

**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 16-08-019.	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  
REPLY COMMENTS ON THE THIRD-PARTY SOLICITATION PLANS  
OF SCE, PG&E, SDG&E, & SOCALGAS**

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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 comments on the third-party solicitation plans 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), which were filed on August 4, 2017. NAESCO appreciates the opportunity to submit these comments, which are limited to the stakeholder comments regarding Independent Evaluators (IE).

## **1. The Commission Should Start the new IE/PRG Process Immediately**

Both the Natural Resources Defense Council (NRDC) and the Coalition for Energy Efficiency (CEE) state that the Commission should direct the IOUs to start the process of selecting IEs immediately. (NRDC Comments on IOUs Bidding Plans, page 2, Coalition for Energy Efficiency Comments on IOU Bidding Plans, page 3) NRDC states that it is necessary for the Commission to have an IE/PRG process in place for bidding starting in the first quarter of 2018 and that the Commission can do this through a ruling before its final decision on the PAs' filed business plans. NAESCO agrees. There is broad consensus among energy efficiency stakeholders that an IE and revitalized PRG process are necessary, and enough information has been provided to the Commission through many comments already filed in this proceeding that the Commission should begin the new IE/PRG process as soon as possible to ensure that all IOU bids have adequate review from the beginning of the new portfolio approach that the Commission created in D.16-08-019.

## **2. Energy Efficiency Bids Reviews Require Qualified IEs**

While NRDC acknowledges the need for energy efficiency-qualified IEs, it seems to leave open the possibility of using existing supply-side IEs for some evaluation (NRDC Comments, page 4), even as it states "it has yet to be determined whether the existing IEs have sufficient skills for an EE-PRG process." (NRDC Opening Comments, page 3) However, the CEE found during its investigation of the IOUs' existing supply-side IEs, "that the vast majority of the existing supply-side IEs have little to no demand side experience." (CEE Comments, page 3) As the CEE notes, demand side evaluation and supply side evaluation require very different skills. (CEE Comments, page 3) The California Energy and Demand Management Council (CEDMC) argues that some existing supply side IEs have "some knowledge" of energy efficiency policy and are therefore qualified to evaluation energy efficiency solicitations. (CEDMC Comments on Solicitation Process Proposals, page 11) NAESCO disagrees. Having "some knowledge" is not a sufficient qualifier for an Independent Evaluator of procurements of a major resource that has significantly different technical and business characteristics from a supply-side resource. NAESCO will provide more detailed comments on this topic in its subsequent filings. If the Commission wants meaningful independent evaluations, it should require use of IEs who have real energy efficiency industry experience. Given the significant bidding that IOUs will be initiating early next year, it is necessary that they be reviewed by

qualified IEs. The Commission should clarify that only IEs who have been picked for their demand side experience should be used for demand side evaluation, and should require targeted bids for new, energy efficiency-qualified IEs.

### **3. The Process for Selecting and Managing Energy Efficiency IEs.**

NAESCO supports the process proposed by the CEE for selecting energy efficiency IEs: Each PRG member should review the evaluation criteria and weightings in the bidding process for IEs, and vote to accept or not accept them. Each PRG member should vote on the IEs to be selected, presumably along with the IOU. The CPUC Energy Division should review the entire process and after its approval of the outcome, the IOU would enter into contracts with the selected IEs. (CEE Comments, page 3)

Ideally, IEs would be under contract to the Commission. However, given state bidding and contracting requirements, in the interests of time, most parties have acknowledged that, at least in the short run, IEs will have to be under contract to the IOUs. NAESCO has noted before the IOUs' inherent conflicts that result from the IOUs evaluating and selecting third-party programs that might compete with IOU-designed and implemented programs. (NAESCO Reply Comments to Responses to Attachment B of the Scoping Memo and Ruling of Assigned Commissioner and Administrative Law Judges, June 29, 2017, page 6). NAESCO therefore supports the protection that NRDC proposes as a result of the IOUs' holding contracts with IEs: "a straightforward safeguard would be for the IE to report to the ED representative and PRG instead of the IOUs." (NRDC Comments on IOUs Bidding Plans, page 3) NAESCO agrees that this is a reasonable step to take to help ensure true independence. NRDC also states "Another option is to have the approval of invoices be delegated to a non-IOU entity (or non-contract holder) as is the case with the CAEECC facilitator." (NRDC Comments on IOUs Bidding Plans, page 3) NAESCO agrees that this, too, is a reasonable precaution. However, NAESCO urges the Commission to adopt this procedure in addition to NRDC's first suggestion, and not as an alternative.

Respectfully submitted by,

A handwritten signature in black ink, appearing to read "Donald Gilligan". The signature is stylized with a large, sweeping initial "D" and a long horizontal stroke extending to the right.

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