

**Energy Efficiency Third Party Solicitations
Stakeholder Engagement Forum
March 16, 2023
8:30 am – 12:30 pm, via Teams
67 participants (ED, IOUs, IEs, Stakeholders)**

NOTES FROM DISCUSSION, QUESTIONS, AND ANSWERS¹

Please refer to the PowerPoint deck for more information

Opening Session: Alison LaBonte, ED

Questions about presentation of EE Decision

Q: Elizabeth Lowe: Regarding PRG members and conflict of interest, is there a plan to expand/recruit more PRG members? What happens as a result?

Responses:

- A: Alison Labonte, CPUC: What has happened to date the utilities put out opportunities for more PRG members to refresh and add members, beginning of 2022. There is not a policy around this frequency to open up and refresh. (ref. slide 12)
- A: Matt Braunwarth, PG&E: For PG&E, PRG membership is open and new membership applications reviewed on a rolling basis

Q: Kim Crossman, Great Work Energy: Where can I find info about or register for the March 21st EM&V forum?

A: Ely Jacobson, ED: Meeting link for March 21 EM&V Forum:

<https://cpuc.webex.com/cpuc/j.php?MTID=mff1d687b4cf810f8612d0aeca5b6e5c0>, 9:30 am–4:30 pm

Q: Ted Howard, SBUA: Is there any anticipated new effort to increase competition among all bidders, including small and diverse business, and reduce concentration of the proportion of third-party budget going to a few large bidders? Nothing in decision to prevent 56 percent of portfolio rewarded to two firms.

Responses:

- Alison Labonte, CPUC: This challenge was laid out in the staff proposal, but the decision did not set any caps or requirements to constrain how much of a portfolio goes to a particular market entity.
- Emma Ponco, SoCalGas: IDEAA 365 is an SCG platform to open opportunities to new implementers, increasing awareness of EE programs is SCG's approach to being competitive and opening it up to smaller implementors.

Q: Clark McIsaac, California Efficiency Demand Management Council (CEDMC): We've noticed some differences between the IOU processes as they are regulated by CPUC in contrast to non-IOUs. The non-IOU processes lean toward the simpler side. What other processes does the CPUC value in addressing further or are they looking at what non-IOU processes could bring to the table?

Responses:

- Alison Labonte, CPUC: We've made some improvements on that. The Decision did set new policies are requirements around feedback. We are open to specific suggestions (i.e., defining simpler as in going from 2- to 1-stages, contract terms, things utilities required to meet per law, ratepayer dollars, customer privacy, etc. so simpler ones might not be an apples-to-apples comparison. But open to specifics.

¹ These notes captured, as best we could, the questions, answers and comments by participants. The slide deck includes all presentations made by the parties.

- Clark McIsaac, CEDMC: We understand there are differences regarding regulations and laws that affect that, but yes, we would like to incorporate that into future comments, and we have incorporated that in the past. We will raise this issue in our panel later today.

Session 2: SAR Updates Looking Back, Elizabeth Lowe, Barakat Consulting, Inc. Independent Evaluator

[Note, this session was presented in the beginning/different from Agenda.]

Q: Jim Dodenhoff, Silent Running, LLC: Is "improvement to PG&E Bidder interviews" for a) Bidders who are under consideration for award, b) Unsuccessful Bidders, or c) Other?

A: Elizabeth Lowe: Bidders who are under consideration for awards

Session 3: IOU Updates, Facilitated by Elizabeth T. Lowe

Q: Ely Jacobson, CPUC: Slide 49/SCE presentation: Streamlining CET requirements. How is that operationalized? When you are having negotiations with implementers, at final do you run the CET?

Responses:

- Marissa Barrera, SCE: Earlier we would cure CETs with all bidders during the RFP evaluation process, which involved a lot of back and forth. Now we only go through that process with the subset of bidder(s) who are shortlisted for negotiations, which has shaved some time.
- Comment: Ely Jacobson, ED: Seems like there could be a surprise there for somebody...things are not like we thought so we need to go back and renegotiate.
- Marissa Barrera, SCE: Integrated into the process where previous it was done before getting into negotiations, so less upfront back and forth; do it at a later stage, get a final "clean" CET.

Q: Ted Howard, SBUA: Is there any anticipated new effort to increase competition among 3P bidders and reduce concentration of the proportion of 3P budget going to a few large bidders?

Responses:

- Marissa Barrera, SCE: What we expect to get from the solicitations on deck are very targeted so, the idea here is to (slide 48) is to really narrow down and have targeted solicitations and signaling that we are interested in getting multiple contracts where available (ex. Residential, some vendors want to bid on single and multi-family, but not manufactured homes. We aren't looking for one to do all with the idea we will see different players with more targeted proposals with the idea that this supports the diversification of our suppliers.
- Sandra Baule, SDGE: Like SCE, we have an "interested bidder partnering form" that can help S/DBE vendors go with a prime as sub-contractor. We use paid and non-paid media and hold mixers and meet and greet events so larger and smaller bidders can partner. We are going segment by segment/more focused on vertical markets that may enable a more diverse bidder population for us.
- Emma Ponco, SoCalGas: For SoCalGas we always envision where we integrate the innovation partner influences, so the IDEA3-6-5 platform offers opportunities to work with new implementers and stakeholder forums help increase awareness, share best practices, and opens to smaller imps in the EE space.
- Matt Braunwarth, PG&E: PG&E will continue with efforts to include partnering opportunities for small and diverse vendors in our EE procurement process. We will continue to experiment with different methods to facilitate the sharing of contact information and knowledge as well as different formats so that our efforts are effective.

Q: Jim Dodenhoff, Silent Running, LLC: Is the reset on Cybersecurity Insurance Requirements in effect for all new solicitations and will that be reflected in the Modifiable Terms and Conditions?

Responses:

- Matt Braunwarth, PG&E: At PG&E, we will be discussing that when we see the need/will discuss with the PRG. We have put together a 1-page framework that explains what would trigger different levels and something we'd share within the solicitation.
- Emma Ponco, SoCalGas: Right now, SoCalGas is still working on the cybersecurity process and incorporating it into the modifiable terms and conditions.
- Marissa Barrera, SCE: Those solicitations that are not started will have the requirements incorporated in the modified terms and conditions.
- Sandra Baule, SDG&E: Same, modified terms and conditions and we are going to be requesting to bring to the PRG for discussion.

Q: Clark Mclsaac, CEDMC: How does each IOU view the 60 percent third party program threshold? Is it a ceiling, a floor, a checkbox, or a goal. Is the utility pushing third party solicitations beyond the 60 percent?

Responses:

- Sandra Baule, SDG&E: SDG&E views the 60 percent as a minimum threshold, so we are committed to outsourcing 60 percent because it pertains to budget from a program perspective. It's our goal to outsource all programs if there is a viable bidder we want to put into the market.
- Marissa Barrera, SCE: Similar, from the beginning it was to outsource all programs unless something requires or makes sense to keep in house. But everything goes out.
- Emma Ponco, SoCalGas: We met our compliance requirement. Our goal is to work collaboratively with our third-party implementers, and we are making a concerted effort to commit to as many implementers as possible and IDEA3-6-5 is our platform to work with as many as possible and incorporate into our SoCalGas EE program.
- Matt Braunwarth, PG&E: We look at 60 percent is a floor, Codes & Standards as an example of areas of portfolio implementers by third parties that aren't necessarily brought into this process and now with a one-stage process we can break through to bring in even more third parties.

Q: Clark Mclsaac, CEDMC: Interested from all IOUs, as you are looking at unsuccessful bids, what themes or consistent issues do you see that lead them to be unacceptable and what general improvements would you suggest that addresses those challenges?

Responses:

- Matt Braunwarth, PG&E: At PG&E, themes we've observed are around flexibility especially in negotiations. A lot of what we are doing is melding an innovative idea, but we must make it work with our existing systems and meld into infrastructure that can't always be adapted or updated. Implementers need to be flexible on that.
- Emma Ponco, SoCalGas: We have increased our collaboration with third-party implementer through our new program IDEA365 that helps us work with the smaller implementer community and with that a smaller program idea is to continue to improve process improvement/speed-to-market/smaller programs. It is not possible to implement or incorporate a smaller implementer into the EE space if it's going to take a few years to implement or incorporate into the SoCalGas EE portfolio.
- Marissa Barrera, SCE: Themes of unsuccessful bidders are they cannot offer a balanced approach between an understanding of what the requirements are and how they may change over time, not just utilities requirements, but CPUC ED changes or updates and not having a good understanding

that balances with the ability to deliver savings. If we see this lack of understanding, it makes it difficult for a bidder to move forward.

- Sandra Baule, SDG&E: Don't know there are themes because every bid is like a snowflake, unique. In general, the challenge is keeping on top of which emerging technology to run, changes occurring as part of this process that may not be incorporated into their bid. Could change a measure mix or savings. Also, a lot of compliance requirements and we don't always see them incorporated into the bids. And other things are specific to the bids received.
- Elizabeth Lowe, Barakat Consulting, Inc: If I had one recommendation to bidders, it would be to **answer the questions**. Read the questions and answer as asked, not based on something else you responded to, or a copy/paste.

Q: Joe Desmond, Executive Director, CEDMC: Custom EE projects have traditionally been a major source of energy savings in CA but have seen a steep and steady decline in recent years. The Council feels strongly that there is a pressing need and an opportunity to revitalize custom efforts. We would like to hear from the IOUs - what actions should be considered to improve program effectiveness and achieve more savings at lower cost?

Responses:

- Sandra Baule, SDG&E: Custom projects are a challenge. Major issues: compliance requirements/showing intent/documentations/COMPA review...a lot of hurdles for implementors and customers to get projects approved. It's the process we are following. Would be great to streamline that/the process of getting projects approved is the big hurdle.
- Marissa Barrera, SCE: It has progressively gotten more time consuming and what I see is customers with opportunities being discouraged to continue to pursue projects. Influence, ISP, when that really applies, how far and wide/would like to hear what CEDMC have experienced themselves directly.
- Emma Ponco, SoCalGas: We will provide a response to this early next week.
- Matt Braunwarth, PG&E: Reached out internally to get a response from our engineering teams, Want to understand why. What is the driver? Is it a process issue? Market? Customer issue? Conversation to be had around there. We'd love to participate in that to support bidders to claim energy savings and reduce costs.
- Joe Desmond, CEDMC: CEDMC is interested in those questions/not entirely clear/some things might be driving that. jdesmond@cedmc.org
- Elizabeth Lowe, Barakat Consulting, Inc: Good idea to follow up collaboratively with the IOUs.

Q: Ted Howard, SBUA: What are the IOUs doing to avoid path dependence (tendency to minimize risk and follow previous practices), and encourage innovative proposals and new bidders? How to quantify? Differences of opinions?

Responses:

- Matt Braunwarth, PG&E: Focused on targeted new solicitations using a familiar framework but tailoring to the new problems at hand...like our Summer Reliability. We saw newer/better responses.
- Emma Ponco, SoCalGas: Our 365 program is our ongoing offering to capture new innovative proposals to increase engagement in our EE program.
- Marissa Barrera, SCE: We are looking for innovation but there are challenges to that innovation when they become reviewed later. When you have similar/traditional implementer that actually recognizes what it takes to deliver on savings, the tried and true is what they hold onto because it's tied to their performance, which limits innovation.

- Sandra Baule, SDG&E: Smaller more focused solicitations may provide more opportunities for bidders to be innovative but there is a balance between innovation and their personal ideas of success. The bidders must balance that and how much they want to push.

Comment: Siva Sethurman, Cascade: Going back to the Custom Projects discussion, one interesting dataset utilities can look into is whether there is more throughput of projects if the underlying process was different. Custom projects currently can be implemented via (a) usual custom programs (b) OBF-NI programs (c) the Summer Reliability MAP program or (d) underneath SEM/NMEC top-down models. If one or more of these methods are resulting in more projects, then there is a potential solution for this issue.

Q: Clark Mclsaac, CEDMC: Are there other states with EE programs that rely heavily on third parties? What examples can maybe be applied to CA?

Responses:

- Kim Crossman: Most of my work has been outside of CA prior to being an IE and I and other IEs have brought lessons learned into every solicitation process. Difference I see from OR, in CA there is far greater stakeholder involvement in solicitations: In CA there is the PRG, IE, CPUC, which is not the case in other parts of the country. Nothing to this extent.
- Richard Milward: We are seeing groups that were analogous to our PRGs but that's the extent and not widespread.

Q: Clark Mclsaac, CEDMC: Can IOUs offer solicitations for DBE/SBE only?

Responses:

- Matt Braunwarth, PG&E: Will verify limitations/requirements.
- Emma Ponco, SoCalGas: DBE goal is consistently met, will confirm if we can accomplish a DBE/SBE-focused solicitation. We do ensure all DBE requirements/ goals are met.
- Marissa Barrera, SCE: No greater certainty at this moment. Will wait for counsel to weigh in.
- Sandra Baule, SDG&E: Will need to confirm with legal and supply management to consider a closed bid.

Session 4: CEDMC Panel, Clark Mclsaac Facilitating

The Value of Individual Feedback for Unsuccessful Bids

- Kim Rodriguez, Resource Innovations, Inc.: Seen improvements on feedback process. Used to be a five-minute conversation. No detail. Now seeing better detail, ex. specifics on program design. Allowed us to adjust our approach and grateful to see that as implementers.
- Jim Dodenhoff, Silent Running, LLC: The practice where utils say, if you want to go through this process you need to call us/puts it on the bidders to take advantage. A go-to process, only minimal information was given. The new process will benefit all stakeholders.
- Ying Wang, Okapi Architecture: Wanted to understand why we did not make it. Response back from the utilities, "we haven't selected an implementer yet so we can't tell you" and took a long time for a response. We attended maybe three feedback sessions and were disappointed because didn't hear much to know what's next/what to do to prepare better. It was just a "checkmark." It would be beneficial, to identify that there is this opportunity and put on our shoulder, we bid more than three years ago and it's a learning process, the IOU language is unique, so bidders need a lot of training to learn the "lingo." Would join review if there's another opportunity.

- Clark McIsaac, CEDMC: Feedback process should not just be a check-the-box, but interest in helping future bids. Benefits 3Ps, IOUS, customers. Opens door for more opportunity. Would like to address potential opportunities to the process.
- Kim Rodriguez: One thing, that has been improved, people who know and read the proposal understand what has been put forth and get understanding on what fell short: team composition, innovation, design. Often in beginning we'd get feedback on scores and how you did, but just a procurement person, just a check the box...you did good, you didn't do it here. This was not helpful and no chance to ask questions and hear answers from those who understand the issues.
- Jim Dodenhoff: Most proposals coming out with a point distribution, most valuable when you know exactly how many points are allocated to which criteria. From a feedback standpoint, now more than thumbs up or thumbs down and how you fared in each of those criteria. You were strong here and this is why/weak in this area and here's why. Like a report card. Would behoove all of us to have that in some sort of standard format. We know that time is valuable and it's difficult to do but IOU's competitive value...could do it without crossing a line.
- Ying Wang: Try to see why we lost interest: the time lapse was way too long. A single RFP could change that. Usually there is a delay from IOUs. I understand, but usually it's the critical part--anxious to understand if selected or not and that date is likely to be delayed, you have lost focus. By the time it is out, and you are not selected, not obvious milestone for us so we forget about it/lose interest. Also, we did ask previously 1-10 where we stood...a range so we know how far we are behind, and we could not get that information. I just want to know if we got 40 and the winner is 80 or I got 70 and winner is 80, "I'm so close/can try harder next time". I'm trying to be better. Hard to do if I don't know what the target is. Small firms have barriers. Less experience.

Supplier Diversity Goals: Opportunities for Continued Improvement

- Kim Rodriguez: Same standards have been around for a long time at Supplier Clearinghouse. Could be revised/updated. One example: Required to be minority-owned rather than just minority or veteran controlled organization. Those smaller organizations tend to get financing to grow and with that give up their ownership and then gives up their eligibility. If could redo that, it would open up to more companies, help bring more partners to the table. Trying to help IOUs to meet their diversity goals. Expanding the definition would give more inclusion for diverse businesses.
- Ying Wang: We are 100% minority and most likely our consultants and subs are small or minority like us, so we claim we reflect where we are working. Our customers are from similar groups. Part of that is the networking. We are limited in our ability to network for certain things because we aren't big enough. Recently, teaming [up has been encouraged]. That wasn't allowed for many years and that could create a good pool.
- Jim Dodenhoff: Barriers that smaller and DBEs face: in practice how it worked, I'm a small business and I am not a certified diverse entity, but often reaching out to partner with DBEs/MBEs/SBEs. One problem at the beginning that the IOUs are getting better at, SDGE, calls it an opt-in program: Facilitation of who is going to be considering bidding on a particular proposal and that greases the wheels for partnering. At the start that information was not being shared and now most IOUS are doing it or on the path to doing it.
- Jim Dodenhoff: What I have seen at other utilities, particularly public utilities, in CA, very specific point allocations for MBE/WBE and in some SBE participation. I understand the 42 percent threshold but where you really gain advantage is at the program level and getting points allocated to that. Would like to see that considered. Would help enhance DBE/MBE participation.
- Ying Wang: We do a lot of public design and construction and usually there is a percentage of goals they are trying to reach and encourage you and will give two points additional if you are a minority [supplier]. It's subtle, but would be more encouraging if you actually say you get certain extra points.

Revisiting key performance indicators: Challenges with performance assurances.

- Ying Wang: When we go to banker and insurance to meet performance assurance requirements, they said no – it's too hard to determine risk over a 3-4 year term. In construction, it's very straightforward. P4P modeling is also really eating us alive. We put money in [for start-up], but then if there are project, IOU or [regulatory issues], there's a delay. Creates a "double whammy" so yes, we must prove we are reliable by putting performance but what [is the IOU] guaranteeing to get you quality service or work you need. IOUs performance needs to be guaranteed in a way.
- Jim Dodenhoff: You have to look at context of overall contract what benefit is a performance assurance requirement. First instinct, if you're confident in your work getting a performance assurance is no big deal, but the problem is it's just another hurdle. Other terms in contract enable the IOUs to take measures that will either terminate contract or change direction. I just don't believe asking a company like mine to drop another cash deposit or bond will solve any problems. Just brings more headache. And it isn't used in other EE programs for other utilities.
- Kim Rodriguez: Would agree with both comments. Challenging when performance assurance coupled with P4P especially when strictly P4P because it becomes a cash flow issue. Even as a larger firm we have subs that are small/diverse they can't take that risk on so we get where we can't pass that down to them, so we have to build something on our side, so they have some sort of cash flow while we wait for the IOU. Cashflow and amount of risk put strictly on the implementer. Keep hearing the IOUs have risk and I understand you have to go out for bid. But that's the only risk I see. Curious to see what other risks the IOUs bear for program failure or an implementer not performing where we are putting 100s of thousands of dollars down. Are we just taking it all on?

Q: Do you have suggestions or thoughts for CPUC for potential improvements, keeping in mind the decision that was filed?

- Jim Dodenhoff: Look out for bad execution...the new decision is on the right path, but it's taken us three years to get here and don't know we have three years to implement these important process improvements.
- Kim Rodriguez: Great that the study was done/loved results. Was very telling. Seeing so much going to two large implementers. Would love to see continued evaluation on that and would love to see the spend on subcontractors. Is it really diverse? Appreciate the IOUs making efforts to diversity so not just two or three big implementers. Smaller segments will help.
- Ying Wang: Need substance. If you talk about supporting small businesses what's the proof that you are doing that. Would be nice if there was an alliance of financial institutions supporting elements with the CPUC...would love to have a small business loan type of concept. Really want to see action/substance.
- Jim Dodenhoff: One more "nice to have". Do the CPUC and IOU's wish to give preference to certified small businesses (in addition to MBE/DBE)? This has always been ambiguous. Many POUs DO offer a preference to SBEs.

Session 5: IE Panel, facilitated by Ely Jacobsohn, Energy Division

One-Stage or Two-Stage solicitations?

- Richard Milward, MCR: New decision will flip the ratio of 1 stage to 2. Large budgets would be 2, but most would be 1. I think the decision 18.01.004 describes the CPUC's goal of the RFA stage. Participants do short abstracts. What happened to those RFAs is they grew way beyond that/got bloated. Ex. Av length was 20pp and one was 36 pp. That info can be provided in 5 pages or less so if we do it that's where the RFA stage should go.

- Don Arambula, Don Arambula Consulting: The history behind the 2-stage process, created around mid 2000s, way to facilitate and manage open all sector solicitations. Dozens and dozens coming in across multi-sectors. Abstract was a way to filter those in an organized fashion. Should be 3pp summaries. So, if 2-stages are used should be used when program scope not so well defined, new program concept, allows bidders to introduce new approaches without investing time for a complete proposal. 1-stage when defined structure or group. Goal is to get effective programs to market asap.
- Kim Crossman, Great Work Energy: Going forward 1-stage will be standard. Pleased to see this change because the biggest problem was very long solicitation timelines. Allowing 1-stage will reduce those timelines, probably by 6 months. Two-stage still useful for contract or grant processes that focus on ET or emerging solutions or those with a broad scope for whole market. So, if proposals can be wildly diverse, a first stage focused on design could be helpful, as it reduces efforts and expense for unsuccessful bidders. Two-stage increases effort and expense for IOUs and the successful bidder. If using 2-stage to vet out of the box ideas, you can't get that benefit without good bidder feedback after that first stage.
- Elizabeth Lowe, Barakat Consulting, Inc.: Let's get some page limits on those abstracts! 1-stage makes sense going forward to reduce timelines and bidder burden. Concerns on SBE/DBE could open opportunities. Agree that if a solicitation needs more fleshing out or scope or where the IOUs is simply seeking interest in a solicitation maybe they want to see if there is interest, an abbreviated RFA or RFQ or RFI stage to assess interest going into the RFP.
- Richard Milward: Suggesting for an RFP preceded by an RFQ or RFI so not quite a 2-stage but initial stage.
- Elizabeth Lowe: Don't have to go right into an RFO. Or who's interested? What are the qualifications of companies interested?
- Richard Mllward: Early on few bids/little interest, but we see others doing RFPs. There's a requirement for some indication of interest. An even simpler step than RFI or RFQ.
- Elizabeth Lowe: Let's take that step and then instead of just how many are registered to bid, actually asking that are you planning to bid? To assess that interest level.
- Don Arambula: 1-stage/2 doesn't really matter, the initial question, utilities look for ways, reflect on processes and look for ways to reduce timing of the solicitation. There are areas that can be improved throughout. Commitment to continue to improve that timeliness.
- Ely Jacobsohn, ED: These are IEs giving insight on how the process is working. Important we have the benefit of their engagement to get these insights.
- Matt Braunwarth, PG&E: On the topic of RFIs, PG&E currently has an RFI open collecting responses to help inform a future Residential Load Management solicitation. A link to register and respond to the RFI can be found on PG&E's Bidding Opportunities webpage: https://www.pge.com/en_US/for-our-business-partners/purchasing-program/bid-opportunities/bid-opportunities.page

Small/Diverse Business Enterprise Participation in Solicitations and Implementation: Are we seeing appropriate or adequate levels of SBE/DBE inclusion and participation in implementation.

- Kim Crossman: Past issue: At last year's Stakeholder Meeting, a small working group had looked at what could be done to better encourage SBE/DBE participation. In Jan 2022 we presented this and included some modest improvements that were agreed to: more targeted solicitations, optional contact list, and encouraging flexibility in insurance flow-down conditions. In that group we also identified that IOU DBE spending targets, are assessed, tracked and reported at the corporate level, not for EE specifically. Because of that, we don't have EE-specific supplier diversity data, so don't have ability to assess if there is actually a problem or not.
- Don Arambula: We are seeing a lot more activity in this space regarding DBE participation. Also seeing a greater focus by the IOUs to promote SBEs. Go to department of general services to see if

you qualify. Easier process than DBE. In implementation of DBE/SBE, we are encouraging utilities and primes to build into contracts not just delivering solicitation, but also active in program. DBE/SBE spends. Focus attention on those subs so they get the work as part of the contract. Not just part of the solicitation team. Also recognize they too have cashflow issues and have a reasonable profit margin for them as these can have slimmer profit margins.

- Elizabeth Lowe: Would love to see more SBE/DBE participation and the single stage hopefully will encourage that. Requires increased marketing to nontraditional bidders and requiring partnering so it's important to allow that time to connect those bidders. We don't track. All we can do is see what SBE/DBE from the pool of implementers proposing but we don't know if they actually use them. Only know if they are contracted with a prime. Agree with Kim Rodriguez that this needs to be tracked. What's being committed in a contract on what they put down as their SBE spend.
- Richard Milward: Early solicitations that the SBE/DBE issue was largely forgotten and an afterthought but moving more to the forefront. Last thing IEs see is what's in the contract. One activity, moving toward facilitating partnerships with potential bidders. Allowing bidders to find each other.
- Kim Crossman: Might violate what a sub is. Hesitant to tell primes how they must use their subs because things happen. But making it a target or KPI, allows room to discuss why something has changed.
- Richard Milward: I agree with Kim on that. Out of prime control, now they are on the hook and in breach/now a problem not of their doing so to contractually obligated a spending level is dangerous.
- Elizabeth Lowe: Agree
- Don Arambula: Really more of a KPI approach to allow both parties to discuss issues if something arises like Richard used as an example. Shows a commitment by both parties to have the SBE/DBE participate. That is really the goal.

Compensation Structures for Equity and Market Support Programs: Because the primary purposes of market support and equity not focused on TSB, rather than compensate based on TSB what could P4P outcomes look like? How should P4P be defined for market support and equity and when is that an appropriate structure what are the risks of a market support or equity contract that relies fully on P4P not a preference, but if you have a P4P for MS or equity, what could that look like?

- Don Arambula: Best compensation approach for these two segments would be forged between the negotiating parties based on program design. Should be supporting a viable and successful program. Would probably result in a hybrid solution. P4P or something else? Something that advances the objectives and provides reasonable risk exposure. Remind folks that CPUC has a deep record of IOUs compensation approaches and there were several factors when looking for compensation for 3Ps, including providing a bonus opportunity to exceed goal. IOUs were allowed to offer without payment delay. Would likely result in a hybrid approach.
- Elizabeth Lowe: Over the past several years, I have been an IE on Statewide Codes & Standards, Emerging Tech, and Local Equity and in each case the traditional P4P does not make sense. So, I agree this is a business relationship/partnership, so you have to see what makes sense. When addressing cash flow issues, for instance, can P4P can be turned into payments for deliverables or milestones? P4P could be paying for other deliverables or milestones that could make sense and result in a successful program.
- Richard Milward: This may be a matter of semantics, but under umbrella of P4P there are some compensation types that don't involve savings. For instance, the contractor paid for an audit or report/some deliverable. Hybrid approach should be some T&M involved. There is a timeline when work is started and when deliverables can be verified. Cashflow, companies can't last that long to keep them going. Fixed fee deliverable approach most appropriate.

- Kim Crossman: You would need to define deliverables and milestones, but most importantly for market support and equity, due to the diversity of program purposes, it would be harder to set a standard pay-for-execution, as can be done with energy savings. Most of this needs to be handled during negotiations.
- Ely Jacobson: A focus on savings or TSB isn't always appropriate. A performance outcome we might want to measure is lead generation...if participating does something and acts on something that is worthwhile.

General Q&A

Q: Ying Wang, Okapi Architecture: Can IOUs offer solicitations for DBE only? Is that allowed?

Responses:

- Matt Braunwarth, PG&E: Not sure if there is a limitation or not. Need to check with supplier sourcing.
- Emma Ponco, SoCalGas: We consistently meet our DBE goals, but as far as just focusing on DBE for EE programs, definitely something I would look to supply management team to see if we can do that, but I do know that our DBE team is very involved in each solicitation. The supplier mgt team must sign off that we are meeting the requirements.
- Marissa Barerra, SCE: No greater certainty but we do have a workstream with our council regarding DBE, which might not result in DBE-only but need to weigh in on guidance on to what extent we can do that within fairness.
- David Yuhas, SCE: We would definitely need to check with our legal counsel and supply management team to see if this would be considered a closed bid or an open bid. Need to confirm.
- Jim Dodenhoff, Silent Running, LLC: These contracts have many, many reporting requirements. While mandatory spending thresholds may not optimal, reporting out the amount of spend a prime contractor makes for itself and CERTIFIED MBE/WBE/DBEs is not overly difficult in my view. My opinion.

Reminders about surveys

Meeting adjourned at 12:15 p.m.

Energy Efficiency Third Party Solicitations Semi-Annual Stakeholder Meeting Agenda
March 16, 2023 8:30 am to 12:15 pm

| Start Time | Min | Session | Objectives | Presenter/Facilitator |
|------------|-----|--|--|---|
| 8:30 | 10 | Opening | <i>Introductions and agenda</i> <ul style="list-style-type: none"> Agenda and Safety Survey Results from July 2022 meeting | Elizabeth T. Lowe Independent Evaluator Barakat Consulting, Inc |
| 8:40 | 20 | <i>Session 1</i> EE Decision and Trends | <i>What's new?</i> <ul style="list-style-type: none"> Meeting purpose and goals Solicitations process updates EE Decision Trends with smaller solicitations, including Equity, Market Support | Alison LaBonte CPUC Energy Division |
| 9:00 | 30 | <i>Session 2</i> Independent Evaluators' Semi-Annual Report December 2022 | <i>Looking Back</i> <ul style="list-style-type: none"> IE observations on solicitations process from April 2022 through September 2022 Effective practices across IOUs | Elizabeth T. Lowe Independent Evaluator Barakat Consulting, Inc |
| 9:30 | 60 | <i>Session 3</i> IOU Portfolio Update & Upcoming Solicitations | <i>IOU Updates</i> <ul style="list-style-type: none"> Solicitations schedule updates Process Improvements Changes based on the new EE decision | Sandra Baule, SDG&E Marissa Barrera, SCE Emma Ponco, SoCalGas Matt Braunwarth, PG&E |
| 10:30 | 5 | Break | | |
| 10:35 | 40 | <i>Session 4</i> CEDMC Member Panel | <i>Stakeholder Observations</i> <ul style="list-style-type: none"> Continuing the Discussion: The Value of Individual Feedback for Unsuccessful Bids Supplier Diversity Goals: Opportunities for Continued Improvement Revisiting Key Performance Indicators | Facilitator: Clark McIsaac, CA Efficiency + Demand Management Council <ul style="list-style-type: none"> Kim Rodriguez, Resource Innovations Jim Dodenhoff, Silent Running Ying Wang, Okapi Architecture |
| 11:15 | 40 | <i>Session 5</i> Independent Evaluator Panel | <i>Independent Evaluator Observations</i> <ul style="list-style-type: none"> One-Stage or Two-Stage solicitations? Small/Diverse Business Enterprise Participation in Solicitations and Implementation Compensation Structures for Equity and Market Support Programs | Facilitator: Ely Jacobsohn, CPUC Energy Division <ul style="list-style-type: none"> Kim Crossman, Great Work Energy Don Arambula, Don Arambula Consulting Richard Milward, MCR Corporate Services Elizabeth T. Lowe, Barakat Consulting, Inc. |
| 11:55 | 15 | Open Discussion | <ul style="list-style-type: none"> Participant engagement Topics for next meetings | |
| 12:05 | 10 | Closing | <i>Post Meeting Items</i> <ul style="list-style-type: none"> Surveys Slide deck & meeting minutes to CAEECC | |
| 12:15 | | Adjourn | | |