PG&E’s UESC Offering
Overview and Best Practices

John Garnett
PG&E UESC Manager
PG&E UESC Overview

PG&E develops/executes turnkey EE projects for federal customers in order to drive customer energy savings, carbon emission reductions and CSAT.

Background
Utility Energy Serv. Contract
• Started 2008 (grew 2013)
Customers/projects:
• NASA
• IRS
• VA
• Coast Guard
• GSA
• Army
• FAA
• FBOP

Results
High annual customer savings
• 35 GWh
• 2M Therms
• 80M Gal. water
• $6M in energy spend
Solid CSAT (Phase 2+)
• Army
• FAA
• VA

Value Prop.
• Knowledge of Customer: we take a comprehensive/strategic approach, leveraging our deep customer knowledge
• Long-Term Focus: we have a strong existing tie to the customer and an implicit interest in protecting this long-term relationship
• Objective Approach: we are technology agnostic and our BD people do not operate on commission - we do what makes sense for the customer
• Transparent: we are “open-book”

Preliminary Audit
Investment Grade Audit
Source Financing
Implementation
Performance Assurance

Federal Utility Partnership Working Group
November 2-3, 2016  Bellevue, WA
PG&E’s UESC Team brings together a group of dedicated professionals from a wide range of specialties who are each committed to bringing best-in-class energy services to PG&E’s federal customers.

The team’s specialty areas include:
- Sourcing and Acquisition
- Project Development
- Project Management
- Customer Relations
- Engineering (ME and EE)
- Energy Efficiency
- Incentives
- Banking and Finance
- Accounting
- Law

PG&E’s UESC Customer Offering

Services

PG&E’s customer account and project development experts work with the customer to develop a project that meets the customer’s needs.

PG&E directs the contractor RFP process:
- Prepares RFP bid packages
- Conducts site walk-through and responding to all questions
- Reviews/analyzes contractor proposals
- Scores/selects most qualified contractor

PG&E manages the project from audit all the way through implementation and performance assurance:
- Leads project calls and meetings
- Oversees contractor’s performance/deliverables
- Coordinates/processes incentive applications and rebates

PG&E sources and secures the project finance:
- Competes its pool of qualified financiers to get best rates
- Negotiates and executes all finance agreements

PG&E also manages:
- Task Order development and execution
- Contractor invoicing and payment coordination
- Legal review to ensure all applicable FAR’s are complied with
UESC Roles and Responsibilities

**PG&E**

- **Prime Contractor**
  - Run ESCO RFP
    - 3 Prequalified
    - Consistent w/CPUC
  - Fee: 10-12% (O&P)
- **Project Manager**
  - Audit > Implement. > PA
- **Procure Financing**
  - Run financier RFP
  - Sign MPA
- **Customer Advocate**
  - Esp. pricing and measures

**ESCO**

- **Subcontractor to PG&E**
  - Per MSA/CWA
  - 10-12 in pool
  - Fee: Labor + 15-20% (O&P)
- **Develop/engineer ECMs**
- **Run ECM Competition**
  - Equip. / 2nd Tier Subs
  - Prepare TO Schedules
- **Install ECMs**
  - Per Contractor Safety Proc.
- **Provide PA**
  - And O&M if included
# PG&E’s RFP Cost Chart

<table>
<thead>
<tr>
<th>Contractor Name:</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>1</strong></th>
<th><strong>CONTRACTOR INTERNAL LABOR COST</strong></th>
<th>Billing Rate ($/hr)</th>
<th>Labor Hours</th>
<th>Contractor Labor Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Direct Labor Pay Rate for a Typical Job Classification*</td>
<td>$50.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2</td>
<td>Fringe Benefit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.3</td>
<td>Payroll Taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.4</td>
<td>Indirect Overhead</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5</td>
<td>Profit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.6</td>
<td>Others - specify</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.6</td>
<td><strong>Total Labor Cost</strong></td>
<td></td>
<td>1,000</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>2</strong></th>
<th><strong>SUBCONTRACTOR COST</strong></th>
<th>COST</th>
<th>Profit Markup</th>
<th>Overhead Markup</th>
<th>Subcontractor Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td><strong>Total Direct Subcontractor Cost</strong></td>
<td>$200,000.00</td>
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<table>
<thead>
<tr>
<th><strong>3</strong></th>
<th><strong>CONTRACTOR PROCURED MATERIAL COST</strong></th>
<th>COST</th>
<th>Profit Markup</th>
<th>Overhead Markup</th>
<th>Material Total Cost</th>
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<tbody>
<tr>
<td>3.1</td>
<td>Direct Materials Costs</td>
<td>$100,000.00</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>3.4</td>
<td><strong>Total Contractor Procured Material Cost</strong></td>
<td></td>
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<td></td>
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</tr>
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</table>

<table>
<thead>
<tr>
<th><strong>4</strong></th>
<th><strong>OTHER Contractor Implementation</strong></th>
<th>COST</th>
<th>Profit Markup</th>
<th>Overhead Markup</th>
<th>Other Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1</td>
<td>Travel</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>Onsite (Trailer, etc.)</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>Others - specify</td>
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<td></td>
</tr>
<tr>
<td>4.4</td>
<td><strong>Total Others</strong></td>
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<tr>
<th><strong>5</strong></th>
<th><strong>CONTINGENCY COST (if any)</strong></th>
<th>COST</th>
<th>Profit Markup</th>
<th>Overhead Markup</th>
<th>Contingency Total Cost</th>
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</thead>
<tbody>
<tr>
<td>5.1</td>
<td><strong>Total Contingency Cost</strong></td>
<td></td>
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</table>

| **6** | **GRAND TOTAL** | | | | |

Note: Values highlighted in Yellow are "Given" inputs. Green values are Contractor required inputs. *This is an unloaded rate excluding fringe benefits, overhead, G&A, and profit.
FEMP’s Guidance and Assistance

FEMP is an invaluable UESC partner

- In-depth knowledge of UESC and FARs
- Template agreements & language
- Trusted advisor to COs
- Can broker resolution of TO T&C impasses

Examples

*Haz Mat:*
- Where gov. discloses we can add it to SOW and price it in
- If no disclosure, we stop, notify, and wait for the “all clear”

*Date certain for first finance payment:*
- Some COs want 100% “final completion” before 1st pymnt.
- Real question is has “equivalent value been provided”
Questions?

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