



**GREG WIKLER'S STATEMENT AT THE CPUC ALL PARTY MEETING  
ON THE ENERGY EFFICIENCY THRID-PARTY SOLICIATIONS  
PROCESS  
OCTOBER 29, 2020**

Good afternoon Commissioners and thank you for giving me the opportunity to speak today. My name is Greg Wikler and I am the Executive Director of the California Efficiency + Demand Management Council. The Council is a statewide trade association of non-utility businesses that provide energy efficiency, demand response, and data analytics services and products in California. I should note that the positions and statements that I am about to make do not represent the viewpoints held by any single Council member.

After significant delays by the IOUs in launching the current third-party solicitation process, the Council is encouraged to see continued improvements to the process, thanks in large part to the Energy Division's steadfast attention to seeing through various process improvements during the past year.

With that said, we continue to see challenges with the process which give us deep concerns about the overall health of California's EE resource. Our concerns are focused in three main areas:

- Transparency
- Timing
- Risk burden

I will speak to each of these areas during my remaining time.

**Transparency**

- While we are encouraged by the process improvements that I noted earlier, there unfortunately continues to be a serious lack of clarity and transparency during the solicitation process, and this is endemic to the entire process and affects the industry and businesses to successfully participate.
- Unsuccessful bidders are not given any feedback at the end of the RFA stage.
- When IOUs eventually offer feedback to unsuccessful bidders, the information is limited and lacks substance as to the rationale behind various scores.
- The Council recommends that the CPUC order the IOUs to provide more substantive evidence for current and future solicitations as to the basis for specific scores for each of the scoring criteria.

## **Timing**

- No reasonable explanation has been offered for why the IOUs did not launch their solicitations in the timeframes that they originally committed to.
- With that said, the solicitation process is extremely slow, taking an average of 18 months from RFA to contract signing; this is simply not a reasonable timeframe for any contracting process.
- We particularly question the long timeframe for the EE solicitations when in fact the CPUC is right now working with SCE on the \$100M+ TECH decarb program after only a 10-week solicitation timeframe and a 2-week CPUC approval stage.
- The Council recommends that the CPUC investigate how other jurisdictions including Oregon, Hawaii, Wisconsin, Illinois, and New York conduct their solicitations for third-party EE programs in order to highlight to the IOUs industry best practices.

## **Risk Burden**

- The contracting positions now being taken by the IOUs tilt the balance of risk almost entirely to the implementer community. This runs counter to CPUC policy and completely upends implementer business models that have been established from over three decades of experience.
- It is reasonable to allocate more risk (if buyers are willing to pay for it), but the current placement of near 100% of the risk to implementers is not reasonable nor sustainable.
  - IOUs need to shoulder their share of the risk since they are afforded the benefit of cost recovery, portfolio optimization, and shareholder incentives; none of those mechanisms apply to third party implementers.
  - Implementers are being asked to take on risk without the benefit of visibility and certainty.
  - Small businesses and new market entrants are virtually locked out of the process due to onerous contracting terms and conditions.
- Furthermore, strict regulatory rules pertaining to cost-effectiveness, attribution and measure allowance seriously constrain the opportunity for a range of meaningful, innovative, and cost-effective programs and solutions.
- The Council recommends that the CPUC confidentially engage bidders to learn more about specific examples of risk burdens that they experienced during prior negotiations. Once more information has been gathered by the CPUC, then it would be appropriate for the CPUC to order the IOUs to modify their contracting approaches to better align with industry needs, capabilities, and expectations.

Thank you for giving me this opportunity to express our concerns and offer potential solutions.