Energy Efficiency Third Party Solicitations Semi-Annual Stakeholder Meeting

SoCalGas Energy Resource Center, Main Hall  
9240 Firestone Blvd., Downey, CA

July 11, 2022, 10:00 am - 3:00 pm

|  |  |  |  |
| --- | --- | --- | --- |
| **Time** | **Session** | **Objectives** | **Presenter** |
| 10:00 | **Introductions** | Introductions and agenda | Darren Hanway, SCG  Emma Ponco, SCG |
| 10:05 | **Opening Remarks** | 1. Meeting purpose and goals 2. Solicitations process updates 3. Results of stakeholder survey from Jan meeting | Justin Galle, CPUC Energy Division |
| 10:20 | **Topic 1:**  **IOU Portfolio Update &**  **Upcoming Solicitations** | 1. Solicitations schedule updates 2. EE Business Plan Applications 3. Process improvements | 1. SCG – 10 min (Emma)   SDG&E – 10 min (Roland)  SCE – 10 min (Marissa)  PG&E – 10 min   1. Participants Q&A – 20 min |
| 11:20 | **Break** | | |
| 11:30 | **Topic 2:**  **Independent Evaluators’ Semi-Annual Report June 2022** | 1. IE Observations on solicitations process from October 2021 through March 2022 2. Effective practices across IOUs 3. IOU responses after each report | 1. Kim Crossman, Independent Evaluator (IE), and PG&E 2. Don Arambula, IE, and SDG&E 3. Melanie Gillette, IE, and SCE 4. Lauren Gage, IE, and SCG 5. Participants Q&A - 10 min |
| 12:20 | **Lunch Break (40 min)** | | |
| 1:00 | **Topic 3: Independent Evaluator Panel** | 1. Garnering robust bidder participation in third party solicitations 2. Compensation in EE third party contracts 3. Market Support and Equity solicitations | Jessie Levine, CPUC Energy Division (facilitator)   1. Kim Crossman, IE 2. Elizabeth Lowe, IE 3. Grey Staples, IE 4. Don Arambula, IE |
| 1:45 | **Topic 4: CEDMC Member Panel** | 1. Solicitation timing improvements 2. Bidder feedback processes 3. IOU contracting reforms 4. DBE opportunities | Greg Wikler, CEDMC (facilitator)   1. Joanne O’Neill, CLEAResult 2. Ying Wang, Okapi Architecture 3. Dan Stay, Guidehouse |
| 2:30 | **Open Discussion** | 1. Participant engagement 2. Topics for next meetings | Matt Braunwarth PG&E (facilitator) |
| 2:45 | **Closing** | 1. Surveys 2. Slide deck and meeting minutes to be posted to CAEECC | Emma Ponco, SCG |
| 3:00 | **Adjourn** |  |  |

Please fill out the post-event survey at: [https://docs.google.com/forms/d/e/1FAIpQLSe-nVt0LeicaLAk3EcAsNqOB9QaTZCgqV55gA2Uz3diX5eaQQ/viewform](https://urldefense.com/v3/__https:/docs.google.com/forms/d/e/1FAIpQLSe-nVt0LeicaLAk3EcAsNqOB9QaTZCgqV55gA2Uz3diX5eaQQ/viewform__;!!LFxIGwQ!3Ap2QZcaYOvZHkaulfB7z2h2cB7o8dcslB5CutYUIyWQKLA9VaKiroBdgvbtxc8b9dpxWGnOZ6L0XN5071jNN_A$)

**July 11 EE 3P Stakeholder Forum Notes**

1. **Introductions**
   * Darren Hanway, SCG:
     + A safety moment. Watch out for everyone’s safety.
     + Briefly talked about the [H2] Hydrogen Home. Located in Downey, CA it is the first home of its kind in the U.S. powered by carbon-free gas made from renewable electricity.
   * Emma Ponco, SCG:
     + Kick-off and overview of the Agenda
2. **Opening Remarks: Justin Galle, ED**
   * Meeting Purpose and Goals
     + Report on transparency and have a working group to build on ideas for improvement. Survey will be provided at the end and hope that you participate to provide your feedback
   * Past Stakeholder Engagement
     + This is the 7th semi-annual workshop, identified areas for improvement/new processes.
   * Survey Overview from Jan 2022 Stakeholder Meeting
     + Reviewed positive feedback and information regarding ongoing areas of concern
   * CPUC Policy Overview
     + Provided an overview of relevant decisions
   * Segmentation of EE Portfolios began in Program year 2022
     + Resource Acquisition – Deliver cost-effective avoided cost benefits to the electricity and natural gas systems
     + Market Support – Cap at 30% of the portfolio - educating customers, training contractors
     + Equity – Cap at 30% of the portfolio, in support of the Commissions Environmental and Social Justice Action plan
   * Innovation definition used by PRG
     + A program proposal that demonstrates an ultimate increase in the uptake of cost-effective EE by advancing a technology, marketing strategy, or delivery approach in a manner different from past efforts. Provided examples, technology, market strategy, delivery approaches.
   * Contracts executed to date
     + 78 contracts have been executed with 32 implementers
   * Transparency and predictability of schedules
     + Three schedules/timelines are posted monthly and updated to include targeted savings, contract budgets, and contract timelines.
   * Efforts to identify and propose improvements
     + Four years down the road after we have set up this two-stage process, there were a number of decisions and policies added since then
   * Please fill out the Q&A
3. Topic 1: IOU Portfolio Update & Upcoming Solicitations

**Emma Ponco, SCG**:

* Reviewed schedule
  + Dates are subject to change.
* Solicitation Forecast
  + SoCal is on track to meet 60% by the end of the year. SoCal Gas Provides a preliminary schedule.
* Business plan – Vision, objectives, and outcomes, provides energy efficiency programs in compliance with the 60% program requirement
* Goals & Objectives – collaborative effort w/ IOUs, IEs, developed a reporting model for their stakeholders by asking questions
  + Increased diversity in business and working w/ Supply Management team to prepare and educate the small diverse firms.
* 3PP Solicitation Outcomes
  + Length and duration of solicitation
  + Competing priorities in scorecard tool; complex.
  + Low participation of new and small diverse businesses owners – actively aligned our outreach….
  + Providing bidder feedback – understand barriers. Provided feedback from multi-family whole building area.
  + More flexible contracting – Increased education of small businesses and partners about DBE contracting training programs.
  + Balance “sticks” for underperformance with “carrots” for overperformance -= develop risk & mitigation
* 2022 Process Improvements
* Through Lean Six Sigma team – identified opportunities to optimize process steps & reduce lead time for solicitations.
* Simplified the two-stage process by relaxing or modifying some of the categories in the RFA/RFP, scoring, negotiation phase to allow for entries of new, small, diverse business partners.
* Implemented one-stage solicitations process
* Continue to work w/ DBE partners
* Through a partnership with our Supply Management enterprise, EE programs will offer several supplier developments and technical assistance programs. The goal is to prepare and educate the small, diverse firms to be “contract ready” for future solicitation opportunities:
* Business Assessment is a webinar-based program that assesses the condition of businesses, identifies areas for improvement, creates a plan to enhance performance, and provides follow-up at specified intervals to monitor progress.
* Elevate Entrepreneur Institute, a three-part class that features topics such as strategic thinking and tactics to align goals to stay adaptable.
* Organizational and Operations Strategy Program, designed to teach integrated performance development models, setting business objectives and expectations, and supporting systems processes. The program seeks to enrich and expand the capabilities of smaller diverse business owners help them assess their workforce and develop proper alignment of resources.
* Smaller Contractor Opportunity Realization Effort (SCORE) program identifies procurement opportunities at SoCalGas and matches them with qualified smaller diverse suppliers with revenues under $5 million and fewer than 25 employees. These opportunities often lead to participation in a competitive bid with like-sized companies. Upon winning a contract, SCORE contractors receive on-the-job training, feedback from project managers, and invitations to business boot camps designed to help them grow and build capacity.
* SoCalGas will continue to use customer segmentation to market and outreach to specific communities to promote Diverse Business Enterprise (“DBE”) registration, participation, and reporting through its Supply Management contractor network. SoCalGas understands that the promotion of DBEs presents opportunities to enhance the program delivery to the communities in its service territory.
* Contractor Training is a part of SoCalGas’ efforts to onboard new contractors expeditiously, the Program Representative training and the contractor are all conducted online. This enabled the training sessions to address issues and concerns customized and applicable to new contractors.
* Internal stakeholder collaboration, evaluating the effectiveness of technical assistance programs, gauging the impact of supplier diversity programs on communities serve, promoting and increasing participation in strategic planning efforts.

**SDG&E – Roland Mollen**

* Update on solicitation landscape
  + Solicitation schedule updates – brief recap for 2022
  + As of today, completed 10 EE solicitations and about to file an AL for Ag in the coming week
  + One solicitation discontinued in 2022, four new solicitations planned for launch in 2022, four additional spoliations expected to be completed in 2022, six new solicitations for launch in 2023.
* In progress and Planned solicitations
  + Recommend to click on the link to check the solicitation schedule, posted on CAEECC
* Upcoming Solicitations 2022
  + Four new solicitations to launch this year.
  + July 7th the RFA was released for Small Business Outreach. Click on Power Advocate to view and apply if interested
* Upcoming Solicitations 2023
  + Six new solicitations starting in 2023
  + Five related to a restructuring of the commercial sector
  + Two large contracts before and will change to 5 different solicitations and contracts. We think the budgets might be smaller provide more opportunities for participation of SBEs/DBEs
* Outsourcing forecast
  + Provided an update on outsourcing status
* Business plan Vision and strategy
  + SDG&E’s primary goals are to serve its customers and make significant progress towards achieving the State’s GHG reduction and grid decarbonization goals.
  + Reinforce innovation – Justin provided the definition earlier.
  + Encouraging and facilitating greater outreach and education.
  + Employ strategies to reduce the high cost of long-life electric measures and associated investments required for fuel-substitution.
  + Commitment to outsource as close to 100% of our EE programs (as possible).
* Portfolio Segmentation
  + Key Goals, Strategies, Outcomes reviewed for Resource Acquisition, Market Support and Equity.
* Policy Proposal: Revise Two-Stage Solicitation Approach
  + SDG&E asked for a one-stage, two-step process in its business application
  + Main reason is to save time and resources, linked to what we have also heard in past EE Stakeholder Forums
* Process improvements
  + Reduced solicitation time from 21 to 12 months
  + Adopted new EE PRG review options
  + Implemented new Interview process
  + Improved Bidder Outreach
  + Launched Bidder Partnering Tool
* Bidder Partnering Tool
* Last item here is the bidder partnering tool – if you are interested in partnering w/ other bidders, you might want to consider listing your business information on this list. Could be relevant if your business has a unique skill set that will serve well in a particular market sector/solicitation and team up w/ another Bidder for a joint offer

**SCE – Marissa Berrera**

* Solicitation Schedule planned
* Outsourcing Forecast
  + Exceeded the 60%, currently below the 25%, SCE has met the requested funding asks from all IOU Statewide programs
* Business plan Vision and strategy
* Support of Innovation
  + Innovation is in the forefront throughout and beyond the solicitation process.
  + Some challenges exist -delaying implementation of innovative ideas. Vision, Segments Key Objectives, Attainment methods, Key Outcomes for Resource Acquisition, Market Support, Equity, Codes and Standards
* Solicitation Process Improvements
  + How we can make improvements – received bidder feedback to have more of a dialogue. Provided actions taken and benefits to Bidders for Streamline Solicitation Processes, Facilitating Introductions Between Potential Bidders, Improving Bidder Outreach Efforts
  + Redesigning Bidders’ Feedback Webinar.

**PG&E – Matt Braunwarth**

* PG&E Solicitation Timeline
  + Reviewed schedule and links are provided below. In the future you’ll see a lot of solicitations with a focus on equity and market support along with a focus on residential customers.
* Outsourcing Forecast
* Currently on track to meet/exceed the 60% outsourcing requirement.
  + - Correction from slides – presented numbers do not assume completion of Micro-Small Business contracting before 12/31/2022 and are conservative.
* Business Plan Vision, Goals and Outcomes
  + Main objective: PG&E’s vision for EE is to help keep customer energy bills affordable, reduce energy demand on the grid, build resiliency to climate change, and advance building decarbonization in California. Reviewed goals for 2027 and 2031 desired outcomes.
* Portfolio Segments and Outcomes
  + Objectives, Strategies & Mechanisms, Metrics & Indicators for Resource Acquisition, Equity and Market Support.
* Policy Proposal: Expand Options for Procurement
  + Broader range of procurement approaches would enable EE portfolios that can adapt to both gradually evolving and quickly shifting market needs.
* Solicitation Process Improvements
  + Focused around streamlining RFA/RFP – benefits reviewed
  + Bidder’s Feedback Process – Increased granularity and providing feedback, offering to all solicitation participants.

**Question in chat for PG&E:**

**Anonymous**: The schedule for PG&E on CAEECC's website says that the residential equity RFA is scheduled for June-August 2022. Has that been delayed?

**Matt:** PG&E is adjusting the schedule and expect to add Residential Equity back to the schedule shortly – time will be adjusted later on the CAEECC website later.

**Question from: Leo Sommaripa:** “Innovation must be balanced against practicality and risk. Can you provide examples of innovations that you have accepted as providing an appropriate balance? As implementers, we often get the sense that the IOU's are very conservative in the types of innovations that they are willing to try. It would be helpful to get more detailed guidance on what are the characteristics of innovations that are attractive. E.g., have already been successfully implemented at another utility.”

**Responses from IOUs:**

**SCE: Marissa Berrera–** This is why we included innovation on our slide to bring that to other sectors and in the marketplace website which had a financial mechanism that we thought was innovative and like I mentioned there was need for a lengthy review and a need for SEM and sectors outside Industrial and we are working through that, but those are two examples.

**SDG&E: Roland Mollen –** Very good question, tough to answer, yes, the utilities are conservative in a sense as compliance is our focus, we are willing to work with bidders who have very innovative measures that need some help in advancing them. We are more than willing to partner with those who have those proposals. And there are compliance goals that we need to meet when it comes to resource acquisition programs. The definition also calls for innovation in delivery and marketing approach. For our 10 programs we had on our slides, we have seen innovative proposals. We score on innovation and take that seriously. Small business outreach out there now already provides some guidance as to how you can approach innovation as part of the RFA Instructions. Encourage you to check that out. The challenge is we don’t know what is out there that could be innovative for that sector until we see it. Very encouraged by what we have seen thus far across our solicitations. It is part of our scoring criteria, and we will work with those bidders that do advance to contract.

**PG&E: Matt Braunwarth–** Definitely challenging and subjective. At least for PG&E I would not say I see a lack of innovation – we are appreciative of the innovation and improvements to program design, where is next. We are trying to push innovation to other areas terms of process and allows freedom for innovation to occur and allow more space for creativity. We see alternative structures such as Market access shake things up a bit, provides a different space for implementers to operate in with a contractually different relationship between implementer and utility and we see that as new area to investigate where the advantages could work.

1. **Topic 2: Independent Evaluators’ Semi-Annual Report June 2022**

IE Observations and at the end we have pulled together some effective practices.

**PG&E: Kim Crossman**

* PG&E solicitations that began four years ago now, all completed. Takeaway here, during this reporting period, there was only one in-flight solicitation, the Micro- and Small Business Equity solicitation, everything I’ll be sharing comes from monitoring that solicitation.
* Some of this is repeat but will touch on briefly.
* RFA & RFP Scoring criteria – testing discrete criteria in either the RFA or RFP. Mostly supportive and one concern, if you are not retesting the program design, innovation, and qualifications in the second stage are you just ignoring that in the final selection. PGE combined the scores from RFA and RFP and looked all together to create the final shortlist at once, a new approach and overcame the issue of will we be paying attention to design in final selection. Abstracts in total we received were shorter because we were not duplicating criteria. Took half the time for scoring, bidders may have had less to write and was seen as positive.
* Lack of clarity of equity metrics – New policy, and PG&E began MSB Equity RFA before CAEECC working group completed recommendations to CPUC re: Equity metrics. PG&E needed to build in caveats during RFA stage for bidders that outcomes sought, or other requirements could change in RFP stage, and that they would be allowed adjust what was proposed if so. Fortunately, no big changes needed, CAEECC Equity metrics WG recommendations were well aligned with RFA assumptions.
* Bidder Feedback after RFA stage - One of the biggest changes seen was providing rapid bidder feedback, both for those advancing to RFP and those not, which was brand new, the bidders appreciated it. IE concern that a bidder moving into RFP might not get consistent info and this would jeopardize fairness. PG&E managed this risk well, but ensured all feedback was provided quickly, consistently and accurately to advancing bidders. in 24 hours…
* A little bit of SBE/ DBE - Improvements tested in RFA/RFP content and scoring methodology for SBE/ DBE bidders, PG&E hoping to encourage greater opportunity in this Equity RFP for local small businesses to participate. It is somewhat effective for this solicitation, but PG&E has not yet indicated willingness to adapt current corporate standard practices to adopt changes more broadly. –
* **Matt (PG&E):** No response from PGE, appreciate responses, and agree w/ them.
* **Kim:** Everything you see here, PG&E trying a lot of new things to improve the process all at once and there is always risk associated w/ that, but PGE carefully managed it.

**SDG&E: Don Arambula**

* All solicitations shown on the first slide are now completed.
* SDG&E allows its collective IEs to meet with the IOU or its PRG to share emerging issues and develop common recommendations. This has greatly improved SDG&E solicitation (e.g., timeline) and we consider it a very effective practice for SDG&E.
* Bidder Feedback Process – San Diego has implemented and has been effective. Only IOU has allowed for the collective IE group to meet once a month to work out and share issues they’ve seen emerge and provide recommendations.
* Improved Bidder Interview Process – Offer a 20-minute debrief, a much more improved process, SDG&E has a conversation w/ bidder, not a monologue, and discusses what they are allowed regarding proposals. SDGE has improved its bidder feedback process. We are suggesting to SDG&E not to wait until the completion of contract negotiations to provide a debriefing.
* Score Bidder’s Redlines to Terms & Conditions – SDG&E has modified its evaluation of bidders’ proposed redlines to SDG&E proposed Terms and Conditions. However, SDG&E continues to consider bidder proposed redlines in its evaluations.
* Reduced timelines – SDGE has committed to reducing its timelines and has accepted several PRG and IE recommendations. Considering much more efficient contracting tailored to market support, this quicker pace helps w/ the bidders and makes it a more efficient process.
  + - **SDG&E Roland:** Thank you for the feedback. In addition, we (CMO) meet w/ the IEs monthly – helpful dialogues and the IEs meet as well. SDG&E has adjusted the interview process, provided more detail in Bidder Feedback Notifications, Scoring of Terms & Conditions, Reduced Solicitation Timelines, Surveyed evaluators after each solicitation stage.

**SCE: Richard Milward**

* Top three have been implemented, the next four are going to be implemented later this year and in 2023.
* Bidder feedback: reluctant to individual bidders and have instead provided collective feedback to bidders, IEs recommended to work with supply management to provide to individual bidders
* Session most recently on May 25th bidders that attended that session, held a session on June 14, and provided more feedback which was helpful for the Bidders
* Cost of IOU support services: (see slide)
* Redlines to the Agreement: (see slide)
* Reducing Solicitation Timelines: Done a good job by reducing the timelines, significant improvements made. The only thing standing out is with all the IOUs is contract negotiations – it’s outside of the IOUs control. We’ve seen efforts to reduce, but much more improvements have been made to the RFA/RFP.
* Refer to the Semi-Annual Reports for more information.
* Marissa SCE: One comment is these sulcations are evolving and improvements are made and with market support and equity. Provided answers and adjustments for Bidder Feedback Debriefing Sessions, Cost of IOU Support Services, Redlines to the Agreement - Redlines have been a challenge to accept and we recognize why this was brought up. Reducing Solicitation Timelines – we’ll keep a lookout for the contact negotiations but don’t want to shortchange their opportunity

**SoCalGas: Don Arambula**

* Thank you, SoCalGas for hosting the event.
* We are covering a few recommendations today. Stakeholders should refer to the Semiannual Report and the Final IE Reports on various solicitations for more detailed recommendations.
* Want to note, that SoCalGas reduced solicitation timelines. The IOU is currently implementing a 30-week, 2-stage solicitation based on stakeholder feedback and shared effective practices with PG&E.
* Implementation Plan - The Implementation Plan process was much improved and begins w/ a collaborative approach w/ the IE and IOU to develop a project schedule that allows the IE to provide input on the draft Implementation Plan prior to the workshop. The process also allows the IE to confirm whether its recommendations were accepted.
* Contract template - SoCalGas has made refinements to its contract template. A contract doesn’t have to be heavy or overly complicated. The IEs are working with SoCalGas to make further refinements to the contract template in light of market support and equity which require a slightly different contract.
* Overlapping Program Guidance - As more programs are developed to address the residential market (ESA, EE), the bidders need to be aware of potential overlaps in the market. The IEs are recommending SoCalGas provide more information on existing and potential overlaps in the market. SoCalGas should also describe its role, as an administrator, in managing such program coordination.
* Scoring Guidance -The existing scoring guidelines need improvements that provide greater direction to evaluators. The IEs propose to work with SoCalGas on such improvements which can help reduce the evaluation period.
* Reduce Complexity of RFP - SoCalGas has adopted the IEs recommendation to reduce the number of bidder questions at the RFA and RFP stages while retaining essential questions necessary for evaluation. This has reduced the evaluation period and overall solicitation schedule.
* Include Innovation in Contract Template - The contract template should include the program’s innovative features to ensure these features are not lost during program delivery. The addition also helps connect the executed contract to the final Implementation Plan which will inform future CPUC program evaluations regarding program innovation.

**SoCal Gas: Emma Ponco**

* How long does it take for us to implement a program 2 months for each member of the solicitation team was a part of it, recorded it to leadership and have incorporated in technology, sharing info, scoring. SCG has Lean Six Sigma team outside of contracting office group to evaluate solicitation processes and improvements. Provided answers and adjustments for the Implementation Plan, Contracting Template/Include Innovation, Overlapping Program Guidance, Alignment of Scoring Guidance, Reducing complexity of RFP Outcomes.

**Effective Solicitation Practices: Elizabeth Lowe**

* Not all of the IEs agree w/ these, and they were reduced to two slides.
* Reviewed and added IE Feedback to Streamlining the Two-Stage Process, Timing of the Two-Stage Process, Post-RFA Bidder Feedback, Continuous Improvement, Two way Bidder Feedback, Collaborative Negotiations.
* When it makes sense to have off cycle meetings, we appreciate the PRG’s acceptance of that. It’s shaved off a month of a portion of timelines.

1. **Topic 3: Independent Evaluator Panel**
   * **Jessie Levine, CPUC Energy Division** (facilitator): The purpose of the panel is to is garner IEs thoughts on the progression of the third-party solicitations looking to the future and what further considerations should be taken into account.

1. Garnering robust bidder participation in third party solicitations

* + - Two firms that hold 61% of the awarded funds across the four IOUs.
    - The question to the panel: A competitive process depends on active bidder participation in 3rd party solicitations. Please discuss your views on barriers to participation, trends you observed and opportunities for improvement.
    - **Elizabeth Lowe, Barakat Consulting:** 
      * Barriers seen are complexity, timing of contracts and outreach. The solicitations have been complex and undergo a lengthy process.
      * Some contracts are very onerous, which tend to effect smaller bidders.
      * Regarding outreach, the IOUs host PRG meetings, post information on their website, and host webinars, etc. There is more that IOUs can do in addition to these standard items.
      * Can IOUs outreach through trade organizations or chamber of commerce?
    - **Grey Staples, The Mendota Group, LLC:**
      * The quality of bids is more important than the quantity of bids.
      * The goal is to have robust solicitations attract good number of diverse set of bidders and propose high quality innovative programs.
      * Solicitation fatigue. Some early participants have left and have not come back.

2. Compensation in EE third party contracts

* + - The question to the panel: If the IEs were designing implementer compensation provisions from the ground up, what are the principles and effective models to look to?
    - **Don Arambula, Don Arambula Consulting:**
      * Shared vision between parties. A goal to promote a vibrant third-party program.
      * Balance risk with reward among the ratepayer and the third party.
        + Innovation comes at some risk. If you’re not willing to take a risk, you cannot innovate in the market.
      * Every compensation structure should have a bonus feature to promote or encourage excellent performance. This will encourage more engagement and a sense of ownership.
      * Incentives to tie other performance features that advance other policies that are not resource acquisition. It can be done as a KPI.
        + Examples: Increase participation in hard to reach or disadvantaged communities.
      * Timely compensation provided to the third-party entities. Third parties live off contracts and compensation from those contracts. The third-party carrying cost needs to be addressed and negotiated among parties.
      * Avoiding performance assurances and financial performance insurance.
        + The contract is already pay for performance. If the third party does not perform, they are not getting paid. Why have the additional level of cost?
      * Kim’s suggestion. Keep it simple.
      * The IOUs and the third-party need to create a partnership in program delivery with a set of common goals which are structured in the KPI and are negotiable targets. There needs to be flexibility by the utilities.
    - **Grey Staples, The Mendota Group, LLC:**
      * Utilities want programs that meet goals and do not cost their ratepayers too much money. Implementers want to be paid fairly for their efforts and to be rewarded for running a good program.
      * CPUC decisions have a preference for performance-based compensation which relates to programs with savings and cost effectiveness goals, which usually translates into payments associated with savings and cost effectiveness outcomes.
      * Market performance needs to be defined differently. If a program is succeeding, the implementer gets paid. If the program is not succeeding, the implementer may have their compensation reduced.
      * The utility should be flexible about the compensation approached available.
      * KPIs should be carefully designed. This will ensure that the utility is making good on its commitment to support the program. If it is not happening, the implementer should not be penalized regularly.
      * Other compensation methods might work. They can be deliverable, milestone, performance based with retention.
        + Whatever approach chosen needs to share, to a degree, the performance risk with the caveat that in the 3P model the implementer will bear that greater performance risk, but should be compensated to a certain extent for bearing the risk.
    - **Follow up question from facilitator:**
      * How do bidders learn about the breadth of what compensation models are available in EE contracts?
    - **Response from Don Arambula, Don Arambula Consulting:** 
      * It starts with the utilities. Include the proposed compensation structure for the given solicitation it in their RFA and RFP materials. Parties have a fiduciary responsibility to your shareholders or your ownership group to negotiate a contract. Square dealing. Bidders should review the Commission’s policy around compensation.

3. Market Support and Equity solicitations

* + - The question to the panel: What early challenges or new opportunities are you seeing for third party programs in the newly established Market Support or Equity segments? Should there be distinct solicitations processes or guidance for these segments, in contrast to Resource Acquisition, if any?
      * **Kim Crossman, Great Work Energy:**
        + Nomenclature and ethics.
        + There seems to be a lot of cross-over. We need to focus on the language around primary purpose. Each segment seems to have a different primary purpose. We should try to capture the actual outcome of programs. We might only measure cost effectiveness and/or resource adequacy. Perhaps we should also look at bill savings.
        + The utilities might not be set-up to quantify participation.
      * **Elizabeth Lowe, Barakat Consulting:** 
        + Promoting partnering is a great opportunity for partnering. Companies can engage in a bidder’s conference prior to the solicitation being launched.
        + Smaller bidders may not be familiar with the solicitation process or with the CPUC regulatory directives. What can be done to educate new bidders?
  + **Question from Michael Baker SBW:**
    - Could funds be provided to selected bidders if they are small and do not have the resources to hire professional contract negotiation services?
  + **Response Don Arambula, Don Arambula Consulting:**
    - Something like this has only been seen in the grant space but not in a competitive solicitation. You need to understand your business and your financial limitations well enough to negotiate a contract. Do not overstretch.
  + **Question from Lisa Paulo, ED:** 
    - How will the push and pull between innovation and cost-effectiveness be balanced in terms of "risk" if the PAs are moving toward a one stage solicitation? Previously, the two-stage process was identified as a way to consider these two components separately.
  + **Response from Don Arambula, Don Arambula Consulting:**
    - You have to take risk to get innovation. Innovation is possible in a single or two stage solicitation. Moving to a single stage solicitation is not a conflict but it does involve risk.
  + **Response from Kim Crossman, Great Work Energy:**
    - Does not believe there is a direct correlation between innovation and a two stage or single stage solicitation.
  + **Response from Elizabeth Lowe, Barakat Consulting:**
    - A single stage does not lose/eliminate innovation.
      * How can we do innovation and be cost effective?
  + **Question from anonymous:**
    - SCE's latest RFP schedule is quite tight: RFP release 6/29, Bidder's Conference: 7/7 and RFP due on 7/19. Can we request more consistent timeframes between the IOUs? This is a very tight timeframe to put all the information together.
  + **Response from Justin Galle, ED:**
    - Could you specify which SCE solicitation this is in reference to? CPUC guidance recommends a maximum of 12 weeks between RFA release and notification to bidders that they are advancing, and 15 weeks between RFP release and notification of advancement. These time frames include bidder proposal development, as well as scoring, calibration, and PRG review. 3 weeks from RFP release to RFP due date seems fairly standard, but I hear your concern that this is very tight. The solicitations schedules updated monthly also give an indication of which solicitations are in the pipeline and may be a useful signal to begin preparation: <https://www.caeecc.org/third-party-solicitation-process>
  + **Response from Elizabeth Lowe, Barakat Consulting:** 
    - Its challenging to hear that we want more time and others want less time. The right direction is to push for less time.
  + **Response from Marissa Barrera, SCE:**
    - The timeline mentioned might be mixing up the solicitation workshop and the RFA schedule. SCE will follow-up on this.
  + **Response from Kim Crossman, Great Work Energy:**
    - PRG guidelines provide four weeks for RFA and six weeks for RFP.
  + **Comment from Anonymous:**
    - As a reference point on the tight schedule, for the Small and Medium Business Equity Program the RFA was launched on April 5 and was due May 2nd. Nearly a month versus the RFP schedule RFP release on 6/29 and due on 7/19.
    - SCE will follow-up on this.
  + **Comment from Anonymous:**
    - SCE's latest RFP, Small and Medium Business Equity Program, had a very tight schedule.
  + **Comment from Anonymous:**
    - Comment more than a question: Reducing the number of questions in an RFP is generally a good goal. A corollary is to reduce overlap between questions. Sometimes it looks like questions were developed independently by different divisions in an IOU, and not coordinated for efficient integration.
  + Solicitation schedules are posted online and ahead of time. Potential bidders should try and prepare ahead of future solicitations.

1. Topic 4: CEDMC Member Panel
   * **Greg Wikler, CEDMC** (facilitator)
     + IOU Contracting reforms - Praised Don Arambula for his comment in the earlier session.
     + “Solicitation Timing Improvements”
       - **Joanne O’Neill, CLEAResult**
         * There are delays at the tail end. Tracking the process until contract execution is not sufficient and does not represent the entire process. The contract negotiations are lengthy and end up costing firms. We need to deliver savings and perform on the contract.
         * While the contract is being negotiated and going through approvals, investments are being made by the third party implementer. Delays result in staffing decisions.
         * One potential solution is to maybe start tracking dates post RFP. Track negotiations, execution, AL filing, etc.
         * Implementers need better help and consideration from CPUC.
       - **Ying Wang, Okapi Architecture**
         * The solicitation process takes a lengthy amount of time.
         * Small firms are strong on technical skills. Weak or short on network and capital.
         * Feedback is important, otherwise it might discourage potential participants in the future.
         * IOU contracting reforms – the requirement for a letter of credit is a big burden. The IOUs put lots of financial burdens on the firms especially for small firms.
         * Question from Ying Wang from Don – In some cases the DBE will subcontract with a prime and the awarded DBE gets a smaller part or piece of the whole contract.
         * There were several suggestions to better track where the money is being spent by these implementers. How much of their pledge is actually being met?
       - **Dan Stay, Guidehouse** 
         * The additional time makes it difficult to start work.
     + “Bidder Feedback Processes”. Maybe there is a cost that goes into giving feedback. It should be an open conversation about how time and resources are required to provide feedback.
       - Terms and Conditions seem to be onerous for some bidders/vendors. Performance assurance, bond requirements, claw backs, and payment delays seem to have a significant impact.
       - Can the playing field be leveled by easing some of these requirements?
       - Implementers should take a majority of the risk but perhaps not 100%. IOUs should also have skin in the game.
       - Implementers don’t have communication with CPUC or influence over workpapers. Lots of things are out of their control.
       - There is no requirements or timeline for program to be approved after contract execution.
       - Small firms do not have a lot of cash that can be used for letter of credit. Too much of a burden upfront.
       - Insurance is also an issue. Certain insurance aspects seem not applicable, yet they are required.
     + **Ying Wang, Okapi Architecture**
       - DBEs or small firms can be helped by not having to go up again big firms. Segregating might be a better way to support small firms. Separate proposals as in solicitations for small firms.
     + Reduce some of the amounts required for insurance.
     + Provide education for DBEs.
     + Don Arambula mentioned that SCG has a 30-week two stage solicitation. If you go from release of RFA to launching the program in less than 9 months.
   * **Question from Alison LaBonte, ED:**
     + Is there any particular insurance type or requirement that seems unnecessary in the contract?
     + Unlimited liability is a non-starter for some bidders.
     + Cyber security insurance sometimes is not available for smaller firms
     + Audit rights or document retention requirements seem to be for an excessive period. This is costly for businesses.
     + Lower the liability insurance requirements.
2. **Open Discussion: Facilitated by Matt Braunwarth, PG&E**
   * **Questions from Michael Baker, SBW:** 
     + How can I find a current roster of 3P programs: name of prime, budget, customers served and savings to date?
   * **Response from Justin Galle, ED:**
     + You can find that hosted on the CAEECC website at this location: <https://www.caeecc.org/third-party-solicitation-process>
     + It is the spreadsheet titled: Third-Party Implementers Table (July 1, 2022)
   * **Questions from Anonymous:**
     + Are there any discussion going on between the IOUs on a consistent contracting process, T&C's & contract?
   * **Response from Justin Galle, ED:**
     + In short, yes, there are joint efforts to standardize processes, but there will inevitably be differences due to varying corporate policies, portfolio needs, solicitation specifics, etc. Regarding the solicitations process, CPUC Decision 18-01-004 (0c9650\_87ed0c0dfad84be2afdea812e30f2a53.pdf ([caeecc.org](http://caeecc.org/))) establishes the required process. The IOUs due to antitrust law do not discuss in detail their contract terms with each other. However, the CPUC Decision 18-10-008 sets out Standard and Modifiable Terms and Conditions that are the starting point for contract negotiations for all of the IOUs soliciting third-party EE programs. Further process elements that are standardized across the IOUs are developed by the Procurement Review Groups via formal Guidelines. Additionally, this meeting is an official forum for discussion of effective practices across the IOUs. If there are specific elements in your view that are inconsistent to the level of presenting a burden to participation in solicitations or program delivery, that feedback would be helpful. Link for D.18-01-004: <https://www.caeecc.org/_files/ugd/0c9650_87ed0c0dfad84be2afdea812e30f2a53.pdf>
   * **Questions from Michael Baker, SBW:** 
     + The CPUC's 3P program tracking spreadsheet available to the public should include contract signed date and first customer contact date for each solicitation. It currently does not.
   * **Response from Roland G Mollen, SDG&E:**
     + Hi Michael, the "Contract Effective Date" can be seen as the sign date on both sides (IOU and Implementer) and the "Anticipated Program Launch Date" signifies when the program is open to enroll the first customers. Does that help?
   * **Response from Justin Galle, ED:**
     + To add to Roland's statement, these are found in Columns J and L in the "Joint IOU Third-Party Implementers Table" spreadsheet, created and updated monthly by the IOUs jointly: <https://www.caeecc.org/third-party-solicitation-process>
   * **Questions from Anonymous:**
     + The CEC provides proposal scores in ranked order with firm names. This is really helpful to determine should we try again or give up.
   * **Questions from Anonymous:**
     + Actual DBE Spend versus DBE Contract Amounts are important. Can the IOUs be more transparent?
   * **Response from Elizabeth Lowe, Barakat Consulting:**
     + The IOU report only reflects the DBE pledge. The IE is only responsible for showing what is in the contract. It seems ED should follow-up on how much of this pledge really is DBE. The IOUs are required to report on the pledge but additional drill down is required.
   * **Response:**
     + The IE reports contains DBE data. These values are at a high level and not contract/program specific. The IOUs also indicated that DBE information can be found in the GO 156 reports.
   * **Question from Anonymous:**
     + Can the IOU's share their position on sharing parts of the Prime contractor's contract with their subcontractors? As Joanne said we are often left in the dark during the negotiations and it would be helpful if the Prime's could share more of their contract with their subs for flow down provisions.
   * **Response**
     + A workshop around the bidder community might be helpful. This can bring subs up to speed. There’s a privacy issue and concerns in allowing other parties into a negotiations discussion.
   * Kim Crossman mentioned the issue of data sharing. We are making a lot of assumptions about data accessibility. We really need to take a good hard look at this.
   * CA data privacy laws make this a challenging topic.