

From: Strindberg, Nils
Sent: 8/23/2013 4:51:44 PM
To: Davis, Vincent (/O=PG&E/OU=Corporate/cn=Recipients/cn=VMD4)
Cc: Berman, Janice S (/O=PG&E/OU=Corporate/cn=Recipients/cn=JSBa); Dietz, Sidney (/O=PG&E/OU=Corporate/cn=Recipients/cn=SBD4); [Redacted]
[Redacted]
Bcc:
Subject: RE: PG&E's EE Direct Implementation Non Incentive costs -- Follow up item

Vincent,

Thanks for providing this requested information and I wanted to let you all know that I've just submitted the Advice Letter disposition for Ed's signature after receiving your email.

Best,

Nils

From: Davis, Vincent [mailto:VMD4@pge.com]
Sent: Friday, August 23, 2013 4:27 PM
To: Randolph, Edward F.
Cc: Baker, Simon; Fortune, Hazlyn; Strindberg, Nils; [Redacted] Dietz, Sidney; Berman, Janice S
Subject: PG&E's EE Direct Implementation Non Incentive costs -- Follow up item

Director Randolph,

It was a pleasure to meet with you to discuss PG&E's Direct Implementation Non Incentive (DINI) costs, and I look forward to continued collaboration on this and other important energy efficiency objectives.

During our meeting you asked for estimated benefits for cost saving projects we are considering. I would like to provide some additional details on several opportunities and share initial savings estimates. These forecasts are incremental to the proactive DINI cost savings implemented over the last year, including:

- [Redacted] 2013 Energy Efficiency staffing reductions,
- [Redacted] outsourcing of our residential rebate processing,
- [Redacted] consolidation of workpapers and measures, and

- □□□□□□□□ launching our Business Energy Check-up tool

As we discussed, our focus in administering Energy Efficiency programs is on continually improving the efficiency and effectiveness of our operations and ensuring we are delivering a cost effective portfolio in the most efficient way for our customers. We recognize that this is a journey that we are on and not a destination we have reached. There continue to be opportunities to get more efficient in our operations and, in fact, we recognize that there always will be. In the past few years, and throughout the current cycle, we have focused on several specific opportunities for improvement, many of which we discussed with you, and are already realizing those benefits in our operations.

We are currently investigating a portfolio of additional improvement opportunities, some of which are still in the initial concept stage, and some of which are more fully formed. Regarding the more fully formed opportunities, we forecast approximately \$4MM of savings in 2015. To provide a little more clarity, I'd like to highlight the two opportunities that comprise the \$4MM:

Contract Management Improvements: To reduce energy efficiency contract management costs, PG&E will complete three continuous improvement projects. First, PG&E will work with key stakeholders to delink contracting from short-term regulatory cycles. The current regulatory cycle has all contracts ending and starting at the same time, which is burdensome, inefficient, and costly. Second, PG&E will complete a benchmarking exercise to obtain better information on performance payments for third-party contractors. Finally, PG&E will complete a strategic sourcing project to reduce contract management costs by consolidating contracts/vendors.

Estimated cost savings: \$2MM

Estimated realization: 2015

Increase Sales Efficiencies: PG&E is working on an initiative that will increase efficiency of our account representatives, implementation partners and program management. As part of this effort, we will significantly streamline our existing processes and reduce overall cycle time for sales and project management.

Estimated cost savings: \$2MM

Estimated realization: 2015

Lastly, I assure you that PG&E is dedicated to continuous improvement and realizes the importance of efficiently administering a cost effective portfolio. Again, I look forward to continued collaboration.

Regards,

Vincent

Vincent M Davis | Senior Director | Energy Efficiency Programs | 415-710-9679

Learn about California's leading model for energy efficiency and how PG&E works with customers and stakeholders to achieve success in saving energy.

www.CAEnergyEfficiencyModel.com

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