CALIFORNIA

Efficiency + Demand Management

COUNCIL

Advancing Our Clean Economy

EE + DR/DER Call

June 3, 2025

REC

This call is being recorded.

Confidential – for CEDMC members only. Do not distribute.

Today's Agenda

- Legislative update
- Council comments on EE OIR
- Resource adequacy proposed decision
- CAISO DDEMI working group update
- CA Demand Flexibility Summit

©2025 Proprietary and Confidential. All Rights Reserved.

Council comments in EE OIR

- On 5/19, the Council filed opening comments on the new energy efficiency (EE) order instituting rulemaking (OIR)
- Key points
  - Supports inclusion of proposed scoping issues, esp. evaluation of cost-effectiveness, and recommends adding the following:
    - Cost-effectiveness Test Revision: Review and adjust current Total Resource Cost (TRC) Test approach to valuing EE to facilitate meeting SB 350 & other related goals
    - IDSM Barriers and Assessment Action Plan: Comprehensive review of the market, policy, and regulatory barriers that hinder growth of impactful IDSM resources in CA
    - Integration of Non-Energy Benefits into Resource Acquisition Program Portfolio Cost Effectiveness Analysis

©2025 Proprietary and Confidential. All Rights Reserved.

Council comments in EE OIR (cont.)

- On 5/29, parties filed reply comments
- Public Advocates Office focused solely on the Council's comments
  - TRC test is applicable to all DERs, so any modifications should be considered in the DER Cost-Effectiveness rulemaking (R.22-11-013)
  - CPUC should reject the Council's request to consider integrating Non-Energy Benefits (NEBs) into Resource Acquisition Program C/E analysis
- Key points of the Council's reply comments
  - Notes several parties' support for cost-effectiveness as a top priority
  - Agrees w/ TURN that CPUC should create a track on improvements to CPUC oversight and cost-effectiveness
  - Supports SCE recommendation to consider the current C/E framework, which relies on the TRC as the primary metric
  - Agrees w/ Sealed about the barriers created by the TRC
  - Agrees w/ SoCalREN that C/E evaluations should incorporate NEBs
  - Agrees w/ Cal TF that its EE Priority Solutions will improve EE outcomes
- Next steps: ALJ to issue final scoping memo

©2025 Proprietary and Confidential. All Rights Reserved.

Resource adequacy proposed decision

- On 5/22, the CPUC distributed a proposed decision (PD) in the Resource Adequacy (RA) proceeding that declined to approve an OhmConnect/Leapfrog Power proposal to allow DR to provide RA capacity outside of the Availability Assessment Hours (AAH)
- Background
  - The recently-adopted Slice-of-Day (SoD) RA framework requires LSEs to meet a specific RA requirement for each hour of the "worst" day of each month; 8.3% DR cap applies to each hourly slice
  - DR resources currently limited to providing RA within the AAH; according to OhmConnect/Leap, this lack of flexibility reduces demand for DR capacity
  - Propose to authorize Energy Division to consider underlying technologies and load profiles of DR resources to award RA capacity outside of the AAH (while still showing in the AAH)

©2025 Proprietary and Confidential. All Rights Reserved.

Resource adequacy proposed decision (cont.)

- The PD recognizes the merit of the proposal but cites several issues needing to be addressed for further consideration:
  - How to ensure that the DR resource will still be able to provide its full capacity during the AAH
  - The measurement and verification methodology for estimating QC values outside of the AAHs
  - Any updates needed for the application of DR resources' MCC bucket cap
  - Implications for the CAISO's operational requirements and constraints (including the interaction with the CAISO must-offer obligation and supply plan showings)
- Next steps: Opening comments are due on 6/11, replies are due on 6/16

©2025 Proprietary and Confidential. All Rights Reserved.

CAISO DDEMI working group update

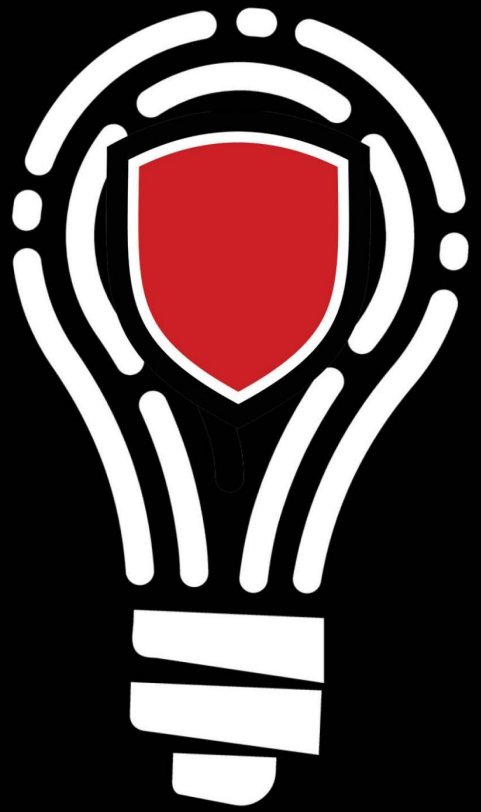
- The CAISO held its most recent Demand and Distributed Energy Market Integration (DDEMI) Working Group on 5/13
- Working group summary
  - Most Performance Evaluation Methodology (PEM) problem statements are settled but two draft problem statements remain:
    - Requirement for customers participating in a control group to be registered in the Demand Response Registration System (DRRS) limits use of non-participating end users within a control group and is in conflict with consumer data privacy rules
    - Requirement for customers to be registered at the service account level prevents aggregators from developing resources at the level of the customer's device
  - DMM presented on its concerns about large no. of DR baselines; questioned why control groups and weather-matching not used; prefer to see existing baselines revised rather than new baselines
  - Portland General Electric presented a proposal for more DR flexibility in the WEIM/EDAM

©2025 Proprietary and Confidential. All Rights Reserved.

CAISO DDEMI working group update (cont.)

- Stakeholder comments submitted on 5/27
- Summary of Council/Leap comments
  - What DR baseline improvements would increase performance, entry, and demand flexibility innovation?
    - Agree that DR baselines should be revised, if possible, rather than creating news; however, no evidence shown of the practical difficulties created by numerous DR baselines
    - Recommend assessing current baseline gaps (customer type, underlying technologies, dispatch frequency, etc.) to determine whether the existing suite of baselines addresses all of these needs
    - Advocated for device-level measurement increase performance, entry, and innovation
    - Implementation of universally-available prescriptive baselines if control groups cannot be made available
  - Why are the control group and weather matching baselines not widely used?
    - Absence of non-participant customer data to third parties; requirement to register control group customers in the Demand Response Registration System
    - Hot days when DR is dispatched tend to stand out so no matching days; also, it is difficult to find similar weather as an event when there was no DR event

©2025 Proprietary and Confidential. All Rights Reserved.



ACTION SUMMIT

MAY 15, 2025

“It is better to light a candle than curse the darkness.”

- ELEANOR ROOSEVELT

CALIFORNIA
Efficiency + Demand Management
COUNCIL

Why are we here?

IN THIS ROOM TODAY NOT EXISTENTIALLY SPEAKING…

What we heard…goals so far

CALIFORNIA Efficiency + Demand Management COUNCIL

- Both immediate defensive strategies and future offensive strategies to defend EE and IDSM
- Clarity on issues and a coalesced agreed-to Action Plan
- Getting on the same page with others:
  - How to lower customer utility bills so we can make concrete suggestions to legislators.
  - What would we like to see done regarding wildfire mitigation?
  - What about profits?
  - Do we stand firmly in defense of NEM?
- Develop a coordinated approach to defend EE funding in CA and consider future direction
  - Strategy for joint regulatory advocacy/coordination
  - Agreed upon actions that also include expanding the Coalition in the near term.
- Concrete proposals to expand EE and DSM funding and programs to help electricity affordability crisis in California.

What are the real reasons…

CALIFORNIA Efficiency + Demand Management COUNCIL

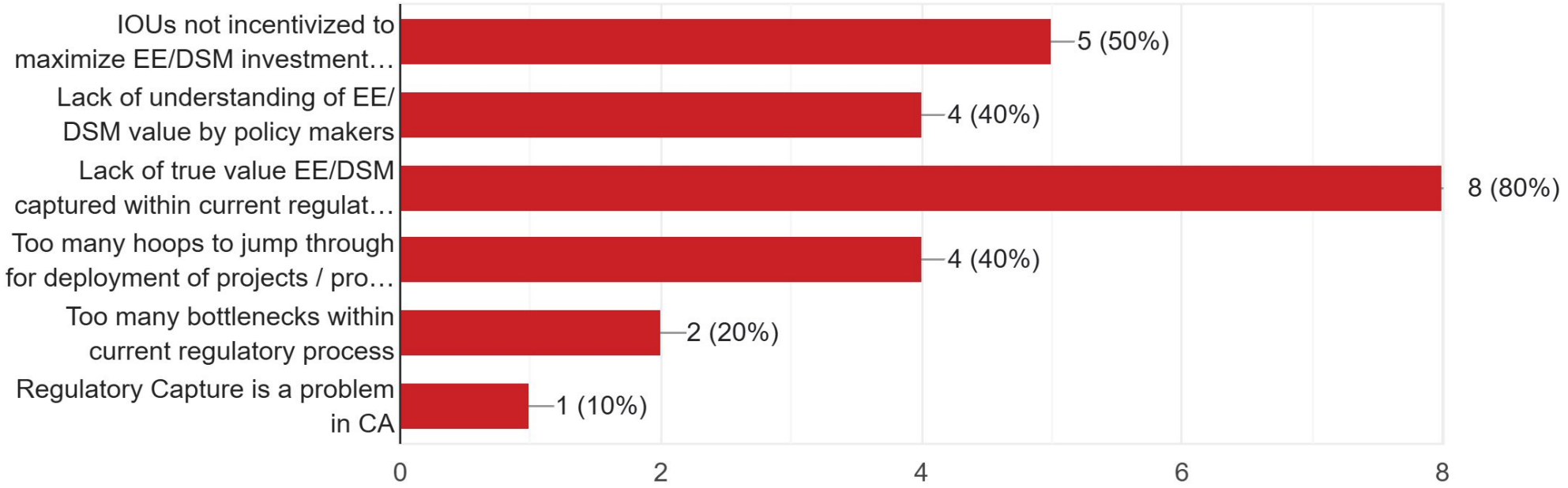
…that EE / DSM is under threat in CA?

- As leaders in this industry, we understand the "why"
  - EE/DSM is a critical solution
  - How much potential there is for deploying these solutions
- How can we shape the outcomes for:
  - Meeting CA climate goals
  - Empowering CA customers to manage bills and increase affordability
  - Delivering equitable services to our disadvantaged and marginalized
  - ***And….what else?***

What's in the way?

What do you view as the primary risks/barriers on the path ahead for deploying EE/DSM solutions in California? (pick up to 2 + add your own if inclined)

10 responses



And….what else?

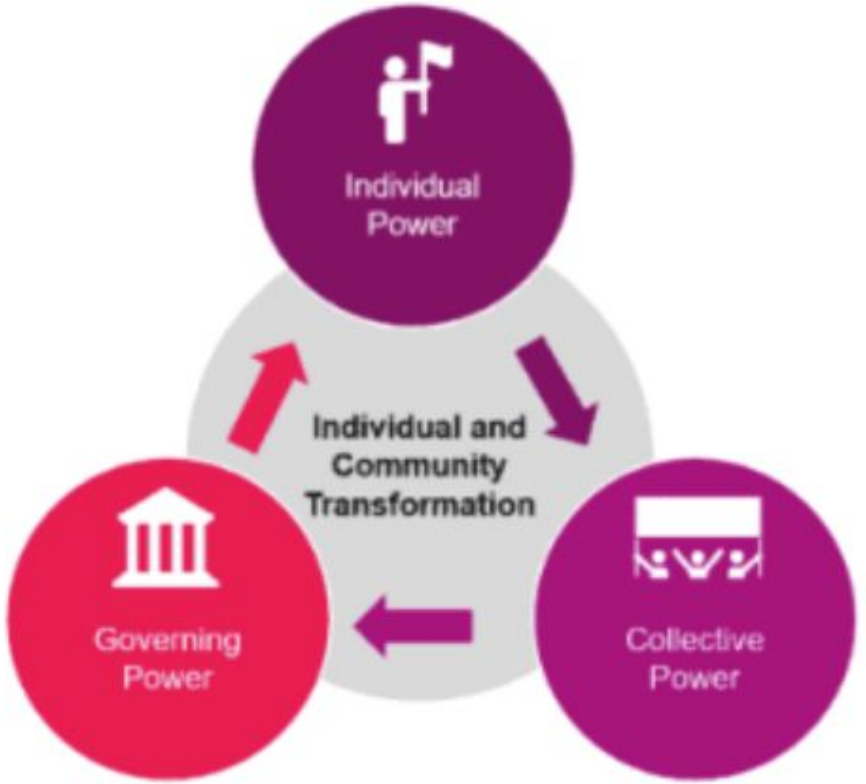
Plan + Ground Rules for Today

CALIFORNIA Efficiency + Demand Management COUNCIL

Timing	Topic
8:30am - 9am	Arrival, check-in + coffee
9am - 9:15am	Convene Summit + Opening Remarks
9:15am - 10:30am	Energy Affordability + Today's EE Challenge
10:30am - 11:45am	Breakout Session #1: Taking on the Challenges
11:45am - 12:30pm	Reconvene + Key Takeaways
12:30pm - 1:15pm	*Lunch! (What's in a name?)*
1:15pm - 2pm	EE Opportunities + Solutions
2pm - 3pm	Breakout Session #2: Bringing Solutions to Life
3pm - 4pm	Reconvene + Key Takeaways
4pm - 4:50pm	Action Mapping and Strategic Roadmap
4:50pm - 5pm	Commitments + Closing Remarks
5pm	Summit Concludes + Action Begins

- **One voice** (*unless in breakouts…then dialogue like crazy*)
- **Be present** (*use notecards now to search for the AI answer later*)
- **Respect everyone's time** (*keep comments on point…we can't solve everything today*)
- **Listen to understand.** (*There will be time to respond and respond and re-respond)*
- **Grab a marker** (*Add ideas and doodles to the notes pages)*

Spheres of Influence: Perspective Mapping



Mapping EE Organizational Missions & Oversight

Legislature	Mission: To create laws that serve the best interests of California's citizens. The California Legislature also holds the Executive Branch accountable for how it administers current law Oversight: CPUC provides annual reports to the legislature on past performance and 12-month work plans
CPUC	Mission: We empower California through access to safe, clean, and affordable utility services and infrastructure. Oversight: Regulate "investor-owned" or privately owned electric, natural gas, telecommunications, railroad, rail crossings, rail transit, passenger carriers and water utilities.
CEC	Mission: As the state's primary energy policy and planning agency, the California Energy Commission plays a critical role in creating the energy system of the future—one that is clean, modern, and ensures the fourth largest economy in the world continues to thrive Oversight & Policy: C&S, Power plant siting, IEPR, Fuels & Transportation
CAISO	Mission: Manages the flow of electricity across high-voltage, long-distance power lines. We operate a competitive wholesale energy market that promotes lower costs and renewable resources, as well as overseeing transmission planning to maximize efficiency and reliability.
IOU	For profit load serving entity; regulated rate of return overseen by CPUC
POU	Non-profit load serving entity typically governed by local government / ratepayer board
REN	Authorized by the California Public Utilities Commission (CPUC) to serve as program administrators and deliver energy programs to local communities.
CCA	A program (local government or JPA) that allows cities, counties and other qualifying governmental entities available within the service areas of investor-owned utilities (IOUs), to purchase and/or generate electricity for their residents and businesses
PAO	Mission: To advocate for the lowest possible bills for customers of California's regulated utilities consistent with safety, reliability, and the state's climate goals
TURN	Mission: champions the cleanest energy and highest quality phone service at the lowest prices possible for residential customers, low-income households, and small businesses through legal advocacy at the California Public Utilities Commission, state and federal policy development, and community organizing throughout California
And many more…	Implementers, CARB, Environmental Organizations, Community Based Organizations….

Illustrative only. Not intended as a complete ecosystem list

Rhetoric is our tool

CALIFORNIA Efficiency + Demand Management COUNCIL

Energy Affordability + Today's EE Challenge

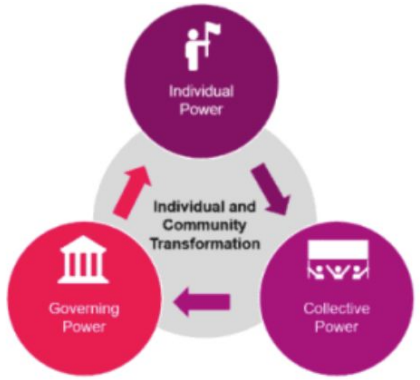
GROUP DISCUSSION: EXPLORING WHERE COALITION MEMBERS CONVERGE AND DIVERGE.

Breakout Session #1: Tackling the Challenges

CALIFORNIA Efficiency + Demand Management COUNCIL

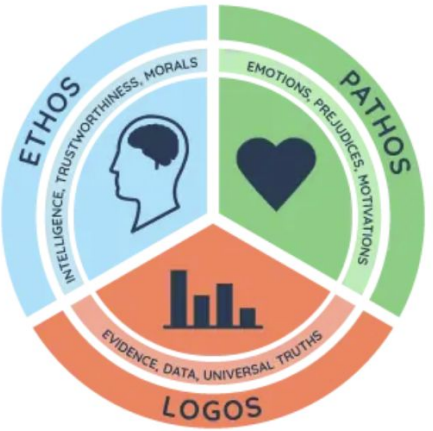
Prioritizing positions, narratives, and solutions.

1. Coalition Elevator Pitch
2. Perceived value of EE/DSM
3. Immediate Advocacy
4. Long-Term Vision



Take 45-minutes and consider from

- Spheres of Influence
- Rhetoric Tools



Breakout #1: What did we learn?

CALIFORNIA Efficiency + Demand Management COUNCIL

- **1. Coalition Elevator Pitch (V1)**
  - We are a Coalition committed CA equitability and efficiently achieve its 2045 decarbonization goals
    - We champion the optimal integration of EE, DR, DERs and electrification to build a more affordable, reliable, and resilient grid for today and the future
    - We are here to ensure that the current investment in these resources is maintained and grows as necessary to meet these challenges

Breakout #1: What did we learn?
(continued)

CALIFORNIA Efficiency + Demand Management COUNCIL

2. Perceived value of EE/DSM

- Energy efficiency is the fastest, most cost-effective way to help California reach its goal of a carbon-free economy while also reducing rising energy costs.
- Climate change and growing demand are pushing up energy prices, and infrastructure investments are making bills even higher.
- Energy efficiency is the quickest and cheapest solution—it's flexible, reliable, and resilient during power outages. Plus, it's a clean, zero-carbon energy source that improves safety and health. It also creates jobs and delivers the most direct benefits to customers compared to other options.

- **Why It's the Responsibility of California Legislators:**
- **California legislators have a duty to ensure that the state's energy future is not only clean, but also affordable, equitable, and resilient.** As stewards of public policy, they are uniquely positioned to shape the regulatory and investment frameworks that determine how energy is produced, delivered, and consumed.
- With energy rates among the highest in the nation, growing climate threats, and disproportionate burdens on low-income communities, the Legislature must act to protect Californians from rising costs and ensure that no one is left behind in the clean energy transition.

- **Energy efficiency and demand-side management are proven, cost-effective tools** that reduce emissions, lower bills, and strengthen grid reliability—yet they remain underutilized. Legislators have the authority and responsibility to prioritize these solutions in state policy, funding, and oversight.
- By embedding affordability and equity into California's energy strategy, lawmakers can deliver on climate goals while safeguarding economic opportunity and quality of life for all residents.

Breakout #1: What did we learn?
(continued)

CALIFORNIA Efficiency + Demand Management COUNCIL

- **3. Immediate Advocacy**
  - Getting the message out
    - Importance (benefits of EE)
    - Respond to (correct) misinformation
    - Proper framing
    - Redefining EE
  - Educating (RENs + others holding events)
  - Audience
    - State legislature (Speaking at hearings + CEDMC/CCA efforts)
    - Local Advocates (Local governments + CBOs)
  - Strategize with allies

Breakout #1: What did we learn?
(continued)

CALIFORNIA Efficiency + Demand Management COUNCIL

- **4. Long-term Coalition Vision**
- "To lead California toward an affordable, resilient, and equitable energy economy by making energy efficiency and demand-side management the foundation of an affordable clean energy future. We envision a thriving ecosystem where energy optimization reduces costs, strengthens grid reliability, supports economic growth, and ensures that all Californians—especially underserved communities—benefit from a clean, just, and sustainable energy transition."

EE Opportunities + Solutions

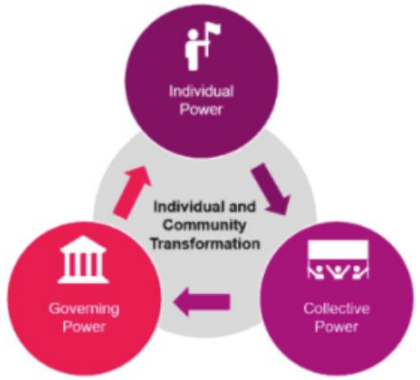
- Assessing our “toolkit” for action
- What are the levers for influence/change?
- Where do solutions need to show up?
- Which solutions do we prioritize?

GROUP DISCUSSION: EXPLORING THE PATH AHEAD

Breakout Session #2: Bringing Solutions to Life

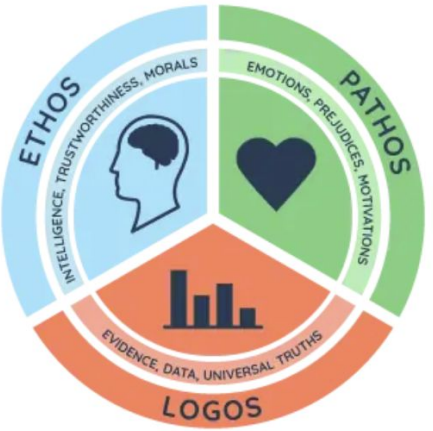
CALIFORNIA Efficiency + Demand Management COUNCIL

1. Coalition Elevator Pitch – Refinement
2. Combatting False Narratives
3. Legislative Actions + Priorities
4. Regulatory Actions + Priorities



Take 1 hour and consider outcomes with these lenses

- Spheres of Influence
- Rhetoric Tools



Breakout #2: What did we learn?

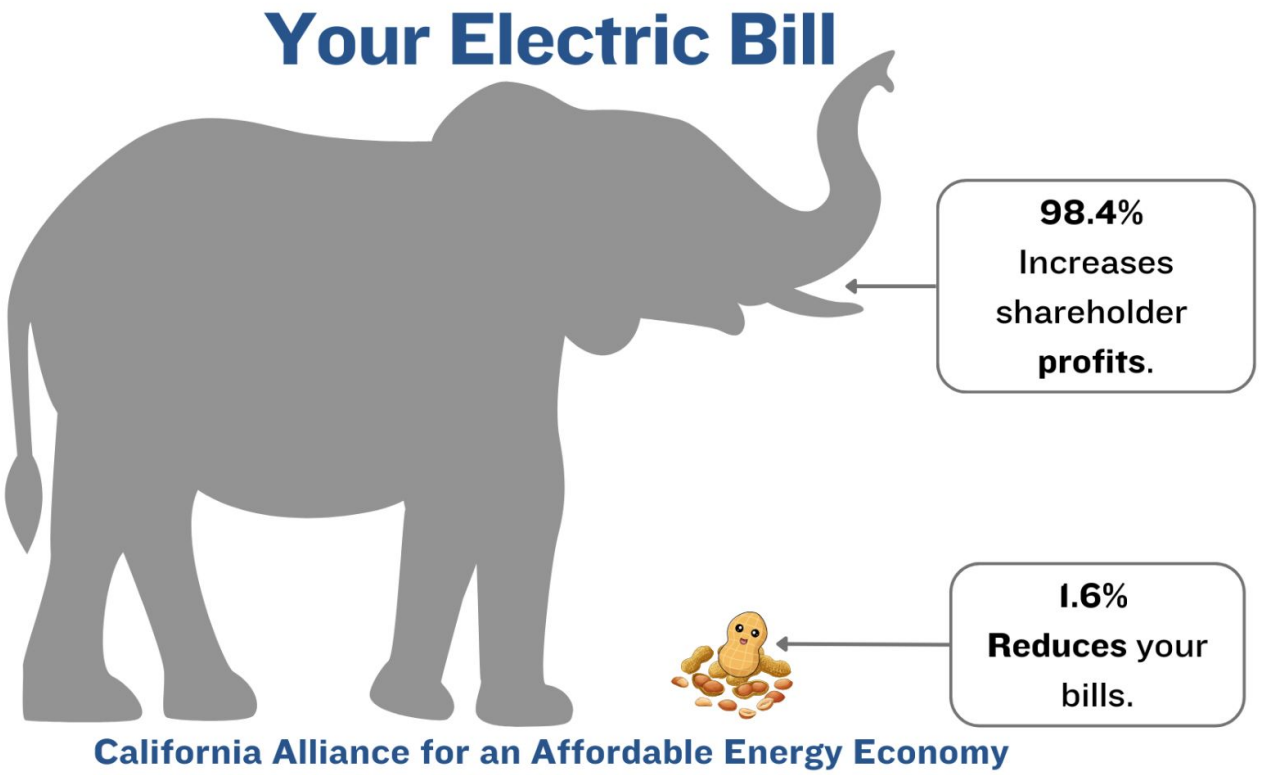
CALIFORNIA Efficiency + Demand Management COUNCIL

- **1. Coalition Elevator Pitch Refinement**
- "We are efficiency advocates focused on faster, cheaper, cleaner solutions for our energy future. We're working to lower bills while meeting California's energy needs. We prioritize rate payer benefits over utilities' profits. Our solutions return $8 of benefits for every $1 invested."
- **2. Gen Z Rewrite:**
- "We're literally obsessed with making energy that's fast, cheap, and doesn't destroy the planet. We're out here trying to slash your energy bills while keeping California powered up. We put your wallet first, not some corporate utility's profit margins. Our solutions are actually insane - every dollar we put in gives back $8 in benefits. It's giving major ROI energy, no cap."

Breakout #2: What did we learn?

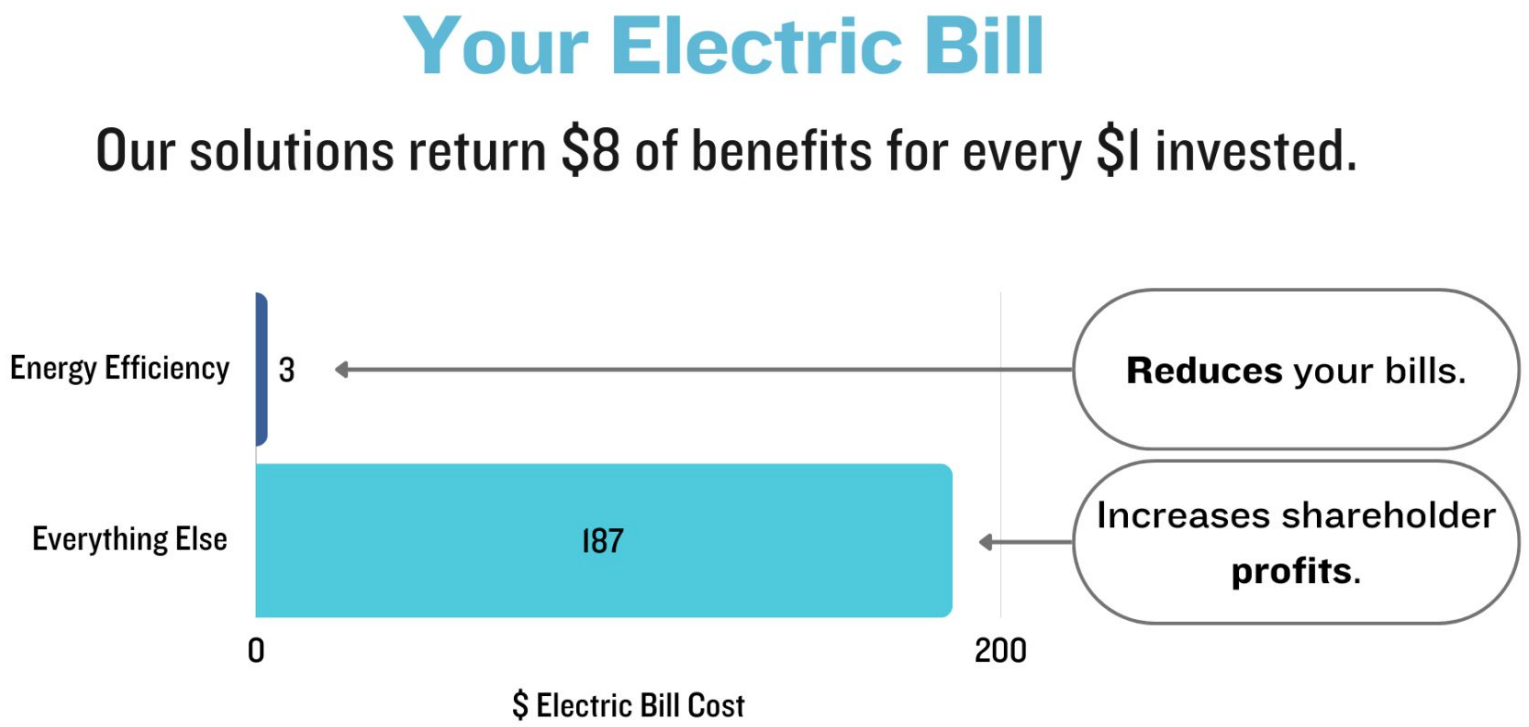
CALIFORNIA Efficiency + Demand Management COUNCIL

Elevator Pitch Graphics (posted in google drive)



Breakout #2: What did we learn?

Elevator Pitch Graphics (posted in google drive)



Breakout #2: What did we learn? (continued)

CALIFORNIA Efficiency + Demand Management COUNCIL

•2. Combating False Narratives

False Narrative/Claim	Response
Need more oversight @CPUC	EE/DSM programs have more oversight than any other part of the energy bill and are required to be cost effective as a whole. EE/DSM is overregulated and these regulation are strangling the ability of this valuable resource to deliver more for Californians.
Only participants benefit	EE is lowest cost of energy (cite ACEEE levelized 2018 cost study). Therefore, all ratepayers benefit by buying lowest cost energy.
243 or 65% of programs are not cost effective, e.g. most EE programs are not cost effective	This claim is false. EE programs consistently deliver $8 or more of benefit to ratepayers for every $1 of spending. False claim analysis includes cost not paid for by ratepayers and exclude bill savings benefits realized by ratepayers.
Spending should not be in rates if it is not necessary to deliver energy – "social programs" should be moved to other funding sources	These programs are necessary to provide energy supply to all customers via EE/DSM programs – the lowest cost of energy. Utilities must provide pipes and wires and service to all customers, without considering which are more or less costly. Some customers are most costly than others to serve. Therefore, programs that support more costly customers also belong in the bill. Otherwise, we put at risk service to these customers. EE programs have both short-term and long-term investments that realize energy resource now and in the future. Taken together, the portfolio of programs is the lowest cost approach to serve all customers. Serving all customers also provides more resiliency to the grid.

Breakout #2: What did we learn? (continued)

CALIFORNIA Efficiency + Demand Management COUNCIL

- 2. Combating False Narratives (continued)

False Narrative/Claim	Response
EE spending is driving bill increases because it keeps growing.	This is a false claim. See chart below that EE spending has been decreasing steadily since 2015 while in the same time period rates have increased.
40 years of PPP spending has resulted in high energy costs in California.	The opposite is true. 40 years of PPP investments in EE/DSM have kept per capita energy use flat while rest of US states have grown. Recent increase in rates is 100% driven by increases in wildfire and distribution and transmission spending by utilities. See chart below.
As a result of Building Codes, there is a decrease of opportunity and effectiveness of EE programs, but budgets are not decreasing.	Vast opportunities remain in existing building stock for EE/DSM. Below codes savings exists through early retirement which are not currently allowed by rules.
EE programs overlap or duplicate (e.g. equity/ESA).	Does not add cost, just more benefits and choice for customers.
RENs are not focused on state goals and are not effective.	(RENs are working on this and have talking points)

Breakout #2: What did we learn? (continued)

CALIFORNIA Efficiency + Demand Management COUNCIL

- 2. Combatting False Narratives (Early Supp

Levelized Cost of (Saved) Energy

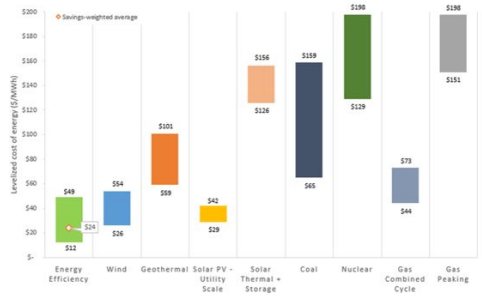
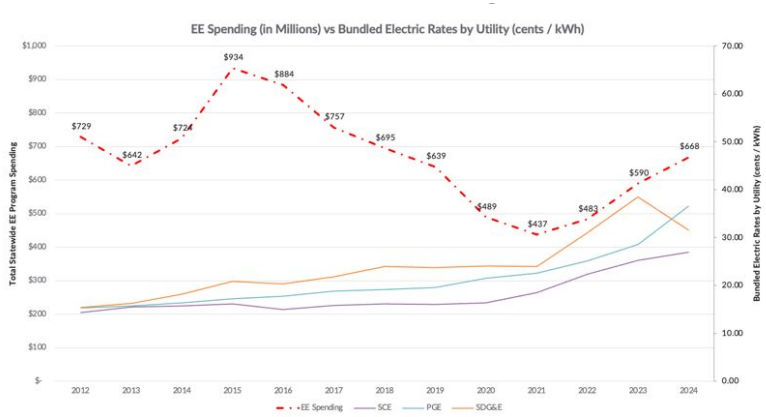
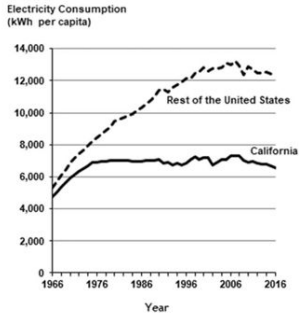


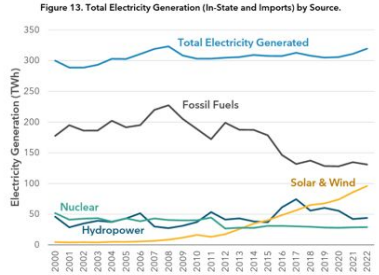
Figure 3. Levelized cost of energy efficiency compared with unsubsidized supply-side resources[10]

Source: ACEEE and Lawrence Berkeley National Lab



Since the 70s: CA energy use per capita has been declining

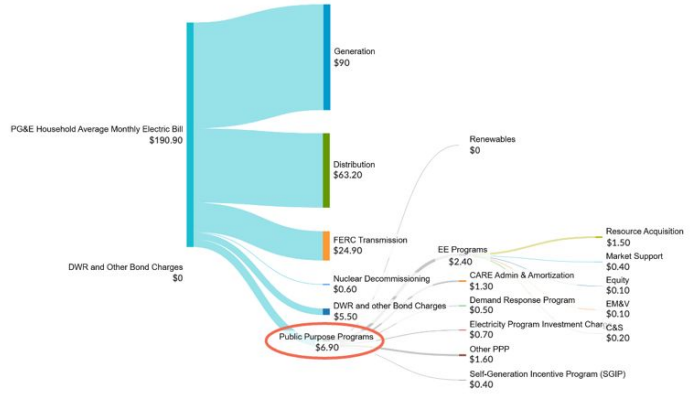




Source: State Energy Data System (SEDS): 1960-2022. U.S. Energy Information Administration.

Source: CEC's Energy Almanac

Without Public Purpose / DSM Programs, even higher bills



Breakout #2: What did we learn?

CALIFORNIA Efficiency + Demand Management COUNCIL

•3. Legislative Actions + Priorities

•Lobbyist team shared there is a short window now to influence current legislative agenda (~10 days)

•Key legislative actions discussed included the following list with a clear prioritization for focusing EE advocacy efforts during this window on items #1-3:

1. ***Utility rate of return as key issue. Supposed to be cost of capital ~7% vs. 10+% (PG&E had $2.2 B in profits??)***
2. ***Wildfire expenditures to greenhouse gas reduction fund (GGRF); Increase oversight on IOU spending 90% of bills***
3. ***Existing conditions baseline + addressing ratepayer costs inclusion***
4. Require all PAs to spend EE allocated budgets + cost-effectiveness revamp
5. Seek a study for alternative administration models for PPP funding
6. Increase investments in EE (beyond defense strategy)
7. Expand load flexibility demand side investments: VPP marketplace, regional and technology allocations
8. Streamline EE process to “unleash + empower EE+” (noted earlier that EE is more highly scrutinized than any other resource)

Breakout #2: What did we learn?

CALIFORNIA Efficiency + Demand Management COUNCIL

•4. Regulatory Actions + Priorities

•Several immediate opportunities to engage and cross-support Coalition's messaging. Discussion emphasized the immediate priority for ***Coalition member organizations to amplify key EE messaging points in reply comments*** in the following forums:

- CPUC R.25-04.010: EE Proceeding
  - Comments due 5/19
  - Reply comments due 5/29
- SDG&E Application to Revise 2024-2031 EE Business Plan (Referencing March Auditor's Report Findings)
  - Comments due 5/26 (approximate dates – per 4/25 filing)
  - Reply comments due 6/5 (approximate dates – per 4/25 filing)
- Draft 2025 Potential + Goals Study
  - Comments due 5/23
  - Reply comments due 5/30
- 2025 Avoided Cost Calculator - Comments
- CalMTA – Comments

Action Planning

CALIFORNIA Efficiency + Demand Management COUNCIL

•Regulatory:
- Individual organizations file opening comments
- Coalition members to file reply comments with cross-references to amplify Coalition key messaging points
- Share updates to **empowerdsm@cedmc.org + EE Defense Coalition** google drive

•Legislative:
- Coalition organizations working with lobbyists to meet on immediate priority topics for current legislative window.
- Assess longer term legislative agenda with broader Coalition membership

•Advocacy:
- Determine cost of not investing in EE (lost benefit)
- Develop marketing materials and messaging resources
- Establish calendar of shared Coalition forums/events for advocacy efforts
- Initiate education campaigns for key stakeholders
- Explore opportunities to expand Coalition and key partners

•Administrative:
- Adopt formal name + create distinct logo/identity
- Develop Roadmap for Coalition objectives and goals
- Determine funding model and requirements for ongoing and distinct Coalition operations (currently led by CEDMC admin)

Final Thoughts

CALIFORNIA Efficiency + Demand Management COUNCIL

- This was an initial action Summit for aligning on priorities and function for the Coalition. Foundational principles and immediate advocacy opportunities were addressed during this 1-day Summit.
- Key questions about the Coalition's processes going forward remain open:
  1. Finalizing name and vision for ongoing efforts across multiple forums
  2. Inviting broader membership not at Summit attendance to weigh in on foundational principles and advocacy efforts.
  3. Ongoing funding and management for activities (e.g. membership dues, in-kind resources, etc.)
  4. Finalizing name and vision for ongoing efforts across multiple forums
  5. What does expanded membership with aligned entities look like for Coalition

2025 California Demand Flexibility Summit

The Summit will take place at the UC Davis Conference Center and offer the opportunity to discuss the progress and challenges in achieving California's load shift goal of 7,000 megawatts by 2030.

The Summit will bring together industry leaders, policymakers, researchers, and others to share insights, evaluate progress, and strategies needed to advance demand flexibility in California, and to:

- Discuss the progress, challenges and opportunities in developing demand flexibility.
- Showcase promising research and development advancements and explore solutions for seamless integration and deployment, such as interoperability standards, dynamic pricing, market integration, and advanced grid analytics.
- Collaborate to identify solutions and strategies to accelerate the deployment of demand flexibility technologies across the state.

May 22, 2025

Plenary 1: Updates and Lessons from Existing Programs and Incentives

Daniel Buch, CPUC

Joseph Desmond, CEDMC

David Jacot, LADWP

Beth Reid, Olivine

Chanel Parson, SCE

Speakers include:

- Josh Becker, California State Senator, District 13 (SB 541)
- Nick Chaset, Chief Executive Officer, Octopus Energy US
- Joe Desmond, Executive Director, CEDMC
- Seth Frader-Thompson, President, EnergyHub
- Keith Graeber, Director of Engineering, UC Davis CA Lighting Technology Center
- John Hernandez, Manager - Load Management Design, Strategy and Policy, PG&E
- Kelly Kissock, Faculty Director, UC Davis Energy and Efficiency Institute
- J. Andrew McAllister, Commissioner, California Energy Commission
- Trevor McManamon, Head of Market Development and Regulatory, Leap
- Chanel Parson, Director, Clean Energy & Demand Response SCE\
- Alice Busching Reynolds, President, CPUC
- Mark Rothleder, Senior Vice President, California ISO
- Nancy Skinner, Commissioner, California Energy Commission
- Cliff Staton, VP of Government Affairs, Renew Home
- John Taggart, President & Founder, WeaveGrid
- Brian Turner, Director, Advanced Energy United
- Boaz Ur, Chief Business Development Officer, Nostromo Energy

Discussion and Questions

CALIFORNIA Efficiency + Demand Management COUNCIL

Thank You!

Please contact us if you have any questions.

Joe Desmond – jdesmond@cedmc.org
Luke Tougas – l.tougas@cleanenergyregresearch.com
Kira Kimick – kkimick@cedmc.org

www.cedmc.org

©2025 Proprietary and Confidential. All Rights Reserved.