

2024 Third-Party Solicitations Annual Stakeholder Meeting

February 29, 2024
10:15 am to 3:00 pm

Hybrid: In-Person and Virtual Meeting
 PG&E's Oakland General Office, 2nd Floor
 300 Lakeside Drive, Oakland, CA 94612

Virtual Meeting: [Click here to join the meeting](#)
Meeting ID: 288 231 999 179 **Passcode:** KfyxwN
 Audio-only

[+1 415-906-0873,,759678657#](#) United States, San Francisco
 Phone Conference ID: 759 678 657#

Agenda:			
Start Time	Agenda	Description	Presenter(s)
10:15	Opening	Introductions and agenda <ul style="list-style-type: none"> • Agenda and Safety • Meeting Purpose and Goals • Survey Results from March 2023 Meeting 	Elizabeth T. Lowe Independent Evaluator Barakat Consulting, Inc
10:25	Session 1 EE Recent Decisions	What's new? <ul style="list-style-type: none"> • EE Decision Updates and Resources 	Jessie Levine Third Party Solicitation Lead CPUC Energy Division
10:50	Session 2 Independent Evaluators' Semi-Annual Reports (SARs) June and December 2023	Effective Practices <ul style="list-style-type: none"> • Effective Practices Across IOUs Noted in the Recent SARs 	Elizabeth T. Lowe Barakat Consulting, Inc
11:05	Break		
11:15	Session 3 IOU Portfolio Update & Upcoming Solicitations	IOU Updates <ul style="list-style-type: none"> • Solicitations Schedule Updates, including How the IOUs are Managing Their EE Portfolios • Process Improvements to Encourage Bidder Participation 	Facilitator: Jessie Levine, Energy Division <ul style="list-style-type: none"> • Shar Mouddeli, SoCalGas • Carter Prescott, SCE • Alton Kwok, SDG&E • Matt Braunwarth, PG&E
12:15	Lunch		
12:45	Session 4 Implementer Panel	Stakeholder Observations <ul style="list-style-type: none"> • What Improvements Have Implementers Seen and Would Like to See? • How are Implementers Aligning with CPUC Policies in New EE Business Cycle 	Facilitator: Hob Issa, Lincus <ul style="list-style-type: none"> • Siva Sethuraman, Cascade Energy • Patsy Dugger, AESC • Basu Mukherjee, Global Energy Services, Inc
1:45	Break		

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Start Time	Session	Objectives	Presenter/Facilitator
1:55	Session 5 Independent Evaluator Panel	Independent Evaluator Observations <ul style="list-style-type: none"> • Small/Diverse Business Enterprise Participation in Solicitations and Implementation • Keys to Success: Tips and Tactics for Bidders 	Facilitator: Coby Rudolph, CPUC Energy Division <ul style="list-style-type: none"> • Don Arambula, Don Arambula Consulting • Kim Crossman, Great Work Energy • Richard Milward, MCR Corporate Services • Elizabeth T. Lowe, Barakat Consulting, Inc.
2:35	Open Discussion	<ul style="list-style-type: none"> • Participant Engagement • Topics for Next Stakeholder Forum 	Jessie Levine, CPUC Energy Division
2:50	Closing	Post Meeting Items <ul style="list-style-type: none"> • Surveys • Slide Deck & Meeting Minutes will be Posted to CAEECC 	Elizabeth T. Lowe, Barakat Consulting, Inc.
Adjourn			
3:00			

Note: *These meeting notes are not intended to reflect verbatim discussions. It is our best efforts attempt to capture the themes of topics and discussions. Please refer to the Slide Deck and the 2024 Implementer Survey Response for additional information.*

Introductions, Agenda and the Goals of the Meeting - Elizabeth T. Lowe, Barakat Consulting, Inc.

See Slide Deck

Session 1:

EE Decision Updates and Resources - Jessie Levine, Energy Division

See Slide Deck

- Recent CPUC Policies;
- Focused on EE Decision – D.23.06.055 – EE Applications and Business Plans – June 2023
- CPUC Resources for the Third-Party Implementers
 - Avoided Cost Calculator
 - 2022 Electric ACC Dashboard
 - 2023 Potential and Goals Study: Public Facing Dashboard
 - Ways to Participate in CPUC Processes
 - Demand Side Resource Programs
 - Publicly Facing Third-Party Solicitations Materials

Q. Siva Sethuraman, Cascade Energy -

How often does the avoided cost calculator get looked at? It’s an important piece of making cost effective programs - the cost of bringing new surveys, renewable power into the grid, is taking a lot of time. There are multi-year delays for customers who want to bring in power.

Coby Rudolph, CPUC -

The avoided cost calculator and that process is a point of pride for Commission, believe we are the only state or commission to have this public process for developing avoided costs and to have the avoided cost laid out where there not confidential, folks can get into them and use them to design and drive their programs. Excel spreadsheet that can be downloaded from the commission website. One for electric, one for gas, and one for refrigerant. In other commission process we look at the Statewide demand forecast that comes from California

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Energy Commission; it gets updated every year or two, we have a process where we develop a statewide integrated resource plan for procurement that gets sent into procurement. The two things combined, the Integrated Resource Plan (IRP).

The results are driven from the integrated resource plan process and built into hourly models that you can see. This is the dashboard. If you download the excel file you can see the hourly value of the saved kilowatt for every hour out a few days to a few decades. These are the calculators that put the value on the energy resources that we are trying to procure.

Implementers looking to understand where the highest Total System Benefit (TSB) is going to come from - this year or a few decades, if you're wanting to understand where the highest value is, this is a good place to start. It contributes to the Total Resource Cost (TRC) calculation too as it's the benefit side of the calculation.

Q. Siva Sethuraman, Cascade Energy -

Not sure whether the cost of delays are getting baked in. Does it still make sense to use marginal cost?

Coby Rudolph, CPUC -

Great questions – On the process side. The avoided cost calculator gets updated every two years, currently in process of developing the next set of avoided cost calculators that the plan is it will be adopted early this summer. Done through Integrated Distributed Energy Resources (IDER) adopted via Commission resolution. Happy to direct people to the relevant proceedings (R.22-11-013) where comments can be submitted to have an impact on them. Would like to get comments from stakeholders.

Q. Spencer Lipp, CALTF Staff -

Glad the avoided cost calculator was brought up and the connection with the TSB & TRC because implementers for resource adequacy programs can't separate the two given the need to be cost effective. The balance of the two things don't always align with where the State wants programs to go. For some measures (e.g., heat pump water heater) the TSB for electric baseline is significantly higher than for gas. State is looking for decarbonization projects, but when looking at fuel substitution, the TRC for replacing gas furnace with heat pump is lower than high efficiency gas. Point – look at the outcomes of the avoided cost with TRC so those goals are aligned with where State wants the projects to be.

Coby Rudolph, CPUC

Noticing the avoided costs contributed to the TRC (which is a big impact on EE programs) avoided cost were opaque to the EE community, so we are excited about adopting TSB, which gives an opportunity to make direct connection between avoided cost and EE programs so we can have more conversations like this to understand what's driving the numbers behind our EE procurement. I appreciate raising questions that should be considered.

Spencer Lipp, CALTF Staff -

More of a comment than a question. Appreciate the forum. TSB is new for us and trying to figure out how to navigate it with the other the rules and policies, really think there are some benefits missing out of what's being categorized and cost for incremental improvement & efficiency often outweighs the benefits for measures that have different efficiency levels that you can install. As an EE group we should be installing the highest efficiency equipment, but TRC maybe a lot lower for higher efficiency equipment. I want to raise the issue.

Q. Gillian Weaver, CPUC (Teams Question)

Can you confirm where the slides will be posted?

Jessie Levine, Energy Division

They will be posted on the CAEECC website along with the notes.

Session 2: Independent Evaluators Observations:

See Slides

Effective Practices Across IOUs Noted in the Recent SARs
Status as of last Semi-Annual Reports

No Questions

Break

Session 3: IOU Updates: Jessie Levine, Energy Division; Facilitator

See Slides

- How the IOUs are Managing Their EE Portfolios
- Process Improvements to Encourage Bidder Participation

IOU Presentations

Shar Moaddeli, SoCalGas
Carter Prescott, SCE
Alton Kwok, SDG&E
Matthew Braunwarth, PG&E

See Slides

Discussions

Question in the Chat:

Q: Why does SCE have 14 Solicitations vs other IOUs having 21 solicitations?

Carter Prescott, SCE – My understanding is it's a matter of SCE consolidating solicitations. Making the best use of time so we can hit several markets at once.

Marissa Barrera, SCE - Went out originally with a broad sector level and almost all sectors at one time. What we have done since is brought that to lower segment/sub-sector level. We want to make sure the local commercial solicitation is not addressing only at the sector level.

Q. Ted Howard, Small Business Utility Advocates - You mentioned upcoming programs for public and residential resiliency, wondering what you guys looked into related to commercial, hard to reach, disadvantaged communities?

Matthew Braunwarth, PG&E - Still in the exploratory phase, not sure if we're going to have a solicitation or program in that area. Largely with resiliency focusing on 2 areas highlighted we will be focusing on – 1.-

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Residential – largely impacted community/customer base. 2. – Public – A lot of resources that are in emergency response & care centers. Those being primary focus currently. Things could change.

Q. Hob Essa, Lincus – Any IDEEA365 solicitations (like SCG)?

Matthew Braunwarth, PG&E – We don't have any plan of an IDEEA 365 style solicitation, can review but immediate future we don't have plans to run that. Will be seeing results of other utilities and if we have room in the portfolio it is something we would consider.

Marissa Barrera, SCE – Exploring how to go about a IDEEA 365 that is a true rolling, also means requirement of oversight of PRG, might be getting some feedback from people in the room, do want to do something like that, see the value in supporting small business, seeing some creativity in the space since contracts limited or not as big. Exploring & formulating as we go.

Alton Kwok, SDG&E – SDG&E does not have any IDEEA 365 right now; open to listening.

Q: Patsy Dugger, AESC – Any of the utilities currently looking at leveraging federal funding for specific opportunities, if so, what kinds of things are you looking at how are you thinking of incorporating those with IOU funding? Any challenges?

Carter Prescott, SCE – Something we need to explore more. Once we see where federal funding is going to go, will be helpful. From utility perspective – looking into building electrification opportunities to federal leverage funding in addition to more EE funding. Key focus for SCE is heat pump installations - both water & HVAC.

Alton Kwok, SDG&E – Still in preliminary exploratory phase; ordered to look into state and federal funding both in EE area also in clean energy financing, something we will be looking into.

Matthew Braunwarth, PG&E – An important area to figure out; it's been a topic in several negotiations. One key partner we see as potential is working with CCAs who may be recipients or have money from federal funds could be applied for electrification or other customers.

Shar Moaddeli, SoCalGas: - I can't answer whether SoCalGas is looking into that but can say we've had proposals where bidder offered to get some of funding through IRA.

Emma Ponco, SoCalGas – EE program PM leading effort availing federal grant opportunities, there's an active grant available on monthly basis, most recently from the Department of Energy.

Q: Brad Simcox, Resource Innovations – IOU Feedback on debrief process on unsuccessful bidders - our experience has been not entirely valuable because you can't share specifics; what would you need to offer more specifics around where scored lower than other bidders?

Shar Moaddeli, SoCalGas: – What we can include in debrief is run by supply management; they guide on what info we can share. SCG has not shared specific info on how bidders placed, absolute score, heard Matt talked about PG&E does include that type of information, we have not. We get our guidance from supply management. We have provided advice on what was missing & how proposals could be improved, never about absolute or relative numbers.

Emma Ponco, SoCalGas - Correct, also have supply mgmt. team on call if they want to add.

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Fernando Mariona, SoCalGas – From supply management – You are correct, we provide just enough information to know what area should improve, not enough to have advantage over any other bidder.

Coby Rudolph, CPUC – Comment – Helpful to know feedback areas folks are getting from some utilities not others that are helpful/valuable; it's helpful information for us to be aware of.

Marissa Barrera, SCE – Debriefs have evolved over time, initially very minimal and supply management also guides us. The ones I have been involved with, we communicate more detail, getting more granular in terms of categories. We don't get asked many questions in the debriefs, so please ask - when I am involved, I tend to give a little more context.

Matthew Braunwarth, PG&E – We always try to be upfront on this issue, go right up to the limit of what supply management is willing to go, we are trying with this 2 factor process and so far it seems to be effective in what were trying to accomplish with that, within the restraints that we have. It would be very difficult to do more. The challenge is not wanting to compare one bid to another; ultimately the features of one is decided, do it in a way that's easily scalable in terms of process.

Alton Kwok, SDG&E – There has to be some rules around what we can share; guessing there is room for improvement, and once a program is up and running, we can regroup and talk about strengths & weakness or on specific program design.

Brad Simcox, Resource Innovations – Some more specific feedback would be helpful to develop a better proposal the next time. The next level of detail would be helpful.

Jessie Levine – As CPUC employees, we're interested in hearing from stakeholders.

Don Arambula, Don Arambula Consulting – We've seen vast improvements on debriefing sessions. The IE is monitoring all communication with bidders throughout the solicitation process, including debriefing sessions. If there are concerns or something flawed or needs improvements, share in those sessions and the IE will take note.

Elizabeth Lowe – This has been my experience as well. Been vast improvements, gotten to be more conversational.

Q: Jessie Levine – Question to both SoCalGas & SDG&E, to determine whether and when to rebid solicitations and certain criteria around those? Solicitation schedule varied a bit for SoCalGas & SDG&E.

Emma Ponco, SoCalGas – We've noted in the slides in regard to rebidding a contract – we work closely with program management team, there are several factors includes as part as review process 1 is ongoing dialogue with business partners making sure KPIs are met, schedule and scope don't deviate from contract or discussions from negotiation phase. If business partner isn't meeting goals, they work closely with them and establish additional layer of review to keep them on track.

Alton Kwok, SDG&E – We look at our program's performance based on KPIs evaluation on contract. If there is falling behind there are corrective actions plans in the contract. No improvement, it may close and may have to rebid or recompetete.

Q: Jessie Levine –In terms of process improvements, can you speak to how you learn the need for such process improvement? Is this the bidder debrief? Is this the IE semiannual reports? How are you learning? How have those voices led to process changes?

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Marissa Barrera, SCE – All of the above –

- Bidder Debriefs
- Surveys from bidders post solicitations
- Discussions with bidders
- IE and PRG feedback.

Carter Prescott, SCE – Our implementers have been pretty vocal; we appreciate that. Informal sessions and meeting people in person add so much more value.

Shar Moaddeli, SoCalGas: – Agree with Carter & Marissa said. We refer to our IEs.

Emma Ponco, SoCalGas - The process improvement is continuously evolving. As you heard of 2 rounds of IDEEA 365 which are different from the larger budget programs that we've solicited. The process for small budget solicitation varies and much has been learned from past 3 years doing solicitations. The importance of engaging with business partners and educating them with contracts, terms & conditions, and payment terms. The partnership with program management and business management helps with process improvement.

Matthew Braunwarth, PG&E – Yes and we pull feedback from wherever we get them. Pulling inspiration from demand response and trying to go outside of our EE to get inspiration elsewhere.

Alton Kwok, SDG&E – We derive changes from IEs and PRGs and great relationships with our implementers so the engagement level is high, we get a lot of feedback from them.

Lunch Break

Session 4 - Implementer Panel:

Stakeholder Observations:

Hob Issa, Lincus

Patsy Dugger, AESC

Basu Mukherjee, Global Energy Services, Inc

Siva Sethuraman, Cascade Energy

Note: The Implementer Panel based their discussion on a survey taken by California Efficiency + Demand Management Council (CEDMC) members. The survey is included with the meeting materials on the CAEECC website.

Section 1:

The IOUs all have very different Request for Proposal (RFP) requirements and documents. Would it be helpful for the IOUs to develop a standard RFP template?

Hob Issa – A consistent RFP document would be helpful. You would be able to, if you're going to bid industrial program for PG&E and then one for Edison, it would be great if you have the consistent format so you're not having to spend extra time, tremendous cost savings for the industry.

Basu Mukherjee – Having a standard RFP helps everyone as well.

Hob Issa – You could have individual workbooks, but helpful if a standard response form. Well received by survey.

Are your programs using On-Bill Financing? If not, why?

Hob Issa – The fact that on bill financing requires you to apply for the loan and you don't get reimbursement until after installation leaves a bridge gap.

Patsy Dugger – In our experience running the statewide, state of California program, 58 state agencies, because of budget deficit in California, state agencies don't have the money for implementing projects, it's difficult to get that money. It's a critical pathway to getting projects done and meeting climate goals.

Do you prefer the solicitation process to contain a single-stage (RFP only) or two-stages (RFA & RFP), assuming that the two-stage process provides a very simple RFA?

Basu Mukherjee – The 2 stage RFA/RFP the idea was to weed out the abstracts that didn't make sense. But the RFA questions are now it's 70% in the RFP so now you're forced to do the same thing twice. It doesn't behoove to invest that much time in both process when they're essentially the same thing.

Patsy Dugger – Even when the RFA/RFP are asking very different sets of questions, in order to design a thoughtful program that is going to be viable through RFP phase you have to run a Cost Effectiveness Tool (CET) anyway. Most of the utilities have done a great job segmenting their programs.

Do you believe that the Q&A process provides clarity and direct answers to a bidder's questions?

Siva Sethuraman – It could be improved quite a bit. Based on the feedback and Q&A, we as implementers would like more information to tailor our proposals. If we could get more guidance about what decision implies and how to take it into account. We would like to be provided more information on the challenges and barriers that they are currently experience with that sector, maybe information they can get from account executives, info from legacy program, it would help in that process.

How would you rate the unsuccessful bidder's debriefing meetings?

Siva Sethuraman – We covered it. Kudos to the utilities. We've come far in terms of the journey of providing information in the debrief process. Hearing feedback on where we need to improve would be helpful.

Hob Issa – There's a big discrepancy in utilities, one is giving a lot more information than the other. Some consistency that you could help each other out in how contracting & procurement sharing some resources or through your IEs would be helpful.

Do you believe information asymmetry exists in the bidding process between IOUs and bidders?

Siva Sethuraman – Asymmetry is impactful. It's not intentional, I don't think the IOUs are thinking about asymmetry in an intentional way. They have a lot of information/experience, getting additional information either in the RFP document or through Q&A processes would really help. There are going to be multiple programs that operate in same sector, statewide & local programs, some overlap between local and local SEM programs. If implementers would have know that our pricing would have been a lot different. We go with assumption on what target market/base is, when not aligned with IOU, we get in situation where pricing is not right.

Patsy Dugger – References to goal study that don't reflect what's on the ground. There's high level info about how big sector is but not much about how many customers are reflecting the market sector right now, how to they break out between small/medium & large?

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That's helpful to allow a bidder to craft a targeted solution. The business plans are getting dated, refreshed data is useful and having bidders work with apples-to-apples data, and not estimate what the market sector looks like.

Siva Sethuraman – Potential & goal study – A big gap that exists in what potential and goal study says and what program actually delivers. An opportunity to refresh and reflect realities that are not being baked into it.

During solicitation and contracting process have you seen some flexibility from IOUs, to include optional payment structures to help with startup costs?

Patsy Dugger – I'm really encouraged to see some additional flexibility being put out there. Why it's important from an implementer's perspective to have flexible compensation options. For programs that may involve a difficult to serve market, if you're really going to influence a market and impact how a customer reconsiders energy efficiency options, the custom process is a year long. A pay for performance would have the implementer finance the operations for a long time and it increases implementer cost to run the program and decreases cost effectiveness and impact. Having operational cash flow or having interim payments when project is installed is super helpful to be a sustainable business in the long run.

How do IOUs handle Statewide coordination?

Patsy Dugger – Statewide programs are working really well to have single point of contact to help facilitate statewide issues through the SWEEP team. Challenges are in the areas of data access and data quality and area of On-Bill Financing. Differences in data formats. In order to do benchmarking & analysis properly, have to massage data. Some utilities have wet signature requirement which causes delays. Possibilities of synchronizing data formatting would help statewide programs. Another area of challenge: all On-Bill Financing programs are different.

Section 2:

How are IOUs Aligning with CPUC Policies in New EE Business Cycle?

Basu Mukherjee – We are a small company and do not have a policy team.

Hob Issa – For water/wastewater customers, the net to gross (NTG) that we can claim is 45%. These customers are municipalities, so it's challenging to get them to do anything. When you have TSB and still have TRC requirement, if I don't hit 1.0 we can't offer a lot of measures that would be helpful to customers, if NTG was improved. Should be based on segment. If they don't hit 1.0, we can't offer measures.

Siva Sethuraman – 3P programs are bringing in a lot of innovation, category in which we are benchmarked and evaluated. A lot of programs have incremental innovations compared to the past. However, NTG is the legacy of .5 and .9 Gross Realization Rate Where do we provide some benefit for innovation that got brought in. On the other hand, the commission has provided really good NTG for Normalized Metered Energy Consumption (NMEC), Strategic Energy Management (SEM). But 3P programs with customer track is legacy NTG.

We see CET is complex machine, moving to TSB requires a lot. We need to make it a little easier to get those TSBs for all implementers. Not all implementers have our analysts. On load profiles, we have some granularity, but it's still limited by sector of climate zone. You cannot make your own load profile.

Patsy Dugger – TSB vs TRC, often the electrification and decarb measures are more expensive, so they have a neg impact on TRC. It's a balancing act to get right measure mix to get cost effective program.

Are IOUs Implementing the TSBs in their contract?

Hob Issa – TRC is protecting ratepayers. If we move away, the way we protect customer is with life cycle analysis. Maybe move towards Program Administrator Cost (PAC). Ways to protect customers and utilities. We won't offer project if TRC isn't above 1.0. Measures get reduced, program design changes. Constantly shifting. Hard to do business when you can't predict how to be successful.

Siva Sethuraman –What can be categorized as incentives? Dollar payment to the customer; but there's a lot of programs that offer other benefits to the customers. Seems short sighted in terms of how we are looking at incentives.

Do you feel NTG is appropriate for programs?

Hob Issa – Overwhelmingly no.

Have you seen improvement or streamline of custom review process (CPR)?

Siva Sethuraman –We've seen support from utilities. But time and embedded risk is still weighing a lot on projects we're able to move through. Ever since ex ante review got established, customer project throughput has come down significantly. NTG hasn't changed a lot. If we're able to put a lot more attention to projects, and make sure they have solid influence, should result in higher NTG. Custom projects, recently a lot more programs are happening through Market Access Programs (MAP). Takeaways from that can be applied to custom projects?

Hob Issa – Depending on utility, process is different depending on scrutiny. Not consistent across utilities.

Patsy Dugger – Shout out to utilities keeping to RFP schedules. Been great for resource planning. Recommendation, some RFPs come out in forms that are difficult to work with and format. Think about limitations and put that out there, but let bidders use own templates. Different levels of Measurement and Verification (M&V) requirements in RFPs. Some requirements seem to be simplified; some labor intensive. Simplified makes more sense in the proposal. Wait for full plan until contracting.

Q&A:

Carter Prescott, SCE – How do we get copy of responses? On the cash flow piece, specific examples you can discuss with utilities would really hit that home. Agree on CPUC Potential and Goals Study. Our participation needs to be different. Want us to get more involved. Coordination with IOUs for data, sharing best practices from solicitations. It's not that we don't want to do this, concerns around antitrust guidelines. There is a lot of value for us to learn together.

Coby Rudolph, CPUC - Give specific examples to push things internally (at the CPUC).

- 1) M&V plan, almost all requirements are to put in the implementation plan, not in proposals.
- 2) CPUC Potential and Goals Study, there's a reason we adopt at portfolio level rather than individual sectors. It's hard to forecast results; forecast accuracy decreases even more as you get more granular. Encourage people to get involved in next iteration of the study.

Question: Are there solicitations you've seen in your target market, but you've passed on? Comfortable sharing reasons why?

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Hob Issa – The fact that certain segments are almost impossible to serve with TRC requirement and NTG. Commercial segment is very difficult to serve - lot of small businesses with high cost of pursuing. We could do it, but it gets more difficult with TRC pressures. How do you make it economical? Maybe focus on Hard-to-Reach (HTR) or Disadvantaged Communities (DAC).

Question: How would we go about making recommendations through proceedings for CEDMC?

Coby Rudolph, CPUC - Depends what recommendations are. Policy? Utilities? Some require more activity than others. The bigger the issue, the better it is to have a lot of stakeholders on board with whatever the requested change is.

Elizabeth Lowe - Any feedback you can provide to through CEDMC, utilities, regarding NTG, how customers are impacted would be helpful.

Siva Sethuraman – Might have under participated. We know what the value and challenges are.

Brad Simcox, Resource Innovations – We say “no” a lot. If we feel like it’s going to be an out of balance contract, 100% pay for performance, but no control over ability to perform. Some pay for performance but complete control, that’s more what we’ll align on. We are willing to take on more risk knowing there’s good relationship.

Break

Independent Evaluator Observations: Coby Rudolph, CPUC Energy Division

Don Arambula, Don Arambula Consulting
Richard Milward, MCR Corporate Services
Elizabeth T. Lowe, Barakat Consulting, Inc.
Kim Crossman, Great Work Energy – via Phone

Coby Rudolph, CPUC -

Topics:

- Small/Diverse Business Enterprise Participation in Solicitations and Implementation
- Keys to Success: Tips and Tactics for Bidders

What do you see as some of the best opportunities for Small Business Enterprises (SBEs) & Diverse Business Enterprises (DBEs). What’s working? What could help? What are key challenges? Talk to bidding as a prime vs subcontractor?

Richard Milward, MCR - Numbers on slide come from December 2023 SAR.

- 91 Executed contracts. 36 individual primes, 8 of those DBEs. 3 MBE, 4 WBE & 1 was both.
- Don’t have numbers on small businesses, defined differently. Sometimes by number of employees, specific NAICS Code is by gross revenues. Depends on industry.
- SBA has definitions. No more than 100 employees and no more than 15 mil in gross receipts, those are Small Businesses. Smaller businesses tend to win smaller contracts. Smaller contracts are likely going to be better opportunities for smaller businesses. Small firms, if you look at the number of employees, they don’t have the resources to put employees out in the field. But if they are administering programs with aggregators, maybe more opportunity.
- Overall for all four utilities there was a slight increase. Not significantly enough to say there’s a trend.

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Don Arambula – There have been process improvements:

- Utilities better at conducting SBE and DBE outreach.
- All have facilitated networking with partnering among the bidders.
- Many of RFPs encourage SBE.
- Utilities have improved feedback sessions, which helps smaller bidders that have not been involved in this industry.
- SCG reintroduced IDEEA 365 solicitation. High participation across the board, outstanding results. Especially for smaller companies and new participants. Given opportunity through this solicitation primarily because it's low risk, contract values not more than \$1M, terms 2 years or less. Free to propose anything they want as it related to EE. Small firms come up with brilliant ideas. Ideas that larger firms can't entertain because of their size.
- Should pitch idea to utilities to consider IDEEA 365, rolling solicitation.

Melanie Gillette, MCR Performance Solutions, LLC. (Sent clarification email) - Richard Milward of MCR responded first on the late afternoon IE panel and presented data on the number of participating DBE and SBE firms. He mentioned that the data, as of the date of the last Semi-Annual Report, did not show a statistically significant increase in participating firms, but he also mentioned there were some challenges with getting the SBE data that made him challenge the accuracy.

Don Arambula followed Richard on the panel and commented that although Richard said "SBE participation was not improving," that is not accurate. SBE participation is improving.

I just want to point out that they were talking about two different things. Richard was citing the data on how many SBE firms have been participating in the solicitations. Don was describing the efforts utilities are making to include SBE firms in their solicitations, which we also agree is happening. And we would hope these efforts will lead to increased participation in future solicitations, which is certainly the goal.

Elizabeth T. Lowe – Small firms should not be daunted by an \$80M budget because you don't have to take on the entire budget. Look at what niche you can carve out for yourself.

Don Arambula - Many subsegments like Marissa Barrera said. There are other ways for the utilities to encourage participation by small businesses. Small businesses, participate, read RFP, and respond to what RFP is asking you to do.

Coby Rudolph, CPUC - For larger solicitations, more of a trend towards utilities looking to select multiple bidders rather than single source.

Elizabeth T. Lowe - Yes, this is made clear in RFA or RFP instructions.

Coby Rudolph, CPUC - Tips for implementers responding to RFAs and RFPs.

Elizabeth T. Lowe –

1. Read all solicitation materials, then read them again. When you get to the question, read each carefully, some have sub questions. Respond to each question.
2. Attend the bidders conference. Questions during conference might be good for you to hear.
3. Determine if you have the appropriate skills before you respond.
4. Do not make references to previous questions.
5. Fill out requirements in workbook (savings numbers, budgets, staffing questions).

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6. Do not repeat info from question or instructions. Copy paste is not a response. Do some research to show you understand this segment. If you're working on multiple responses, copy paste shows you're good at responding, but doesn't show you know about this specific segment.

Don Arambula - When you respond, answer the question asked. Don't respond with question you wanted them to ask. Overall, have a strong program concept. If it's proven state its proven, point to references. Get familiar with CPUC policies. M&V studies. Answer questions asked, but come with a concept.

Richard Milward, MCR - Have someone proofread.

Elizabeth T. Lowe - Yes, proofread.

Negotiation tips:

1. Be prepared.
2. Get documents back when promised.
3. If you need more time, let the other party know. Then you can adjust meeting time and agenda. This is a mutually agreeable contract; you will be partners for some time.

Don Arambula - To facilitate good negotiations, you have to start with good foundations. Take a look at what you're providing as initial contract. As there are things in there that aren't necessary. Compensation structure, respect cash flow, improve cash flow position of these implementers. If not, they will have to borrow money. Flexible payment terms.

1. Have a project manager that works with internal stakeholders and pull them as resources, and to keep you on schedule.
2. Agree to a schedule that you can work with utilities.
3. Be prepared for negotiation meetings, follow through with deliverables. Don't be afraid to propose changes to contract. Talk about it and provide rationale.

Richard Milward, MCR - Standing meeting each week for negotiations. Set more time than you need. One hour, once a week.

Coby Rudolph, CPUC - If you look at population NMEC, and in some market access, where we required 100% pay for performance, there's a lot of flexibility on progress payments. As long as there's true up process, timing isn't as baked into commission policy as some folks are under the impression.

Kim Crossman, Great Work Energy –

1. Negotiations are a very long process.
2. You need continuity in your team. Sometimes the people who led development of RFP are gone by the time you get into negotiations. Need to find way to transfer into negotiation team.
3. You really own the design that you bid. Role is to work collaboratively with the utility. It can be hard to push back, especially if you're the implementer of another program. Still need to go into negotiations for new program as if you're not involved in another program.
4. Try to maintain as much innovation as possible and advocate to keep your proposed program elements in scope.

Patsy Dugger – Insurance requirements impact small companies- [for instance], cost of data access security insurance. CET, any new entrants in CA would need a lot of hand holding.

Elizabeth T. Lowe - Get to contracting stage and show correspondence with insurance company, bring that into contract negotiation stage.

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Don Arambula – It's time to revisit CET tool.

Coby Rudolph, CPUC - Share the goal, matter of getting things built and having the resources to do that.

Ted Howard, Small Business Utility - Interested in recommendation for strategies to get large established companies to engage with smaller diverse businesses.

Richard Milward, MCR – There is an interest form that companies can fill out.

Don Arambula - Prime could move on to another subcontractor, or through implementation could no longer need subcontractor. Ask bidder community, what could utilities do to help facilitate?

Elizabeth T. Lowe - After bidder's conference, there is an opportunity, for bidder interest /partnering form. Make sure that there's enough time when that is circulated from when RFAs/RFPs are due.

Spencer Lipp, CAL TF Staff - Previously worked for TRC and Wildan. Prime thing that prevented small businesses from becoming sub was the massive flow down requirements of contract to sub. Sometimes 2 levels, sometimes every requirement is flowed down.

Siva Sethuraman –Contracts are heavily pay for performance and have to flow down risk to subs. In a lot of cases, too much for them. Because they have to float cash before we can pay them.

End 3:00 P.M.