

## RTR Appendix

Southern California Edison, Pacific Gas and Electric, Southern California Gas, and San Diego Gas and Electric (“Joint Utilities” or “Joint IOUs”) developed Responses to Recommendations (RTR) contained in the evaluation studies of the 2013-2014 Energy Efficiency Program Cycle. This Appendix contains the Responses to Recommendations in the report:

***RTR for the Statewide Emerging Technologies Program (ETP) Third Party Introduction Tactic Process Evaluation Final Report*** (Evergreen Economics, Calmac ID #SDG0294.01)

The RTR reports demonstrate the Joint Utilities’ plans and activities to incorporate EM&V evaluation recommendations into programs to improve performance and operations, where applicable. The Joint IOUs’ approach is consistent with the 2013-2016 Energy Division-Investor Owned Utility Energy Efficiency Evaluation, Measurement and Verification (EM&V) Plan<sup>1</sup> and CPUC Decision (D.) 07-09-043<sup>2</sup>.

Individual RTR reports consist of a spreadsheet for each evaluation study. Recommendations were copied verbatim from each evaluation’s “Recommendations” section.<sup>3</sup> In cases where reports do not contain a section for recommendations, the Joint IOUs attempted to identify recommendations contained within the evaluation. Responses to the recommendations were made on a statewide basis when possible, and when that was not appropriate (e.g., due to utility-specific recommendations), the Joint IOUs responded individually and clearly indicated the authorship of the response.

The Joint IOUs are proud of this opportunity to publicly demonstrate how programs are taking advantage of evaluation recommendations, while providing transparency to stakeholders on the “positive feedback loop” between program design, implementation, and evaluation. This feedback loop can also provide guidance to the evaluation community on the types and structure of recommendations that are most relevant and helpful to program managers. The Joint IOUs believe this feedback will help improve both programs and future evaluation reports.

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<sup>1</sup> Page 336, “Within 60 days of public release of a final report, the program administrators will respond in writing to the final report findings and recommendations indicating what action, if any, will be taken as a result of study findings. The IOU responses will be posted on the public document website.” The Plan is available at <http://www.energydataweb.com/cpuc>.

<sup>2</sup> Attachment 7, page 4, “Within 60 days of public release, program administrators will respond in writing to the final report findings and recommendations indicating what action, if any, will be taken as a result of study findings as they relate to potential changes to the programs. Energy Division can choose to extend the 60 day limit if the administrator presents a compelling case that more time is needed and the delay will not cause any problems in the implementation schedule, and may shorten the time on a case-by-case basis if necessary to avoid delays in the schedule.”

<sup>3</sup> Recommendations may have also been made to the CPUC, the CEC, and evaluators. Responses to these recommendations will be made by Energy Division at a later time and posted separately.

EM&V Impact, Process, Market Assessment Study Recommendations

Study Title: Statewide Emerging Technologies Program (ETP) Third Party Introduction Tactic Process Evaluation Final Report

Program: ETP Technology Introduction Support (TRIP/IDEEA365)

Author: Evergreen Economics

Calmac ID: SDG0294.01

ED WO: 2007

Link to Report: [http://calmac.org/publications/ETP\\_3P\\_Introduction\\_Tactic\\_Process\\_Evaluation\\_Final\\_Report.pdf](http://calmac.org/publications/ETP_3P_Introduction_Tactic_Process_Evaluation_Final_Report.pdf)

Item #	Page #	Findings	Best Practice / Recommendations	Recommendation Recipient	Disposition (Accepted, Rejected, or Other)	Disposition Notes (e.g. Description of specific program change or Reason for rejection or Under further review)
1	69	<p>A requirement for cost effectiveness is in conflict with the objective of innovation. This inherent conflict can be addressed by using a two-stage solicitation approach and carefully choosing how to review cost-effectiveness. Risk is lowered to the IOUs (who eventually need to put measures through a work paper process) by applying a higher weight to cost-effectiveness scores and setting a smaller budget.</p> <p>Vendors prefer a two-stage approach to a one-stage approach. In a two-stage approach, the vendors risk spending less time on a solicitation that they may not win. Vendors also appreciate being considered without a heavy weight on cost-effectiveness in a first stage before making it to a second stage.</p> <p>A two-stage approach may attract a greater number of bids since an abstract requires less vendor effort, and requires less IOU staff time, at least in the initial round.</p>	<p><b>Consider using a two-phased approach that does not have a specific cost-effectiveness threshold.</b> Based on evidence from vendors and their bids and comparing across IOU approaches, we recommend the IOUs use a two-phased approach without an explicit cost-effectiveness threshold in the first stage, to allow for more concepts to get submitted. Since our evaluation data collection, SCE has moved to a two-stage solicitation.</p>	IOUs	Accept	<p>The IOUs have lowered the consideration of cost effectiveness from initial review of bids by a variety of methods: conducting a double screen within the same phase, having an abstract phase prior to the full proposal, or significantly lowering the weight on cost effectiveness. Cost effectiveness is still a valid selection criterion when comparing bids, and attention to cost effectiveness allows ETP to make wiser use of ratepayer funds.</p>
2	69	<p>New vendors are more enticed by a new solicitation approach and were more likely to be awarded through the new solicitation approach (TRIP).</p> <p>New vendors that do not typically submit program concepts to the IOUs are enticed to participate in a new solicitation approach (TRIP).</p>	<p><b>For IOUs that wish to attract new vendors who have not submitted bids in the past, consider using either an explicit TRIP solicitation and/or providing outreach to new vendors via the TRIO program.</b> SCE was successful in reaching new vendors who had not submitted bids in the past likely due to the combination of their bidder outreach through TRIO and their TRIP solicitation.</p>	IOUs	Accept	<p>The IOUs are committed to reaching out to new vendors and have already started discussing upcoming solicitations at TRIO programs. The IOUs are also expanding the mailing lists for solicitations for both TRIP and IDEEA365. PG&amp;E's TRIP RFA launched October 2015.</p>

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3	69	<p>Losing bidders lack understanding of the reasons they were rejected, preventing them from improving on future bids.</p> <p><b>A comparison of bidder impressions on what their weaknesses were in their proposals did not align with reasons reported by the IOU they submitted to. This may reflect a lack of understanding of the IOU request and may also be due to bidders not working to customize their ideas towards the bid requirements (researcher hypothesis).</b></p>	<p><b>Give feedback to rejected bidders since they do not have an accurate understanding of why they were rejected.</b> Comparison of IOU scores and notes to bidder interviews revealed that bidders lack an accurate understanding of their rejection. Because vendors report that they have other ideas for submission to these solicitations, it is a wise investment to give feedback to rejected bidders so that they can submit more robust bids in the future. We understand that there are constraints on the IOU side to sharing this detailed information with multiple bidders. One possible approach would be to batch feedback across all bidders for distribution to everyone who submitted a response to the solicitation. This will in turn increase the quality of the pool of bids that the IOUs have to review and award.</p>	IOUs	Accept	The IOUs have already instituted processes to provide feedback: SCE's solicitation department already makes phone calls to unsuccessful bidders and provides comments that were collected during the scoring process. SCG and PG&E's notification to unsuccessful bidders include information on how bidders can obtain feedback. SDG&E provides batch feedback so that unsuccessful bidders may learn from the experience of others.
4	70	<p>If the IOUs continue to seek new vendors / innovative technologies through a similar approach such as TRIP or a special IDEEA365 solicitation, they will likely need to provide more education and information to prospective bidders.</p> <p>Inexperienced vendors require more training on how to respond adequately.</p> <p>A separate solicitation setup and implementation requires significant IOU staff resources.</p> <p>Inexperienced vendors are less likely to feature a solid implementation plan.</p> <p>The possibility of attracting a greater number of bids may create delays in reviewing all incoming bids, which could affect the amount of time remaining for a technology or program to be implemented if start date is delayed and end date is fixed.</p>	<p><b>Increase education to prospective bidders on the criteria for innovative and emerging technologies.</b> The RFPs are complex and confusing to bidders but it is uncertain whether these could be simplified given all of the requirements desired by the IOUs. Since many prospective bids were rejected due to technologies lacking data, already being in the market, or not meeting the given definition, as well as vendors not understanding the type of data required to support savings claims, IOUs would benefit by vendors having continued and increased opportunities for education on innovative and emerging technology criteria, including continuing (or beginning) to require at least new vendors to participate in the technical documentation workshop. Specific clarification should exist regarding rules about technologies where the value lies in both their energy efficiency and demand response traits. This should result in higher quality bids, and fewer difficulties among vendors when crafting proposals.</p> <p>Consider creating a website with examples of technologies awarded, webinars that can be downloaded, and frequently asked questions. This could be added to the existing ETCC site or created as a standalone TRIP site.</p>	IOUs	Accept	The IOUs have already begun discussing criteria for innovation at TRIO events and provided additional information around TRIP solicitation through the TRIO symposium. In addition, each IOU will discuss with their procurement divisions the feasibility of a) putting definitions in RFPs, including general scoring guidelines, b) adding this information to the ETCC website, and c) adding this information to existing TRIP and IDEEA365 documentation and resource websites. The IOUs will also explore other channels, including facilitating a bidders conference for future TRIP solicitations.

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5	70	The utilities asked us to include a question regarding vendor preferences on the schedule for releasing bids solicitations. Bidders noted that the end of the year is not a good time to submit bids due to having busy schedules.	<b>Avoid releasing bids towards the end of the year.</b> The utilities generally try to avoid releasing solicitations then, and have not released a TRIP bid RFP or RFA at the end of the year. By the utilities' continuing to avoid this time of the year to release solicitations, more vendors may make the decision to submit their ideas for innovative technologies and/or programs which will give the IOUs a larger pool of vendors and ideas to review.	IOUs	Other	The IOUs agree that it is desirable to avoid releasing solicitations at the end of the year, but in some cases the timing of the solicitations sometimes needs to be coordinated with other program constraints and requirements. Note that SCE's IDEEA365 solicitation is open year-round. These other constraints aside, the IOUs agree to avoid releasing solicitations at the end of the year whenever possible.
6	71		<b>Consider making TRIP a two-stage process, with the first stage requiring less data and less effort, allowing a discussion phase with vendors that could include a debrief on the problems with their approaches that could help them with future bids. Education could also be conducted in conjunction with discussions with vendors after the submittal of an abstract if SCE considered using a two-staged solicitation process.</b>	SCE	Other	Duplicate recommendation, please see response to Item #1
7	72		<b>• Consider creating a website with examples of technologies awarded, webinars that can be downloaded, and frequently asked questions. This could be added to the existing ETCC site or created as a standalone TRIP site.</b>	SCE and SCG	Accept	The utilities agree to create a webpage on the ETCC website and provide a link to PEPMA.
8	72	Most successful bids were from vendors that partnered	Consider encouraging partnerships between new/technology vendors and experienced implementers to ensure valid implementation strategies and increase the acceptance rate for technology vendors so they are more likely to respond in the future.	SCE	Other	SCE already encourages partnerships between technology vendors and experienced implementers at TRIO events. However, concerns about sharing of intellectual property and other proprietary information will always be a limiting factor: every company's comfort level differs.
9	72	Need to ensure a good response from vendors.	<b>• Consider doing more robust outreach to new/technology vendors such as through the TRIO program (as SCE suggests it is considering doing). During outreach events, vendors should be made aware that all IOUs have similar solicitations (using different vehicles) so vendors may submit their bids to more than one IOU.</b>	SCG	Accept	SCG agrees to continue to coordinate with other utilities in conducting outreach to vendors through the statewide TRIO program.
10	73	In interviews, respondents reacted negatively to the idea of lowering bid award amounts and said that it would dissuade them from submitting bids in the future.	Consider sharing the risk with vendors by increasing the amount of time and materials budget vendors are allowed in their contracts—especially for experienced implementers and technologies with robust savings calculations. A utility could consider varying its contract budgets based on the risk associated with bids based on data availability and validity of assumptions.	SCE, SCG	Reject	Contracts currently allow up to 20% of the budget to be time and materials, and SCE disagrees that this proportion should be increased without data on how well vendors have performed within this budgeting structure. The utilities note that utilities contracting guidelines are designed to ensure that program funds are spent wisely. SCE program managers are currently reviewing vendor contracts.

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11	73	Need to formalize some ad hoc practices	<ul style="list-style-type: none"> <li>Broadly consider rejected TRIP bids for ETP assessment and Core programs on a systematic basis (which it appears SCE and SCG may be doing on an ad hoc basis at least for some of the more promising bids that did not meet TRIP criteria), when bids suggest technologies that are already used in one application through a Core program but may be beneficial in another, or when bids warrant a second look but are not yet at the stage required by the process.</li> </ul>	SCE, SCG	Accept	The utilities agree to consider TRIP bids for ETP assessments on a systematic basis, but point out that ETP solicits TRIP projects specifically for measures that are not ready for Core programs.
12	ETP	Low response rate for SCG	Due to small bidder response rate, consider coordination with SCE to do a dual fuel solicitation.	SCG	Accept	SCG will consider coordinating with SCE as well as SDG&E, depending on which solicitation better meets SCG's objectives.
13	74	<ul style="list-style-type: none"> <li>Vendors may not pay close attention to IDEEA365 solicitation language since it is a known program that has stayed fairly consistent over time. The IOUs may not be able to count on the same approach to find additional programs that meet the TRIP criteria and vendors willing to negotiate and dramatically reduce their budgets.</li> </ul>	<ul style="list-style-type: none"> <li>Issuing a special IDEEA365 solicitation like PG&amp;E issued that emphasizes emerging technologies, with a joint scoring and ranking process including 3P and ETP staff.</li> </ul>	SDG&E	Accept	SDG&E ETP successfully selected two proposals from last IDEEA365 for TRIP. In 2016 solicitations, SDG&E ETP and 3P will jointly issue, score and rank proposals.
14	74	<ul style="list-style-type: none"> <li>The IDEEA365 approach may not be attracting new vendors in the implementation space for this market with innovative technologies spanning customer segments and measure categories. Since no programs were awarded to new implementers, the solicitation approach may not be attracting new implementers, but there are implementers that are working with new technology vendors and their wider range of innovative technologies.</li> </ul>	<ul style="list-style-type: none"> <li>Providing links to resources that vendors may access to obtain information about innovative technologies (SCE provides links to DOE's Energy Efficiency and Renewable Energy (EERE) Industrial Technologies Program, the Emerging Technologies Coordinating Council (ETCC) including the CEC's Public Interest Energy Research (PIER) Program, and the Northwest Energy Efficiency Alliance (NEEA)).</li> </ul>	PG&E, SDG&E	Accept	PG&E and SDG&E already provide links to external resources on a reference page for IDEEA365 and PGE included relevant links in its recent TRIP RFA. Links are also printed in the solicitation. SDG&E ETP also recommends to their Third Party program that they provide links to ETCC and other resources for emerging innovative technologies that potential vendors may access.
15	75	<ul style="list-style-type: none"> <li>The IDEEA365 approach may not be attracting new vendors in the implementation space for this market with innovative technologies spanning customer segments and measure categories. Since no programs were awarded to new implementers, the solicitation approach may not be attracting new implementers, but there are implementers that are working with new technology vendors and their wider range of innovative technologies.</li> </ul>	<ul style="list-style-type: none"> <li>Outreaching to new vendors such as through TRIO and the ETCC, making them aware of the special IDEEA365 solicitation (either through ongoing outreach efforts associated with broader ETP initiatives, and/or through a special announcement that coincides with the IDEEA365 solicitation). Vendors should be made aware that all IOUs have similar solicitations (using different vehicles) so vendors may submit their bids to more than one IOU.</li> </ul>	PG&E, SDG&E	Accept	This is a duplicate recommendation; see response to Item #2 above.
16	75	Vendors need to have a clearer picture of the priorities and may submit bids that better align with those priorities.	<ul style="list-style-type: none"> <li>Publishing the available per program budget to maintain vendor goodwill.</li> </ul>	PG&E, SDG&E	Accept	PG&E already does this. SDG&E ETP will recommend to their Third Party program to publish TRIP budget in the IDEEA365 RFA documentation.
17	75	If vendors have a clearer picture of the priorities they may submit bids that better align with those priorities.	Providing the scoring criteria in the RFP so bidders are clear on scoring priorities.	PG&E, SDG&E	Accept	The utilities can provide scoring categories, but not necessarily the weighting of each category per procurement rules. SDG&E ETP will use the same scoring criteria included in the IDEEA365 RFP for TRIP selection although with less emphasis on cost-effectiveness and ability to adjust to a smaller scale.