

# California Energy Efficiency Coordinating Committee

## Meeting Discussion Topic Proposal Form

From: The Local Government Coalition, BayREN, San Francisco Department of Environment, Local Government Sustainable Energy Coalition, Center for Sustainable Energy  
Proposal that IOUs enter into multiyear contracts and that Contracts be executed by a date certain of December 12

### Problem Statement and Observations

Non-IOU Program Administrators, vendors and other entities that contract with the IOUs typically have to wait many months to negotiate and execute contracts. The process often starts too late in the year, which may lead to service disruption and does not allow for proper planning, negotiation or deliberation. The delay in contracting with the IOUs also results in delays in contracting with non-IOU PAs, implementers, vendors and other sub consultants.

D.14-10-046 , approving the 10 year Rolling Portfolio, explicitly states that one of the reasons for the longer funding cycle is to prevent the stop/start nature of the shorter cycles. This Decision also provided that Program Administrators will have the same annualized budget unless the Commission issues a superseding decision.

The process of contract negotiation with IOUs typically takes several months and often is not completed until well after the New Year. In addition to added administration time, the non-IOU PAs cannot enter into contracts with their vendors until after the IOU contract is executed causing a potential delay in program implementation. This risk creates a start/stop cycle that is not healthy for the industry and keeps a lot of contractors and vendors from working in programs. This is exactly what the Rolling Portfolio seeks to prevent against. Unfortunately, in the years since the Rolling Portfolio was established, contracts under the IOUs are often limited to one year terms, and scope changes are often deferred until the phased Rolling Portfolio process is complete, which is still uncertain.

Having certainty for when contracts will be executed and having multiyear contracts will reduce administration costs and will allow programs to continue uninterrupted. This will also allow for proper planning, staffing, etc.

### Proposed Solution(s)

The IOUs should be directed to have executed contracts with all implementers, vendors, and program administrators by December 12<sup>th</sup>. The contracts should be for 5 year periods and should allow for amendments if budgets or other material terms change during the contract

period. After several years, programs are in need of operational improvements to improve performance, and scope adjustments should be encouraged. In addition, specific direction should be given to the IOUs regarding funding carryover methodology and the IOUs should be directed to apply the methodology consistently to all contractors.

Acknowledgement of legal, regulator, and high level operational constraints to the proposed solution(s)

There are no known regulatory constraints. In fact, in D.14-10-046, the IOUs were directed to enter into contracts with RENs no later than December 12, 2014 and also were required to make a Tier 1 AL filing no later than January 21.

#### Scheduling Justification

During the May 2016 Coordinating Committee meeting, stakeholders requested that PAs put in their Business Plans details about the length of contracts for implementers. The request in this Proposal will allow for greater non-IOU PA and implementers certainty about the length and amounts of their contracts.