is missing?

Facilitator: Yes, we are woefully short in data. BPs should ask for more.

Co-Chair further response: BPs should say we need updated data and request to work with EM&V to get this done.

Comment that it would be insufficient to just cite source in BP to imply data is old. BPs should specifically note that the data is old. It would be useful to get on the record which reports need to be revised and what is needed in the future. CEC can decide who should do the studies.

Comment that Carmen Best and Dan Bush may already be talking about this with EM&V staff. Martha Brooks at CEC is also aware of this issue. We should make efforts to identify gaps so we can figure out how to fund it and who will be responsible for getting it done.

Lunch Break

Session 6:

Issue: Administration versus implementation roles definition – Margie Gardner

CEEIC is asking to separate roles of administrators from roles of implementers. CEEIC would like to see all implementation work out-sourced. They think a task force would be best to work out details for this proposal.

To frame this issue, in the past we've had third party programs with 20% bid out. This proposal erases this distinction going forward.

We want to separate implementation from administrators. Parties cannot do both.

We think this distinction will provide benefits to bill payer. There will be more transparency around what services is offered up by the competitive market and what PAs select. It also allows PAs to pick highest value bidder for particular program or approach. In such a competitive market for implementation, it also allows implementers to bring experience to the whole competitive California market. This may change the market with more unique ideas.

Administrator should not be both the a provider of services while being a procurer of similar services in the same market. The risk of conflicts of interest and market distortions is a concern.

One exception is if the PA is in a unique position to be the best provider specific implementation services.

Does the CC feel this is worth further discussion, and if so, can we get a group together to do it?

Question: Would this apply to all PA?

Response: Yes, would apply to RENS as well.

Question: So under proposal RENS would not be implementing programs?

Response: As a PA, it would be writing BP and designing programs.

Comment that BayREN is different because it is also an implementer. BayREN was approved approved to be both.

Comment that this should be discussed further.

Comment that a task force to further discuss these issues is a great idea. It would be helpful to determine what tasks for each program would be outsourced.

Further comment that BayREN is mostly a PA. Some of its programs are bid out. It would be helpful to understand exactly what your proposal covers. At PG&E, for almost all of its programs, at least something is touched by a third party vendor.

Comment that Emerging Technologies programs leverage third party vendors extensively for their programs.

Comment that maybe CC needs to better define "administration" and "administrator."

Comment that "administration" is already pretty well defined in California.

Comment from PA confirming opposition to proposal and confirming no time to participate on a task force to discuss further.

Question raised about the role of IOUs in EE in California? Suggestion that the issue of implementers v. administrators should be addressed when the role of IOUs is addressed in Phase 3 of the rolling cycle proceeding.

Comment supporting further discussion of administrator v. implementer issue in the CC. Although we may not achieve unanimity here, the process proposes such significant changes to the system that it should be addressed before Business Plans are finalized.

Question: How far down are you going? What is depth of proposal?

Response: We are not just talking about third party programs. We want to include all implementation work. PAs can outsource implementation work to regional implementers. This is not directly related to statewide administration of programs.

Facilitator: The key word is “outsourcing.”

Comment that State would be better served by programs that are bid out, as demonstrated in prior workshops. Starting with utility operations is the right place to start. IOUs get the biggest bucket of money, and there are distinctions the Commission has raised for IOUs. Generally supportive of proposed exception, but would still want to see programs put out to solicitation. If bids do not meet minimum threshold, and utilities can show that they could meet minimums, bill payer would still be protected. ORA is happy to discuss further, but strongly supports this. It is appropriate for CC to discuss issue and gather feedback.

Co-Chair: Discussion of this issue is appropriate in both Phase 2 and Phase 3. We expect document coming out this summer that will address this issue.

We don't know what CPUC will decide about PA administration of programs, but expect that will be evolving toward requiring at least a proportion of the portfolio. Still need to determine how everyone will be divvying up costs as we move forward into new models for programs.

Comment expressing some concern about local governments bidding against huge multinational consulting firms.

Response: Local governments do not “bid out” programs because they are not PAs. Further comment that issue may be more appropriately phrased: how do local governments fit in?

Co-Chair summary of issues raised:

- clarify outsource vs. bidding
- PA vs implementer
- How much of it at once? Cautious to test this approach
- Third party evaluator of bids - if PAs are required to bid everything out, who is reviewing whether they have done this.

Comment that the model that makes sense is similar to what is done on the energy procurement side. Third party will evaluate bids with meaningful input from PAs. Further discussion of this issue should be relatively simple and straightforward. We may need just one meeting or we can possibly handle by email. We need to set up some expectation for the path going forward by market sector. It will not necessarily be 100% in the first year. ORA will object if this is not included going forward.

Comment that CEEIC proposal contemplates that PAs would still be decision-makers.

Comment reminding CC that Coalition has submitted a proposal that also addresses this subject. Coalition is looking for bright line between administrators and implementers of programs. Coalition proposed that 25% of programs be changed each year, with a four-year process to get to 100%. Proposed process would be administrated by PAs with a third party evaluator.

Comment that CEEIC and Coalition proposals sound very similar.

Facilitator identifies three issues for further discussion:

- implementers vs administrators bright line
- third party administrator
- time line for implementation

Discussion about whether task force can address all three issues or whether they should be addressed by three different groups. Several comments made that these issues should be addressed by one group.

Facilitator: ***Next steps: Each group that raised these issues should follow up with their constituents, refine their proposals, and we will discuss again at next CC meeting.***

[General agreement expressed.]

Suggestion also made to consider one statewide implementer.

Response: That is an important issue but outside scope of CEEIC proposal.

Question: Are you proposing to outsource whole programs/sectors to the best bidder? Or does this include carving up implementation activities with a program/sector into separate RFOs?

Response: It would clearly be the role of the administrator to make this decision. Comment confirming agreement with this position. We shouldn't draw this out too much. We have talked about this for enough years. We should be able to resolve at next meeting.

Question: Do you see value in PAs performing any implementation activities?

Response: The theory is clear. The roles need to be separated. Unless the PAs have a very unique position or want to set up a whole new company solely for implementation, they will no longer implement their own programs. There is too much mix and distortion of the market when PAs also work as implementers.

Facilitator: Advocates driving each of these positions can talk to whoever they want to refine their proposals for next meeting.

Ad hoc committee to include: Hanna Greene, Margie Gardner, Mike Campbell, Bernie Kotlier, Lara Ettenson, Don Gilligan, Mike Callahan-Dudley.

Comment that RENs and CCAs are in a unique position to reach their customers. Suggestion that the bright line should not be *so* bright. RENs should still be able to enjoy their special relationship with their customers.

Comment suggesting that proposal start with IOUs only. Let RENs and CCAs continue to work on their programs because they are so connected with their communities.

Comment that City and County of San Francisco would like to continue with in-house implementation of their programs as much as possible. In conjunction with requirements of their unions, this practice is more beneficial and allows for diverse hiring practices.

Issue: Single PA administration for each Statewide program

Coalition feels this is an important issue. Coalition is not recommending that all programs be statewide programs. Rather, Coalition recommends that current programs that are *the same or very similar* be administered by one administrator statewide. We don't see the need or efficiency of having three different administrator run three programs that are basically the same.

Several comments that ALJ is supposedly looking at this issue and should be providing a decision on it shortly.

Facilitator: We don't know what CPUC timing is, but you don't want to miss the window if you want this issue included in BPs. I recommend that you get your supporters together to make proposal.

Coalition comment that there are too many programs in California, and there needs to be less. Coalition also wants one administrator for programs that are very similar statewide.

Co-Chair: This sounds more like an Implementation Plan issue than a Business Plan issue.

Suggestion that PAs get together to address synergies where there are similar programs. General consensus should be raised in BPs so that PAs will follow up in IPs.

Suggestion encouraging whoever works on this issue to review the briefing of the parties who have already worked on it.

Comment that the Phase 2B decision is imminent. BPs can be updated accordingly. We will not be stuck with the same BPs for the next 10 years.

Question: Do PAs have flexibility to create statewide programs with single administrator to oversee multiple contracts? Right now, statewide programs are basically partnership programs.

Suggestion cautioning group to be careful with the language that we use when describing programs. There are statewide programs that are administered locally. It is really important that we are clear on language we are using.

Question: Who gets credit?

Facilitator: PAs need to look into the legality of the regulatory question.

Co-Chair: I agree that we need to get clarity on ability of PAs to do this before we discuss further.

Comment that it is unlikely there is a legality problem. There are plenty of programs with co-funding arrangements. WE&T seems like it would be a good place for consistency and co-funding.

Comment confirming precedent for statewide programs with single administrator; referencing a program funded by all IOUs with one administrator and no issue raised by CPUC.

Comment that UC Berkeley did two studies for CPUC on WE&T and recommended that all workforce training that IOUs need to issue RFPs should be done through third parties since IOUs do not have expertise in-house.

Facilitator: Pending guidance from the Energy Commission, this issue is tabled for further discussion.

Issue: More MUSH and MF programs

Coalition recommends spending more money in MUSH market but recognizes free-rider issue.

We are looking at the number of state buildings and the billions of dollars in EE potential. Utility programs in those markets are in low tens of millions of dollars. Does CC want to recommend new approaches to going after those resources? Does Title 24 severely restrict what PAs can do, particularly in MUSH market?

Question: When you say there is opportunity, did you look at potential study that Navigate does that drives what PAs can do?

Response: No, this is a broader look. The goal is to step back from Title 24 and take a new look. We are explicitly not looking at it through the Title 24 lens.

Comment that NRDC supports, but PAs need to keep portfolio cost effective. We don't expect the Energy Division will agree with this.

Comment that application of AB 802 the way it should be applied, re-opens the issue.

Co-Chair: Are we still stuck waiting for white paper? Is there anything that Public Sector subcommittee can do with this? What can we achieve today?

Facilitator: Let's have a little more conversation and re-assess.

Comment agreeing that there is significant potential in MUSH sector. How can we develop BPs to address significant market needs without first addressing solutions to significant policy barriers? We don't even know how to quantify and evaluate savings. If PAs can't claim savings, they aren't going to do it.

Facilitator: This is a really complicated issue. ED staff is trying to come up with rational solutions. I encourage *ad hoc* group to keep working on this issue to see if we can make recommendations that would help the ED. Perhaps we can come up with strategies that look at both sides of the issue.

Comment that PG&E plans to address this issue in its BP by outlining policy barriers. We need to move away from traditional incentive, and move toward what the customer really needs: end to end project management. We still need to be able to measure savings. Cost effectiveness is a big issue. We want to highlight issues and see where that gets us.

Comment recommending that PAs identify the activities they can do to address policy barriers in their BPs. Stakeholders need to work together to get data that supports opposition. Can we quantify what proportion of savings are being trapped out there? We support side group further addressing this issue.

Coalition further supports this idea. Whether decision made or not, we should still weigh in. In many cases, PAs are struggling with these issues. Organizations should support PAs on this kind of issue.

Comment that this issue should be kicked down to Public Sector subcommittee, instead of a separate *ad hoc* committee.

Comment that in Stage 1 gap analysis process, all four IUOs identified this as an issue. Expect further discussion of this issue in Stage 2 presentations next week. Maybe we should wait to see what comes out of Stage 2 meetings before we discuss further.

Facilitator: Only sector-wide budgets need to be addressed in BP it may be a bit premature to discuss now.

Comment confirming that it would be extremely helpful for PAs to identify specific market barriers in documents that get filed with BPs. It is recommended that PAs make persuasive arguments to CPUC supporting continuance of certain market transforming programs even if they are not non-costs effective programs. In addition to identifying barriers, PAs should provide alternative mechanisms to remove barriers.

Co-Chair: To get back on track with discussion about MUSH market, we have identified the following issues:

- Identify policy barrier AND also provide alternative to solve the barrier to include when the PAs file their application
- Kick the details to Public Sector rather than create a 2nd taskforce
- Funding will come later, but still a question re: "Is this something the PA is willing and able to expand, if the policies were to allow for it"

Comment that MUSH is a big enough issue that direction should come from CC and issues should be worked out in subcommittee. There is tremendous potential for MUSH sector to address equity issues. Architects can help create good jobs and contracts can require inclusion provisions. Other issues to address include free-rider issue and distribution of benefits. Another way to address equity head-on is to direct resources more toward MUSH sector in low income communities.

Facilitator: Policy issues don't technically go into the Business Plans, but technically they get raised elsewhere in the application.

Co-Chair: Issue will probably be raised in testimony supporting BP, but CAEECC can also raise issues in cover letter.

Comment that BPs should include strategy to transform market so barriers should be included in BPs. When people read a BP, it needs to be clear what PA is proposing. PAs need to make it easier for stakeholders to review plan and provide input. BPs should include regulatory policy issues if they are key to BP and the relevant sector.

Co-Chair: It should be up to each PA where it wants to include these issues.

Facilitator: As for next steps on MUSH, Co-Chairs of Public Sector subcommittee would like to discuss proposal further. My sense is that some small group needs to discuss further.

Question: Can PAs propose something in BP where they are not sure if they will get savings from it? If you don't know whether you can claim savings, can you raise in BPs? The issue of evaluating savings effects everyone.

Facilitator: What do PAs think?

PA comment: We will have to highlight the policy barriers and identify proposed resolutions to them. We would appreciate comments and suggestions about how to address these issues. These issues will be addressed in BP and testimony.

Facilitator: What else can we do to move MUSH discussion forward?

Comment that it is important for MUSH discussion to share information with public sector subcommittee.

Coalition is interested in continuing to work on MUSH issues.

Next step: Interested parties will work with Co-Chairs of Public Sector subcommittee to refine proposal.

Issue: Public Sector Co-Chair proposal regarding review of Business Plans

[See slides.]

Comments made endorsing proposal.

Co-Chair: Proposal makes perfect sense at a statewide level.

Facilitator: Proposal provides two basic functions:

- To help stakeholders see all points expected in BPs, and
- can use as checklist tool as PAs draft BPs

Issue: Simplification/consistency of portfolio offerings

Coalition is looking for direction from a high level on simplification of programs in California, how programs will be named, where information about them will be posted, etc.

Comment that a lot of contractors take projects without incentives because it is so hard to collect on incentives. There is a lot of lost opportunities for utilities that they should be getting if programs were easier to participate in.

Comment suggesting that this specific discussion is being held by Residential Sector subcommittee. Question whether BP is the appropriate place to raise issue. Perhaps IP is better for this issue.

Co-Chair: We need guidance from the Commission. PAs need to raise issue in the BPs; need to ask for guidance about how to deal with this.

Suggestion made that PAs discuss in sector subcommittee meetings how they can work together where they overlap.

Facilitator: Subcommittees already have a lot of issues to address to complete BPs. Subcommittees could probably address after BPs are filed.

Comment supporting discussion of this issue in BPs and then addressing how to make it work in IPs. We want to make sure that focus continues to stay on market transformation.

Question: How many programs is few enough? We need to look at specific market sectors to see what makes sense. SEC's online database could be helpful in evaluating this issue.

Comment confirming general consensus on need to make the process simpler. Expect to see this issue addressed in Stage 3 BP presentations. Parties should discuss further at that time.

Facilitator: Keep in mind that the number of programs does not necessarily equate to customer and vendor confusion.

Next Step: Coalition agreed to draft a high level policy on this issue to propose to PAs.

Issue: Define program turnover to bid out (e.g., % each year outsourced)

Facilitator: Since portfolio has been static for several years, Coalition proposes that 1/4 of activity be re-structured or re-issued each year until reach 100%.

Coalition wants a bright line between administration and implementation. In that vein, roughly 25% of programs are bid out. We want to increase that number by 25% each year. Over four years the process would be complete and 100% of programs would be on the other side of the bright line.

Co-Chair: We need to define the bright line we are talking about:

- who is doing the work?
- of the work, how much is autonomy?
- then need to decide how we transition
- outsourcing (PA) v. bidding (need a new process for bidding)
- what would that new process look like?

Question: Do PAs need someone to administer a program, or do PAs run the programs and procure services to help implement the programs?

Coalition has proposed outsourcing because it is looking for creativity by opening up market for implementers. We are hoping to infuse creativity and innovation that we aren't seeing in the market now.

Co-Chair: I agree. What I have observed as member of peer review group is that there isn't enough creativity coming in and we are wondering why. As we talk about moving into this transition, we need to talk about what we can do to articulate what we want from each sector so that we can see more innovation.

Comment that sometimes great programs are terminated because they are too complicated for customers. AB 802 is a major change. Another big change that we need to start thinking about is how we transform segments over the next few years rather than looking at each program. Attribution is such a red-herring for what we are trying to do here.

Comment confirming the need to think about evaluating portfolios. We need to be thinking about the whole portfolio of projects. Even if everyone agrees to metered savings, we need to look at the whole portfolio instead of each program. We can reduce costs and make paperwork simpler. You don't get innovation when you have change and uncertainty all the time.

Comment that we should not be paying for stuff that isn't needed.

Issue: Independent evaluator for third party bids

Facilitator: Is Coalition looking for someone who monitors process or co-evaluates whether awards are appropriate?

Response: We need to come back with a specific proposal.

Facilitator: Role of evaluator needs to be defined. Is it looking at fairness of process for selecting implementers, or evaluating proposals in an RFP process?

Comment that similar discussions may be happening concurrently in IER proceedings, where they are working on creating an RFO process that should be done by the end of the year. As we try to figure this out, we don't want to duplicate effort if there is another process solving the issue.

Co-Chair: This is good for regulatory section. We need to move forward with this issue and track discussion.

Issue: Permits

Facilitator: This is an issue where we agree to disagree.

Comment that it would be helpful to segment between residential and non-residential.

Question: Why is this being discussed by CC?

Response: We are committed to figuring out this issue at a high level.

Comment that this is a case where administration can be cheaper and faster by requiring sampling. Put the risk on the contractor. If permits aren't being closed out, then contractor loses contract. It can be done on a sampling basis. Most of these contractors will do a good job if someone is watching.

Several comments made about how important it is for contractors to pull required permits. Permits are very important, especially for safety.

Facilitator: Everyone agrees permits are important. The issue is whether PAs have responsibility to police these requirements.

Co-Chair: All PAs require permits, but they don't require contractors to close out permits. The issue is who is responsible for enforcement. There are issues that probably can't be resolved by the CC at this time.

Question: Where did we leave off on timing and deadlines for Stage 3 presentations? The last subcommittee meeting in Agricultural Sector on May 13. Cross-cutting supports all the different sectors. We need to have enough time to digest material from those meetings. We may need more time to digest all Stage 2 feedback. Suggestion to move June deadlines back to give more time.

Further discussion about scheduling.

Follow up required.

Facilitator: Looking for clarification about what happens after BPs are filed.

Co-Chair: BPs need to be approved first. Facilitator and Co-Chairs should meet with Energy Division to get better understanding of timing after BPs filed.

Question: PAs would like feedback from non-PAs on Stage 1 and Stage 2 presentations.

Response: Haven't had a chance to review with my team yet, but feels like a lot of bureaucracy.

Co-Chair: Seems like a lot of people are looking for details that are more appropriate for IPs. PAs are doing a great job on keeping up with deadlines. It still feels like there is a lot of inconsistency. We have heard loud and clear from Energy Division about what supports your programs. But we would like to hear more about why your decisions are the best choice. PAs need to hold our hands to advise why end game will solve problem statement.

Facilitator: I have heard a lot of complimentary comments. Stage 2 presentations show that PAs are listening to input and Business Plans are reflecting input.

Question: How can we provide input into permitting questions?

Response: 2 ways:

- Coalition has raised issue so call Bernie Kotlier or Dave Dias and provide thoughts, or
- Submit own [Discussion Topic Proposal Form](#).

Meeting adjourned.