CALIFORNIA

Efficiency + Demand Management

COUNCIL

Advancing Our Clean Economy

EE + DR/DER Call

August 5, 2025

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Today's Agenda

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- EE rulemaking scoping memo
- PD adopting EE program goals
- Joint letter to CPUC Commissioners on DR rulemaking
- CEDMC comments on LSG workshop
- PD on guidelines for IOU demand flexibility rate design proposals
- Quick hits

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EE rulemaking scoping memo

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- On 7/23, the CPUC issued a scoping memo in the new EE rulemaking
- Two categories of issues:
  - Policy
    - Natural gas measure policy and definition of viable electric alternatives (VEAs)
      - Should EE funding be available for fuel switching and substitution (Staff proposal in 2025)
    - CCA oversight
      - EE budget formula
      - Revise portfolio and/or program admin. rules (Staff proposal in 2025)
    - Policy guidance for 2026 portfolio applications (for 2028+)
    - Portfolio oversight & cost-effectiveness (based on March CSA report)
    - Treatment of multifamily buildings & programs: Expect a 2025 workshop to solicit ideas
    - Other key policy issues
      - REN requirements & oversight
      - Potential expansion of “hard-to-reach” definition
      - Incorporate ESJ Action Plan goals into all EE programs
      - Reevaluation of budget caps
      - NMEC rulebook modifications

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EE rulemaking scoping memo (cont)

- Two categories of issues: (cont.)
  - Implementation
    - EE potential and goals
    - Oversight of 2024-2027 portfolios
    - IDSM program oversight
    - Potential renewal of the California Hub for Energy Efficiency Financing (CHEEF) Go-Green Financing program
    - Oversight of EE-related groups (e.g., CalTF, CAEECC, PRGs)
    - Other key implementation issues
      - Market transformation program rollout and oversight
      - Emerging technology program updates
      - Oversight and improvements to the DEER
- Next steps: Workshops to begin in Q3

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PD adopting EE program goals

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- On 7/25, the CPUC released a proposed decision (PD) adopting 2026-2037 EE goals
- Background
  - CPUC is required to perform an EE potential study to inform IOU EE goals
  - The EE goals inform activities of the EE portfolio administrators, integrated energy resource planning, and other state agency planning processes
  - Last EE goals were adopted in 2023
- Highlights
  - 3 scenarios
    - Scenario 1 (Reference): TRC cutoff of 0.85
    - Scenario 2 (High TRC): TRC cutoff of 1.0
    - Scenario 3 (Aggressive Fuel Substitution): Builds on Scenario 1 and models the impact on achievable FS potential of higher program budgets and greater influence of FS programs on adoption
  - Adopts goal floors (rather than ceilings) based on Scenario 2 to reflect general uncertainty and expedited expiration of IRA tax credits
  - Assumes 2030 Zero Emissions Appliance Standards implementation
  - Delegates determination of how IRA tax credits should be represented in CEDARS to Energy Division staff
- Next steps: Opening comments due on 8/14, replies on 8/19

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PD adopting EE program goals (cont.)

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Key goals & targets

Pacific Gas and Electric Company				
Period	Incentive Programs	Codes and Standards		
	TSB	GWh	MW	MMTherms
2026-2029	$948,658,142	2,723.9	510.1	32.8
2030-2033	$1,052,703,131	1,601.0	353.3	28.8
2034-2037	$1,635,840,353	1,055.6	268.0	26.2

Southern California Edison Company				
Period	Incentive Programs	Codes and Standards		
	TSB	GWh	MW	MMTherms
2026-2029	$703,574,488	2,723.9	470.4	N/A
2030-2033	$600,894,170	1,601.0	317.9	N/A
2034-2037	$774,132,727	1,055.6	237.2	N/A

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PD adopting EE program goals (cont.)

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Key goals & targets (cont.)

San Diego Gas & Electric Company				
Period	Incentive Programs	Codes and Standards		
	TSB	GWh	MW	MMTherms
2026-2029	$300,868,733	557.8	93.6	3.3
2030-2033	$303,266,883	327.9	62.2	2.9
2034-2037	$430,063,547	216.2	45.7	2.6

Southern California Gas Company				
Period	Incentive Programs	Codes and Standards		
	TSB	GWh	MW	MMTherms
2026-2029	$762,062,081	N/A	N/A	36.5
2030-2033	$566,892,214	N/A	N/A	32.1
2034-2037	$715,200,886	N/A	N/A	29.2

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Joint letter to CPUC Commissioners on DR rulemaking

- On 7/21, the Council submitted a joint letter to the CPUC Commissioners requesting a DR rulemaking; the letter was also signed by CESA, VGIC, Leapfrog Power, Renew Home, CPower, Sunrun, Voltus, and Nostromo
- Key points
  - There has been no DR rulemaking since 2018 when R.13-09-011 was closed
  - Many changes and new factors have come to light since then, esp. since CPUC ruled on the IOUs' 2024-2027 DR applications
  - CA should exert its leadership by evaluating and developing effective models for DR that can be adopted nationwide
  - This need is esp. urgent in light of the CAISO's DDEMI initiative to ensure a coordinated, coherent regulatory environment
  - Recommended 14 different issues to be addressed in the rulemaking

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CEDMC comments on LSG workshop

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- On 7/14, the Council submitted comments on the CEC's 6/25 Load Shift Goal workshop in the LSG docket of the 2025 IEPR proceeding
- Background: The IEPR load forecast is a key resource & transmission planning tool used by CPUC & CAISO
- Key points
  - Demand flexibility should be reliable and predictable while recognizing the variable nature of load
  - Coordination across agencies should be formal and transparent
  - Central data repository should be updated more frequently to be used for DR baselines and avoid IOUs' Electric Rule 24/32 customer authorization process
  - Load factor would be a useful metric for measuring load shift progress

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PD on guidelines for IOU demand flexibility rate design proposals

- On 7/25, the CPUC issued a proposed decision (PD) adopting guidelines for IOU demand flexibility rate design proposals to comply with the CEC Load Management Standards (LMS)
  - Guidelines focus on how various cost components should be incorporated into demand flexibility rate proposals, including load shifting
- Background
  - The LMS were designed to incentivize load shifting through rates that reflect actual grid conditions and based on marginal costs for the generation and delivery of electricity
- Highlights
  - Closes the proceeding (R.22-07-005) and leaves unresolved several scoping issues to be addressed in future proceedings
  - CPUC will host a 2025 workshop on how large commercial hydrogen generation and industrial heat process producers can utilize and potentially benefit from dynamic rates
  - Directs SDG&E to submit dynamic rate application for all customer classes within 90 days
  - Directs SCE to submit supplemental testimony in A.24-12-008 within 45 days
  - Direct PG&E to submit supplemental testimony in A.24-09-14 within 45 days
  - Requires PG&E, SCE, and SDG&E to submit a joint Tier 2 advice letter with updated marginal generation capacity costs by 3/31 every year beginning in 2026

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Quick hits

- **CEC workshop on 2024 Demand Side Grid Support (DSGS) report:** CEC will hold an 8/14 workshop to share its Staff analysis of the DSGS program in 2024
- **Low Income program applications:** PG&E, SCE, SDG&E, and SoCalGas filed their ESA program and CARE/FERA program applications on 6/30; the proceedings have been consolidated
- **CEDMC/Leap comments on SGIP DR participation requirement:** On 7/15, CEDMC & Leap submitted joint comments on a 7/7 ruling on whether the CPUC should remove the DR requirement for all residential low-income customers applying to the Residential Solar and Storage Equity budget
- **Council 7/25 opening brief on statewide EE market transformation initiatives**

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Discussion and Questions

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Thank You!

Please contact us if you have any questions.

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