Program Administration Team

Program Implementers: TECH Innovative Finance Team

Energy Solutions — *IUI Pilot turn-key implementer, holds contract with Program Operator*

ARDENNA ENERGY — *Program design & policy expertise*

veic — *Oversight of all TECH Pilots*

FRONTIER energy — *Contributor, program design & implementation, M&V*

RECURVE — *Meter data analysis, M&V*

Program Administrator:

SILICON VALLEY CLEAN ENERGY

Partner Profiles

- **Silicon Valley Clean Energy**

    - Public agency serving 13 jurisdictions in Santa Clara County

    - 270,000 residential and commercial customers

    - 715+ MW renewable + storage PPAs under contract

    - $77M in on-bill customer savings, $28M invested in customer programs

- **TECH Clean California**

    - $120 million initiative* to drive market adoption of heat pumps and heat pump water heaters for existing homes in CA

    - Authorized by SB 1477, funded by gas IOU ratepayers under the auspices of the CPUC (R.19-01-011, Rechtschaffen)

    - Key activities include incentives, workforce training, consumer inspiration campaign, and 6 pilots, including Tariffed On-Bill investments

    * Not including additional funding recently authorized through state budget
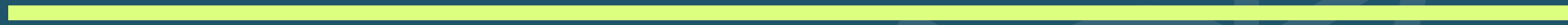
Agenda

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IUI Overview

Q. What is Inclusive Utility Investment?

A. Site specific investment on tariffed terms with on-bill cost recovery. Also referred to as Tariffed On-Bill

Typical utility rate-based investments

Utility T&D
Infrastructure

Utility meter,
panel and conduit

Building Decarbonization Upgrades

Site-specific investments with site-specific cost recovery create an inclusive option for overcoming upfront cost barriers for all
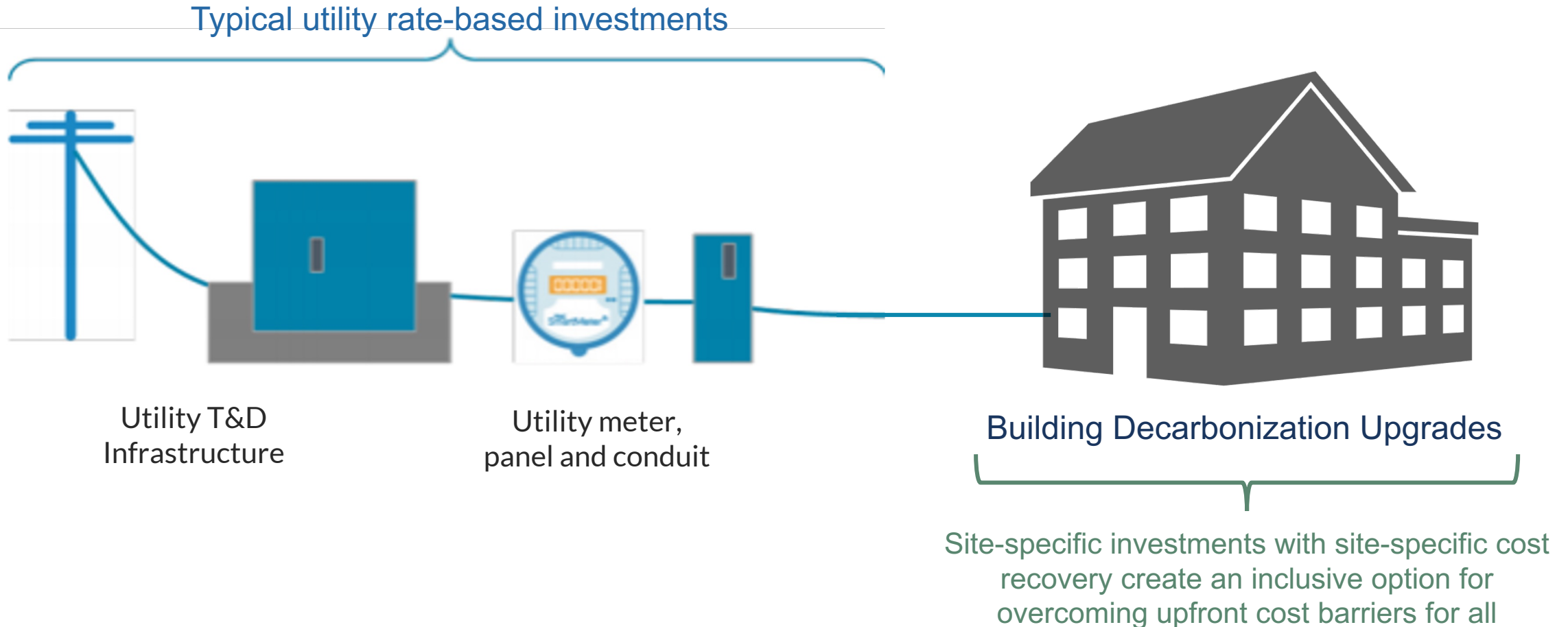
IUI Investment vs. On-Bill Financing

		OBF	IUI
Program Attributes	• Cost recovery is through a fixed charge on the utility bill	✓	✓
	• Participant accepts an opt-in utility tariff <u>tied to the location</u>		✓
	• Charge applies automatically to successor customers until cost recovery is complete		✓
	• Estimated savings <u>must exceed</u> cost recovery charges		✓
Customer Benefits	• No upfront participant cost for cost effective upgrades	✓	✓
	• No credit or income qualification required		✓
	• Renters are eligible		✓
	• Estimated savings <u>exceed</u> cost recovery charges		✓
	• Payments end if upgrade fails and is not repaired		✓

2 SVCE + TECH IUI Pilot Proposal

The 3 Pillars of TECH Clean California

Spur the market for electrification through statewide strategies

Create scalable models through regional pilots

Inform development of policies that enable full market transformation

IUI pilot in partnership with SVCE

Part of broader effort to finance decarbonization and improve customer targeting

Pilot Goals

Replace 500 furnaces and air conditioners and 500 gas water heaters with **heat pump HVAC units and heat pump water heaters**

Demonstrate efficacy of the **Inclusive Utility Investment (IUI) model**
- Inform future potential expansion of the program to low- and moderate-income and other underserved communities

Show a **pathway to scale statewide** to address climate challenges

Key Proposal Elements

Customer eligibility

Independent of income or credit standing but subject to good utility bill payment history

> *Year 1:* focus on middle-income single-family customers with aging mechanical systems
> *Year 2:* expand outreach to lower income tiers and multifamily

Target Customers

Single-family homes with high energy loads and aging mechanical systems

> *Space heating:* >400 Therms per year
> *Space cooling:* >1,600 kWh per year
> *Water heating:* >360 Therms per year

☑ *Cash-positive assurance*

☑ *No credit check requirements*

☑ *Automatic application of tariff to successor customers*

☑ *Integration with complementary funding sources*

Regulatory Context & Timeline

- Pilot proposal is subject to regulatory review via CPUC's Clean Energy Finance Options proceeding (R.20-08-022)

- Contingencies impacting pilot launch date:
  - Date of CPUC decision & direction for next steps
  - Requirements for subsequent Advice Letter filing
  - Resolution of regulatory jurisdiction questions between CPUC & DFPI
  - PG&E billing system set up
  - Development of PG&E Platform rules
  - Access to 3rd party capital for investments

Milestone	Time Frame
Proposals for financing programs submitted	April 15
Revised proposals submitted	June 15
Planning Phase	Ongoing
Proposed & final CPUC decision	Q4, 2022?
Implementation Phase launch	Q3, 2023?

IUI Pilot Team Responsibilities

| PG&E	SVCE	Energy Solutions & TECH Team	Program Operator
• Fund Behind-The-Meter investments & recover costs • Remit revenues to capital providers • Recover regulatory asset costs from ratepayers	• Accountable to CPUC and PG&E for Pilot success • Holds contract with Energy Solutions • Lead community engagement & support marketing • Consulted and informed regarding all steps of planning and implementation phases	• Holds contract with and oversees Program Operator • Responsible for Pilot design, implementation, and evaluation • Performs measurement and verification analysis	• Responsible for marketing and outreach for customer acquisition and support • Oversees improvement installation and provides customer support • Supports program design and implementation planning

Program Delivery Model
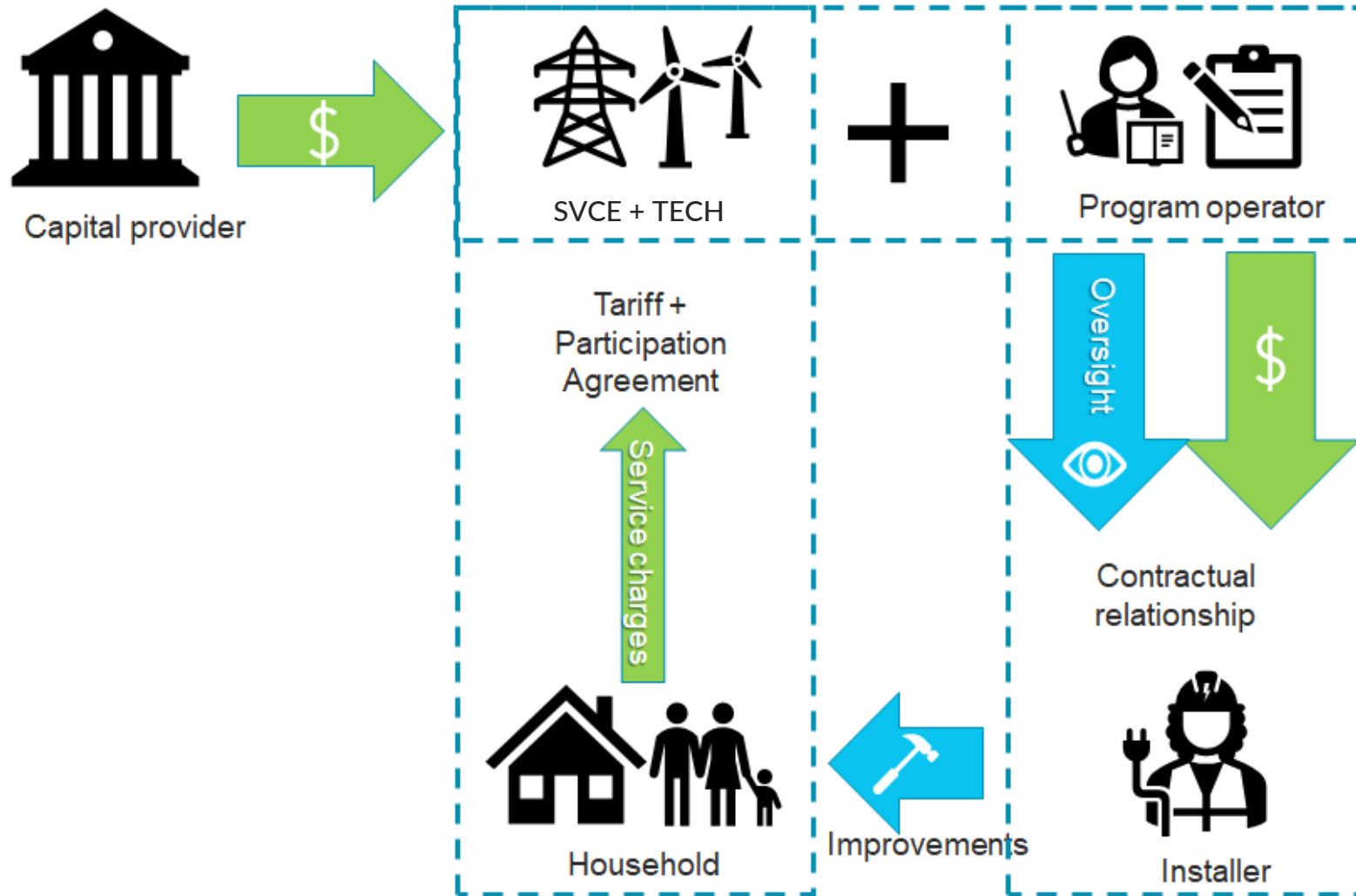
Customer Protections: Planning and Post-Retrofit Phase

- **Project Planning Phase Protections**

  - Program Operator develops project scope or budget, not the installing contractor

  - Adopt best practices & QA protocols for developing savings estimates

  - Build in 20% buffer between expected annual savings and Program Service Charge

- **Post-Retrofit Protections**

  - Customer owns upgrades. No liens, no threat of repossession or foreclosure.

  - Charges stop if upgrades stop working until they are repaired and working again.

  - Installation quality control and acceptance testing

  - Extended warranties on equipment and installation

  - Customer-specific limited savings prediction guarantee based on metered results

Tenant Protections

Design principles:

- Landlord must consent to let the utility program sponsor install upgrades.

- Landlords continue to have a fiduciary duty to provide space heating and hot water services to tenants.

Recommendations:

- Require landlord copayments for space heating and hot water upgrades

- Apply waterfall provisions for landlord copay, incentives, and IUI Program Service Charge structured to minimize tenant obligations, maximize benefits

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Program Operator SOW
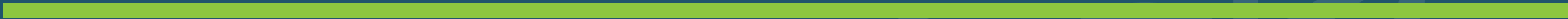
Scope of Services Overview

Phase	Tasks
Planning Phase	Pilot design and documentation development
	Marketing, education, and outreach plan development
	Program operating procedure development
	Supply chain development
	Information system functional requirements development
Implementation Phase	Pilot startup and launch
	Marketing, education, and outreach
	Project origination
	QA/QC of improvements
	Customer service management

*Initial task order will only cover Planning Phase

Planning Phase

Duration: Up to 12 months

Role: Work collaboratively with the Program Administration Team to develop an implementation plan and program policies and infrastructure necessary for successful launch

Informed by:
- Program plan SVCE submitted to CPUC's CEFO proceeding
- Negotiations with CPUC, DFPI, PG&E, and other regulatory bodies
- Updated IUI financial model
- Financial risk analysis
- M&V risk analysis

Planning Phase:

Pilot Design and Documentation Development

Lead Collaborators	SVCE + TECH Team
Activity	Collaborate with Program Administration Team to design Pilot plans, policies, and documentation
Deliverables*	• Pilot Program Implementation Plan • Financial Services Agreement template, including customer terms and property owner terms for tenant-occupied dwellings • Financial plan and program operating budget, detailing project capital requirements and sources, including applicable incentives, tax credits, and transactable grid benefits

Developed in collaboration with Program Administration Team

Planning Phase:

Marketing, Education, and Outreach Plan Development

Lead Collaborator	SVCE
Activities	Create a plan to meet enrollment targets and educate potential customers about Pilot benefits and risks Engage CBOs and local governments to determine avenues for collaboration
Deliverables	• Marketing, Education and Outreach Plan • Communications schedule

Planning Phase:

Program Operating Procedure Development

Lead Collaborators	SVCE + TECH Team
Activities	Develop operational procedures and tools to carry out day-to-day functions of Pilot, including project planning, installation, and customer service
Deliverables	• Program policies and procedures, plus supporting plans, tools, and templates • Monthly and Quarterly Program Operations Reports

Planning Phase:

Supply Chain Development

Lead Collaborator	TECH Team
Activities	Support Program Implementers in engaging manufacturers and distributors to secure preferred pricing and extended warranties Lead recruitment of Pilot installation contractors
Deliverables	- Contractor recruitment plan - Contractor agreement template, including requirements for licensing, insurance, and bonding

Planning Phase:

Information System Functional Requirements Development

Lead Collaborator	SVCE + TECH Team
Activities	Work with Program Administration Team to develop IS functional requirements to address and support integration with utility billing systems, active load management, automatic tariff calculations, M&V, and customer service
Deliverables	• Information system functional requirements and specifications

Implementation Phase

Duration: Project Enrollment Period (2 years) + Cost Recovery Period (~10 years)

Role: Support implementation by leading customer acquisition, project origination and QA/QC, and customer service for the duration of the Pilot

Stages:
- Start-Up
- Project Origination and Installation
- M&V (Program Implementer responsibility)
- Customer Service

Dependencies:
- Completion of Planning Phase
- Regulatory approvals
- Investment funds
- Completion of start-up preparations by PG&E, SVCE, and Program Implementers

4 Proposal Requirements

Proposal Structure

Section	Page Limit
1. Administrative Information	Complete Contact Information template
2. Executive Summary	2 pg.
3. Organization Description and Qualifications	4 pg. (additional 2 pg. per sub-contractor)
4. Diversity, Equity, and Inclusion	2 pg.
5. Experience Performing Services	4 pg.
6. Proposed Approach	12 pg.
7. Staffing	2 pg. (not including attachments)
8. Cost Proposal Narrative and Template	2pg. (narrative); Complete cost proposal template
9. Confirmation of Acceptance of Contract Terms	1 pg.
10. Conflict of Interest Disclosure	1 pg.

Proposal Evaluation Criteria

Evaluation Component	Description
Meet Proposal Requirements	Bidder adheres to all proposal requirements detailed in RFP
Capability to Deliver Services	Bidder demonstrates adequate resources to perform tasks listed in Scope of Services in SVCE territory in a timely manner and a willingness to work collaboratively with the Program Administration Team. Bidder can scale operations should program beyond Pilot, specifically regards to data tracking and tariff calculation
Qualifications and Relevant Experience	Bidder demonstrates sufficient experience with planning/implementing tariff-on-bill or on-bill financing programs, working with CA utilities and CCAs, and performing tasks outlined in Scope of Services
Diversity, Equity, and Inclusion	Bidder demonstrates experience engaging with LMI communities, disadvantaged communities, and/or renters
Proposed Approach	Bidder proposes a well-thought-out and innovative approach toward Pilot planning and implementation, demonstrating a clear understanding of the Program Operator responsibilities and a plan for collaborating with the Program Administration Team. Proposal outlines mechanisms for minimizing financial and operational risks and presents mechanisms to incorporate alternative funding sources into the plan
Cost	Bidder presents a reasonable cost proposal with relatively competitive labor rates and associated fees and includes revenue share or cost reduction elements
Other Considerations	Program Implementers will consider prior experience working with Program Implementers or SVCE and the existence of and circumstances surrounding any claims or violations of law or governmental regulations against the Bidder, its representatives, and/or partners

RFP Schedule

September 29, 2022
RFP Issued

October 14, 2022
Deadline for intent to bid

October 19, 2022
Final day to respond to questions

November 10, 2022
Top Bidders notified of interview times

November 18, 2022
Anticipated date Energy Solutions will notify awardees

September 2022	October 2022	November 2022	December 2022

October 5, 2022
Pre-Proposal Webinar

October 14, 2022
Deadline to submit questions

November 3, 2022
Deadline to Submit Proposals

November 15, 2022
Top Bidder interviews

December 9, 2022
Contract completion and anticipated Phase 1 Launch