**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Application of Southern California Edison Company (U 338-E) for Approval of Energy Efficiency Rolling Portfolio Business Plan.	Application 17-01-013 (Filed January 17, 2017)
Application of San Diego Gas & Electric Company (U 902-M) to adopt Energy Efficiency Rolling Portfolio Business Plan Pursuant to Decision 16-08-012.	Application 17-01-014 (Filed January 17, 2017)
Application of Pacific Gas and Electric Company for Approval of 2018-2025 Rolling Portfolio Energy Efficiency Business Plan and Budget (U 39-M).	Application 17-01-015 (Filed January 17, 2017)
Application of Southern California Gas Company (U 904-G) for adoption of its Energy Efficiency Rolling Portfolio Business Plan and related relief.	Application 17-01-016 (Filed January 17, 2017)
In the matter of the Application of Marin Clean Energy for Approval of its Energy Efficiency Business Plan.	Application 17-01-017 (Filed January 17, 2017)

NATIONAL ASSOCIATION OF ENERGY SERVICE COMPANIES COMMENTS ON THE SUPPLEMENTAL APPLICATIONS OF SCE, PG&E, SDG&E, & SOCALGAS FOR APPROVAL OF ENERGY EFFICIENCY ROLLING PORTFOLIO BUSINESS PLANS AND RELATED MATTERS

Donald Gilligan
President
NAESCO
1615 M Street NW
Washington, DC 20036
Phone: 978-498-4456
E-mail: dgilligan@naesco.org

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Pursuant to Rule 2.6 of the Rules of Practice and Procedure of the California Public Utilities Commission ("CPUC" or "Commission"), the National Association of Energy Service Companies ("NAESCO") hereby responds to the supplemental applications of Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), Pacific Gas and Electric Company (PG&E), and Southern California Gas Company (SoCalGas) for approval of their Energy Efficiency Rolling Portfolio Business Plans, which were filed on May 15, 2017 and for which the applicants provided supplemental information on June 12, 2017.

The Commission consolidated the SCE, SDG&E, PG&E, SoCalGas and Marin County Energy (MCE) business plan applications for coordinated consideration. (Joint Ruling dated January, 30, 2017, p. 2.) The consolidated hearing also includes motions for three regional energy network (REN) business plan proposals that were directed by a ruling in Rulemaking 13-11-005. NAESCO has not reviewed the MCE or REN applications and does not make any response to these proposals. As directed by the June 9, 2017 Administrative Law Judges' Ruling Modifying Schedule, NAESCO submits these comments on the supplemental information submitted by the Investor Owned Utilities and other issues raised by their applications.

RESPONSES TO COMMISSION QUESTIONS

NASECO opposes approval of the SCE, SDG&E, PG&E and SoCalGas (collectively the PAs) supplemental business plan applications ("BPs") for the reasons described below. NAESCO requests that evidentiary hearings and/or expedited settlement talks be held to address the substantive factual disputes regarding the BPs, as described the Conclusion section below. NAESCO provides answers to several of the specific questions in the "**SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGES**", issued on April 14, 2017.

I. General Questions Regarding Reasonableness of Business Plans

NAESCO believes that the BPs are not reasonable and ready for Commission action, for several reasons.

A. Key information required to formulate reasonable BPs is still being developed in related proceedings and is not yet available, such as the CEC SB 350 targets (Questions A-4, A-5 and A-6) and the T2WG (Questions D-11 and D-12).

NAESCO does not think it is reasonable to expect the PAs or other stakeholders to react to questions about whether the BPs meet the SB 350 targets when the CEC has not established those targets and is still modifying the methodologies it will use to estimate the targets (as per the June 19 CEC webinar). Nor is it reasonable to expect the PAs and other stakeholders to opine about whether the BPs are optimally targeted to capture the full potential of energy efficiency in California, because the most recent potential study is only in preliminary report form, and, according to the presentations in the June 19 CEC webinar, was commissioned before the implications of the SB 350 mandates were fully assessed. Finally, NAESCO's the T2WG is still working on the establishment of consensus procedures for establishing baselines for the largest EE projects, and has recently requested a two-month extension for the delivery of its recommendations.

B. The BPs do not conform to the explicit guidance in Commission Decision 16-08-109 ("D.16-08-019"), and do not adequately answer the questions in the "SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGES", issued on April 14, 2017, which required the PAs to correct the deficiencies in their January 15, 2017 business plan filings.

The PAs have been working on their business plans ("BPs") for the better part of a year. The process began with a series of stakeholder meetings by the Commission-ordered California Energy Efficiency Coordinating Committee (CAEECC), during which the PAs developed two rounds of draft BP documents that were reviewed and commented on by non-PA stakeholders. The PAs then spent several months developing their final BPs for submittal in January 2017, followed by two rounds of supplemental submittals. This effort has resulted in BPs that do not conform to the explicit Commission guidance and do not answer the ALJs' questions. The deficiencies are in many fundamental areas of the BPs, as outlined below.

1. **The PAs have not justified their costs.**

   As NAESCO noted in its response to the January 15, 2017 IOU Applications, our analysis of the summary data that the IOUs provided raises serious questions about the justification of the IOUs' costs. For example, in its budget submission, for the years 2017 - 2019, SCE proposes an administration budget of approximately $44.9 million. For the same period PG&E proposes an administration budget of $99.7 million, a 220% greater amount than SCE. PG&E's overall energy efficiency budget is higher than SCE's total budget, but comparing the percentages of the administration budget to total budgets, PG&E's administrative costs are 40% higher than SCE's (8% of total budget for PG&E versus 5.75% for SCE). With a larger budget, one would assume economies of scale, so budget percentages as a percent of total budget for larger budgets should be lower, not substantially higher. As noted above, PG&E provides no justification for this higher cost. For the 2017 to 2019 period PG&E's marketing budget is approximately $56.7 million, compared to SCE's marketing budget of $10.2 million, a $46.5 million, or about 550%, difference.

The supplemental data that the IOUs provided in response to the April 14, 2017 Scoping Memo raises even more questions. PG&E's number of FTEs dedicated to IT in 2018 is more than three times that of SCE, the PG&E FTEs dedicated to Portfolio Analytics are three times the same category for SCE, and its FTEs for Marketing, Education and Outreach (ME&O) are double. SoCal Gas' overall budget is roughly 20% of PG&E's total budget, yet it dedicates even more FTEs to ME&O than PG&E. Parties should be allowed the opportunity to complete discovery on these wide variations in costs for similar functions and propose alternatives for the Commission's consideration.

2. For a benchmark comparison of administrative costs, we suggest that the Commission use the California Energy Commission (CEC) costs to administer the Prop 39 program. Our understanding is that the CEC has 22 staff that administers the Prop 39 program, which requires among other things, review and approval of the cost effectiveness of detailed project proposals from about 2,000 eligible grantees; coordination with the state Department of Education, which issues the grant checks; collection and analysis of regular results reporting from the grantees; and, the publication on its website of weekly updates on the status of applications and grants, along with an analysis of the measures included in approved programs (see: http://www.energy.ca.gov/efficiency/proposition39/). It is worth the Commission's consideration that the CEC Prop 39 program has a larger annual budget ($399 million in 2015-16) than any of the PAs, with a staff that is an order of magnitude smaller than the PG&E and SCE's proposed program staffs. The Prop 39 program administrative costs could be a useful benchmark for the portion of the PA's portfolios that will be 3P Programs.

PAs costs must align with the new PA structure envisioned by the Commission in D.16-08-019 (*i.e.,* become largely administrative). The PAs, in their June 12 supplemental filings, explained in essentially identical language (*e.g.,* PG&E at 4) that they are unable to provide the projections of in-house staffing and budgets for each year of the portfolio period, as requested by the Assigned Commissioner and Administrative Law Judge request in the April 14th Scoping Memo (Appendix A, 1.C.9), despite listing an aggregate total of 111 FTEs (in 2016 and 2018) in the staffing categories "Policy, Strategy and Regulatory Reporting Compliance" and "Portfolio Analytics". We respectfully point out that several miles south of the Commission headquarters is the venture capital of the world, where investors review hundreds of funding proposals each week. We think it unlikely that any venture capital firm would seriously consider funding proposals for billions of dollars of investment in which the proposers cannot even hazard a guess as to the projected staffing and administrative costs required to run their business beyond the first year. We see no reason why the Commission should have lower standards for the investment of ratepayer funds. We believe that the PAs must detail their resource requirements to administer the 3P Programs, because inadequate or unnecessarily high PA staffing for this function will create a serious impediment to implementing the new portfolio.

3. The IOUs have treated the 60% third party program minimum as a maximum, and have not justified IOU implementation of the remaining 40%.

In D.16-08-019, the Commission adopted a new approach to IOU energy efficiency design and implementation: "Basically*, all* program design and delivery would be presumed to be conducted by third parties, *unless* the utility specifically made a case for why the program activity *must* be conducted by utility personnel." (p. 73, *emphasis added*) One of the key drivers for this new approach was the Commission's desire for the increased innovation that non-IOU designers and implementers bring to the portfolio. (page 70) The IOUs Business Plans, and their many presentations to the CAEECC and at CPUC sponsored workshops, have not incorporated the Commission's approach to the rolling portfolio.

The Commission gave the IOUs some flexibility in implementing its policy. The IOUs must have at least 60 percent third party designed and implemented programs by 2020, but this 60 percent minimum does not nullify the requirement that IOUs have a burden of proof to demonstrate why they must run the programs that they want to implement. The IOUs provide no demonstration in their Business Plans why they should implement any program. PG&E asserts in its Business Plan that its "connection with the customer" is of higher priority than innovation. (See PG&E Business Plan, page 35.) NAESCO sees this as a way for PG&E to insert an element of its corporate strategy into program design and delivery as a substitute for meeting the Commission's burden of proof. As recently as June 16, 2017, SDG&E and SoCal Gas demonstrated that they plan to achieve the 60 percent minimum while ignoring the requirement that they demonstrate why they must implement programs instead of third parties. SDG&E stated that their goal is to "meet the minimum threshold of 60% of programs being proposed, designed, implemented and delivered by Third Parties by the end of 2020."[1] By stopping at 60 percent SDG&E plans to keep 40 percent for its own design and implementation by default, without a demonstration as to why that should be so. SoCal Gas plans a similar approach: As shown on slide 6 of Attachment 2, its goal is to achieve the 60% minimum in 2019, and then go no further increasing third party design and implemented programs.[2]

Given this history of substantial time and effort by the PAs, and the deficient results, NAESCO respectfully suggests that the Commission recognize that the PAs do not seem to be able to develop the kind of BPs that the Commission wants at this time. NAESCO respectullfy suggests that the Commission should move on to make the decisions that are lacking in the BPs, and to give the PAs have very detailed, step-by-step instructions on how they are to structure their EE portfolios to implement the Commission policies. We are not blaming the PAs for these deficiencies, because we are sympathetic to the fact that the Commission has asked the PAs to assume an unfamiliar role. The PAs do not seem to be comfortable in that role, any more than NAESCO member ESCOs would be comfortable if the Commission ordered them to switch from implementing large-scale EE projects to retailing commodity energy supplies to residential and small business customers.

NAESCO therefore suggests the following as an outline of the detailed, step-by-step instructions we recommend that the Commission issue to the PAs.

C. The Commission, based on input described below, should draw bright lines between programs appropriate for PA implementation in the short term ("PA Programs") and programs that will transition from PA Programs to 3P Programs between now and 2020. We think that the BPs have failed to draw these bright lines.

The Commission should charge the CAEECC with developing a draft list of programs and program areas in these two categories within the next two months. The Commission should set ground rules that mandate the CAEECC to produce consensus (super majority) recommendations, with dissents noted, rather than the current CAEECC ground rules, which

[1] "SDG&E Solicitation Strategy Overview," presentation, 6/16/17

[2] "SoCal Gas Energy Efficiency Solicitation Strategy," presentation, 6/16/17

interpret "consensus" as unanimity, which gives the PAs effective veto power, and has severely limited the ability of the CAEECC to function as the stakeholder voice the Commission envisioned.

The Commission should not allow the PAs to issue RFPs for any new programs until the CAEECC has delivered, and the Commission has ruled on, the CAEECC recommendations on program categorization. For example, the Commission should not allow PAs to issue RFPs for "Strategic Energy Management" programs at this time. The PAs have not justified these programs as PA Programs, and the Commission has not decided that they are appropriately PA Programs rather than 3P Programs, as is the intent of D.16-08-019. Such premature issuance of RFPs also allows the PAs to avoid the necessary process and outcome oversight provided by the Independent Evaluation and Peer Review Group.

D. The Commission should authorize the PAs to prepare budgets and bid solicitations, and hold information meetings for implementers and other stakeholders for programs the PAs believe will be designated PA Programs, to assure the continuity of these programs as the state moves to a new portfolio structure.

NAESCO suggests that the first order of business of the first CAEECC meeting under the new Commission mandate that we propose will be for the PAs to present a list of their proposed PA Programs to be maintained in the short term, while other parts of the portfolio are bid out, and to determine if the CAEECC will recommend these as PA Programs without substantial disagreement. NAESCO believes that there will be a set of such programs, which will allow the PAs to prepare budgets, extend existing implementer contracts or prepare bid solicitations for implementers, and hold information meetings for implementers and other stakeholders for these programs, with confidence that the Commission will accept the CAEECC recommendations. We suggest that a reasonable timeframe for extensions of existing PA Programs should be the end of 2018, to allow sufficient time for the Commission to complete its deliberations and issue its orders, and for the PAs to finalize their bidding and contracting procedures, solicit proposals from implementers, and negotiate and finalize implementer contracts.

D. The Commission should adopt an EE-specific Independent Evaluator and Peer Review Group that will review (3P) proposals for major statewide 3P Programs as soon as practicable in conformance with adopted metrics.

As we have argued above, NAESCO believes that the PAs either do not understand, or do not accept, the Commission's order that they reorganize their portfolios so that, "basically, all program design and delivery would be presumed to be conducted by third parties, unless the utility specifically made a case for why the program activity must be conducted by utility personnel." Therefore, the Commission should immediately institute a process to facilitate the timely execution of its order.

1. The first step in this process would be the recruitment and appointment of an Independent Evaluator and Peer Review Group (IE/PRG) composed of EE procurement experts to oversee the 3P process and outcomes. Using the existing supply side IE/Procurement Review Group members and process will not provide the oversight that the Commission needs since participants in that process have significantly different skill sets and will not add value.
2. The Commission would then adopt a detailed bidding schedule through the end of 2020 for all the PAs. Therefore, the 3P solicitation process can begin quickly after the Commission's final decision at the end of 2017 or the beginning of 2018.
3. The PAs should publish their bid evaluation criteria and their weightings in any RFPs or bid solicitations in order to clearly communicate desired outcomes and create a more efficient bidding process. The IE/PRG can review the proposed bid evaluation criteria and process for timely feedback to the PAs.
4. The PAs, with the input of the CAEECC and the IE/PRG should promulgate standard contract terms and conditions (T&Cs), which should include evaluation standards, for statewide and local 3P programs administered by PAs These standardized T&Cs should be part of every bid solicitation, so that the PAs and the 3Ps can properly calibrate their bids and proposals, and so the Commission's work in evaluating program results will be simplified and facilitate the comparison of results from different programs.
5. NAESCO suggests that the Commission should also issue orders or guidance on the following specific contract issues and terms.
    a. Contracts should have an initial length of 3 to 5 years
    b. For statewide programs administered by PAs, there should be contracts only between the selected PA administrator of a program and the program implementers. Sub-contracts between the PA administrator and the other PAs, or

contracts between non-lead PAs and implementers, should not be allowed, as this blurs the lines of accountability for program results and undermines economies of scale.

c. The PAs should have the discretion to extend the contracts for 3P programs, and the discretion to terminate and re-bid 3P programs in the event of program failure or market changes, after review and concurrence by the IE and PRG.

I-B. Statewide Programs

NAESCO believes that the BPs do not conform to the Commission D.16-08-019 in the area of statewide programs, and suggests the following remedies.

A. The PAs' process for selecting the IOU to manage each statewide program has not been clear and transparent. The Commission should use this selection as a model for the 3P Program solicitation process.

NAESCO suggests that the Commission use the selection of IOUs to manage statewide programs as the trial run for IE/PRG procedures. The Commission has already published what amount to bid specifications in its orders and rulings, and the PAs have presumably developed the elements of their proposals for the intra-PA discussion of the statewide program lead assignments: track record, personnel, operating plan, budgets, etc. We think that the Commission should order the IE/PRG to invite the PAs to submit proposals, which will be transparent to all stakeholders (different from the opacity of the current utility designation of lead statewide program administrators).

NAESCO suggests that the IE/PRG can start with the Commission order that the PAs develop statewide programs in the major program areas, because it can be completed quickly, and can eliminate the need for the Commission to resolve, with additional orders and filings, the apparent PA misunderstanding about the meaning of Commission mandate for single statewide programs. The IE/PRG can review these proposals and forward their recommendations to the Commission for decision.

E. Individual PAs should not retain the portfolio functions of Workpaper development and payment processing for 3P Programs because these functions are integral to the design and implementation of 3P Programs.

The April 14, 2017 Scoping Memo raises the issue of IOU retention of selected portfolio functions, justifications for not bidding them out, and potential cost implications of a new approach. (Scoping Memo, page 6.)

At the CPUC workshop on June 16th, PG&E's representative also seemed to endorse this approach and encouraged third parties to propose ideas for statewide "platforms" that could support all IOU programs.

NAESCO supports consideration of this approach, and suggests that the two areas described below are immediate candidates for statewide consolidation and competitive solicitation, with bids for these functions issued in 2018.

1. Workpapers

The development of Workpapers should be a statewide function, with a single statewide lead PA, selected by the Commission, responsible for competitively bidding out the development of Workpapers to non-PA third parties. The current system of having four IOUs responsible for Workpapers adds unnecessary cost and time and is a vestige of the previous structure of IOU-specific portfolios. The current system has proved to be a serious barrier to innovative third party programs as only an IOU could submit a Workpaper. As a result, an IOU can veto an innovative program idea simply by inaction. NAESCO suggests that a more efficient system would be to use the CalTF to screen requests for Workpapers, which could be made by any party. Once the CalTF members has agreed that a request is reasonable, the assigned PA would issue a solicitation to a list of previously vetted qualified contractors. Once a Workpaper contractor is selected, he or she would present his or her work plan for the Workpaper to the CalTF for feedback. After the Workpaper was completed, the CalTF would review and comment on the Workpaper and recommend approval or rejection by the Energy Division, which would retain its approval authority. NAESCO believes that this reorganization of Workpaper development will spur badly needed innovation, increase program accountability and simplify Commission review of program results.

2. Payment Processing

For downstream programs, there is no need for four PAs to process rebate applications separately. According to the IOUs June 12 filings, based on 2018 data, they collectively plan to use 88 FTEs for payment processing. This is <u>in addition</u> to the 43.5 FTEs they plan to use for IT. NAESCO acknowledges that some of these FTEs may be used for other types of processing.

However, payment processing is not an IOU monopoly function, and requiring one statewide implementer for downstream rebate application, chosen via a competitive bid process, allows for price discovery and can achieve lower costs through economies of scale that are not possible with the current balkanized system. The very large number of FTEs used for a business process that is very mature, and therefore should be very efficient, indicates great opportunities for ratepayer savings. In the Self Generation Incentive Program (SGIP) the Commission has successfully used third party payment processing for the three electric IOUs for years for hundreds of millions of dollars of rebates.

F. The Statewide Emerging Technology program should be led by one PA, consistent with D.16-08-019.

The Commission designated the Emerging Technology (ET) program as a single statewide program, administered by one IOU. The Commission left it to the IOUs to decide among themselves which IOU should be the statewide lead on this program. The IOUs did not comply with the Commission's direction and instead proposed splitting ET into two statewide programs, one for electric and one for gas. Creating two programs in the place of the single statewide program as ordered by the Commission introduces unnecessary administrative and coordination costs. The Commission should reject the IOU proposal and choose one IOU to lead a single statewide program. This single statewide lead should put the entire program out to bid for third party design, administration and implementation. The Commission should mandate that the ET PA should implement a contract that reflects metrics for the transition of measures and programs from ET status to inclusion in the statewide energy efficiency portfolios or into the next building code revision. The competitively determined third party ET program administrator should be paid based on achieving the metrics that the Commission adopts. NAESCO believes that its proposed reorganization of the ET program will increase program effectiveness and accountability and simplify Commission review of program results. We understand that the IOUs may have unique interest in and needs for the development certain types of new technologies, but we suggest that the IOUs should invest in these unique needs themselves, and justify these investments to the Commission as improvements in system efficiency, rather than with ratepayer EE funds.

III. Examples of 3P Pay for Performance Programs

NAESCO understands that the PAs and stakeholders are working on the issues around bid solicitations, and therefore it is premature for us to offer comments before this work is completed. We also think that the bid solicitation standards and bid evaluation standards will vary, depending on whether the Commission adopts NAESCO's (or similar) procedural suggestions above, as well as the market segment for which programs are solicited, the outcome of the CPUC potential study, the outcome of the CEC potential study and SB 350 targets, and the resolution of EM&V issues that are the subject of a later phase of this proceeding. We offer three 3P Program concepts below to illustrate how these currently uncertain factors will affect bid solicitations: one program that is cross-cutting across multiple market segments, one that is aimed at a large statewide market segment, and one that is PA-specific.

A. Block Bid Pay-for-Performance Program

NAESCO urges the Commission to order the PAs to implement the state energy policy loading order by attempting to fill all future capacity requirements with energy efficiency before soliciting proposals for other types of resources. We think that a good model for implementation is the SCE LCR without the savings baseline constraints that the Commission mandated on EE projects -- use of Title 24 rather than existing conditions as the basis for calculating savings. As NAESCO noted in previous comments, no other resource bidding into the LCR was similarly constrained. Anecdotal reports from NAESCO member ESCOs who submitted bids in the LCR solicitation indicate that using existing conditions as the baseline yielded 5 to 7 times more savings than the using the Title 24 baseline. Using the title 24 baseline thus limited the amount of EE, the state's first priority resource, that could be procured, and forced SCE to procure lower priority, higher priced resources instead. Elements of this bid solicitation should include segment-specific market potential estimates, the appropriate savings baselines and NTG standards, the leverage ratio of private investment to incentives, and the use of new technology to enhance the transparency of project M&V for all stakeholders.

B. Statewide Public Buildings Standard Performance Contract (SPC) Program

California public buildings need tens of billions of dollars of energy efficiency improvements, which can be implemented by an experienced infrastructure of Energy Service Companies (ESCOs) that have already delivered billions of dollars' worth of Energy Performance Contract projects in California. The BPs propose less than $5 million in aggregate (I.C. Public spending category in the BPs) to address this need. The SPC program can meet the Commission goal of leveraging modest ratepayer incentives with private investment, and uses established methods of project M&V (IPMVP, Option C or FEMP M&V 4.0) that meets the standards established by the Energy Division for compliance with the AB 802 requirement that savings be calculated based on normalized meter readings.[3] Elements of this bid solicitation should include segment specific market potential estimates, the appropriate savings baselines (ESCO experience is that the difference between existing conditions and Title 24 can be as high as 7x and fully 60% of the measures installed with Prop 39 funding are lighting and lighting controls) and NTG standards, the leverage ratio of private investment to incentives, and the use of new technology to enhance the transparency of project M&V for all stakeholders.

C. Manufactured Homes Program

The Commission should order each PA to implement a new program for hard to reach and underserved ratepayers in manufactured homes (MH). This is a market segment that has been largely neglected in recent years. Many MH homes are located in disadvantaged communities. Other parts of the country have cost effectively introduced innovative programs that could be successfully implemented in California. The Commission should order each PA to issue an RFP for a 3P designed, administered and implemented program. Since this is an innovative program, new to California, the Commission should provisionally allow adoption of Workpapers (or supporting documents for new programs) used in other jurisdictions for a period of two years while Workpapers are developed in California. The Commission should use the new non-PA Workpaper process described above as part this program. Elements of this bid solicitation

[3] "ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE'S RULING REGARDING HIGH OPPORTUNITY ENERGY EFFICIENCY PROGRAMS OR PROJECTS," 12/30/15, Attachment B, pages 3-4

should include market-segment-specific potential estimate, decisions on the appropriate savings baselines and Net-to-Gross standards, methodology for evaluating 3P proposals for project M&V that conforms to AB 802, integration of the electricity EE program with locally available gas and water efficiency programs, and acceptance of provisional Workpaper savings estimates as described above.

Conclusions

NAESCO urges the Commission to proceed as follows with their review of the BPs.

1. Withhold approval of the BPs, pending the requested hearings and/or expedited settlement discussions recommended by NAESCO and other parties, because the BPs do not conform to the explicit guidance in D.16-08-019, and do not adequately answer the questions in the "SCOPING MEMO AND RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGES", issued on April 14, 2017.
2. To assure the continuity of existing programs, NAESCO urges the Commission to allow the PAs to extend existing contracts through 2018, to allow for the development of the bid solicitation and evaluation standards for 3P Programs, the establishment of an EE IE/PRG, and the completion of related Commission proceedings that will provide essential input into the BPs.
3. Based on the failure of the PAs to provide BPs that meet Commission orders and rulings, NAESCO urges the Commission to promulgate detailed, step-by-step instructions to the PAs to guide the completion of their BPs. Theses instructions should include:
    a. Charging the CAEECC with a new mandate to accelerate the settlement process by developing consensus (super majority) recommendations (rather than the current unanimous recommendations) on the key issues;
    b. Drawing a bright line between short term PA Programs, and new 3P programs or programs that will transition from PA Programs to 3P Programs;

c. Promulgating a schedule through 2020, with input from the CAEECC, for bidding out 3P programs;

d. Ordering the PAs to conform to specific Commission guidelines for statewide programs, including setting rules for subcontracting, and consolidating the development of Workpapers, downstream payment processing for incentives, and the management of the Emerging Technologies program into single statewide programs with one lead PA or 3P administrator.

Respectfully submitted by,

Donald Gilligan
President, NAESCO
1615 M Street NW, Washington, DC 20036
Phone: 978-498-4456
E-mail: dgilligan@naesco.org