CALIFORNIA

Efficiency + Demand Management

COUNCIL

*Advancing Our Clean Economy*

# EE + DR/DER Call

## October 7, 2025

REC

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# Today's Agenda

- Welcome New CEDMC Members
- Wrap-Up SoCalGas Business Forum
- Register for Edison Business Forum on 10/29
- Registration is Open - CEDMC Fall Conference on Nov. 12-13
- California DSGS Advocacy Day
- CPUC approves DER IDSM programs
- New demand response rulemaking
- PDs approving EE market transformation initiatives
- Quick hits



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# Welcome New CEDMC Members!

CALIFORNIA Efficiency + Demand Management COUNCIL

New Full Member STFRD

New Industry Partner: Global Energy Services, Inc.

Welcome back Full Member, Enervee!

# SoCalGas-CEDMC Business Forum

Last week, we held the CEDMC-SoCalGas business forum. The day was a success with great dialogue with Council members and SoCalGas representatives. Click here to view the presentation.

The day began with an educational tour of the Hydrogen Innovation Experience, details are here. SoCalGas provided organizational charts and proceeded with the day's discussion topics, which included:

- Solicitations
  - Schedule for future solicitations
  - Solicitation/contracting survey, comments/thoughts
- Energy Efficiency Policy Objectives
  - Affordability
  - Decarbonization
  - Challenges in our territory
  - Challenges for our customers
- Cost Effectiveness & Affordability
- Statewide Program Coordination
  - Updates/improvements/concerns/opinions on Statewide program coordination
- H2 Blending
- RNG

The day concluded with optional tours of the Water Heater Technology Room and the Food Service/Commercial Kitchen.

For those who attended, please take the survey from SoCalGas, linked here. It will be shared with us and will help in future IOU Forum planning.

We are looking forward to the CEDMC_SCE Business Forum on Wednesday, October 29. The details are below, click here to register to attend!

SoCalGas Business Forum for CEDMC Members

# Register Now - SCE-CEDMC Business Forum

Wednesday, October 29, 2025
10:00 am - 2:00 pm
SCE Energy Education Center
6090 Irwindale Ave.
Irwindale, CA 91702
In-person only

Click here to register

**Forum Topics:**

- Organizational structure from SoCalGas
- 3rd party results actual vs. forecast goals
- Solicitation / contracting survey
- Demand flexibility / load shift goals
- Energy efficiency barriers
- Changes in the alignment of decarbonization and affordability
- Revisiting Cost-Effectiveness Tests
- Updates / improvements / concerns / on Statewide program coordination
- Decarbonization Programs – updates, lessons learned, and promising technologies
- Schedule for future solicitations

*Please note:* The IOU Business Forums are a CEDMC member benefit; as such, registration will be limited to CEDMC members. There is no limit on number of employees each member company can send. To facilitate a robust discussion, there is no online option, it is in-person only.

# CEDMC Fall Conference Registration is Open!

- **November 12-13, 2025**
- **Scottish Rite Center, Oakland, CA (in-person)**
- **Registration: [https://cedmc.org/events/fall-conference/](https://cedmc.org/events/fall-conference/)**
- **Register before October 10 and save!**

The Fall Conference is the Council's premier annual event which focuses on addressing key policy issues focused on how efficiency and demand management resources can be enhanced through the development and support of solid and implementable policies. We bring together policy makers (e.g., elected leaders) with policy implementers (e.g., regulators) and other key stakeholders to address important current issues.

This year's theme is ***Raising the Volume on Energy Efficiency and Demand Management in California: Amplifying Our Industry Voice***. We will explore timely topics that are important to Council members and the industry including:

- the value of energy efficiency and demand side management;
- decarbonization and beneficial electrification;
- load flexibility, and
- reform.

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# California Demand Side Grid Support (DSGS) Advocacy Day - October 6, 2025

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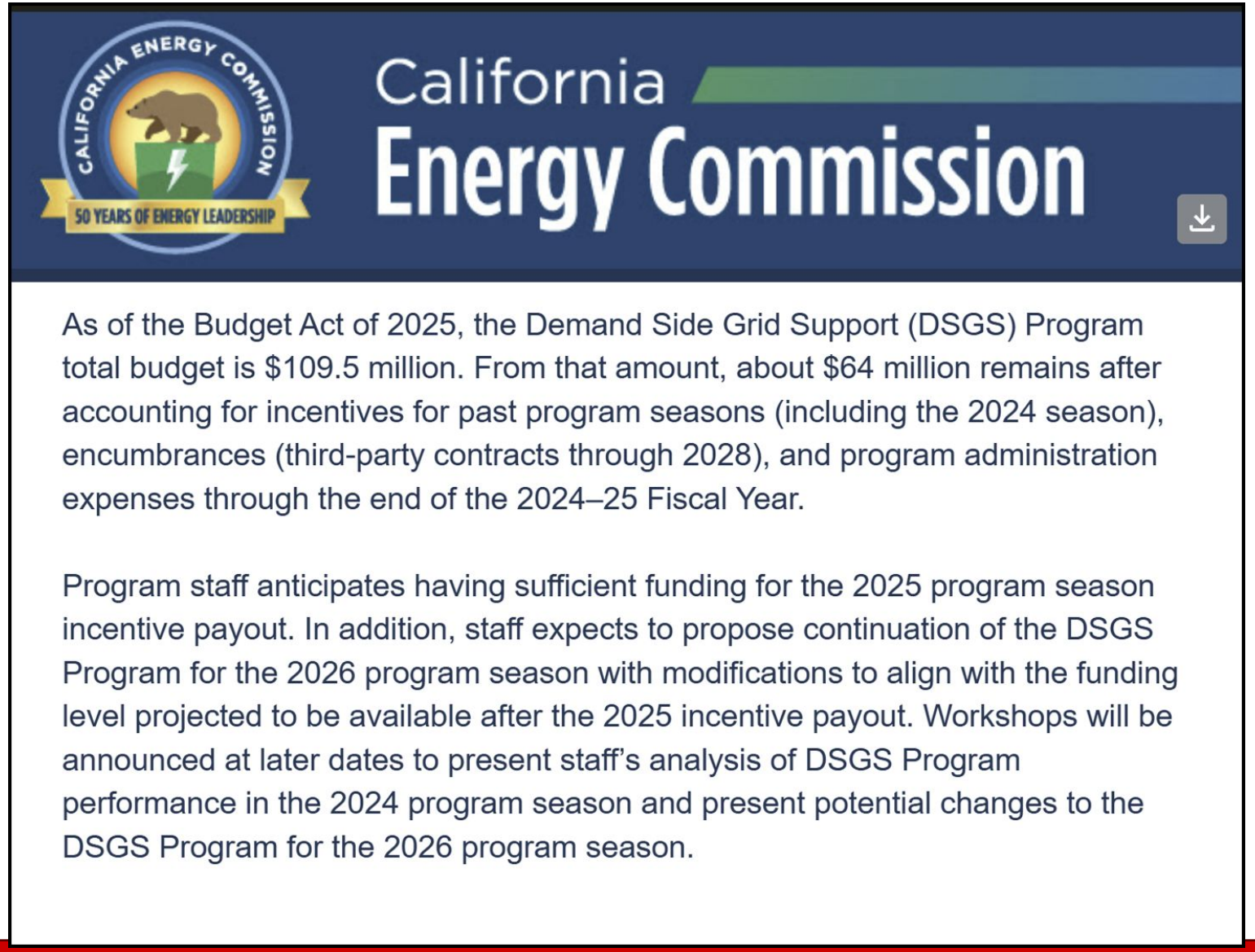
Last week, the Legislature failed to include funding for the CEC's DSGS Program, despite conversations and expectations that ongoing funding would be provided the program in 2026.

In response, the CEC released this message:



# California Demand Side Grid Support (DSGS) Advocacy Day - October 6, 2025 (Con't)

CALIFORNIA Efficiency + Demand Management COUNCIL

In response, a Lobby Day and Sign-On Letter was organized by Leap for Monday.

Our meetings include the following:

- Staff for Senator Josh Becker - Ken Branson (Energy Policy Lead)
- Staff for Assemblymember Jacqui Irwin - Brett Williams (Chief of Staff) and Sam Mahanes (Energy Consultant)
- Meeting with CEC Vice Chair Siva Gunda - Siva Gunda, Jane Park, Qing Tian, Aloke Gupta, Deana Carrillo

There is urgency, given that on Friday, Oct. 3rd the Governor vetoed two bills related to load flexibility that the Council supported

- AB 740 by Assemblymember John Harabedian (D-Pasadena) – Virtual power plants: load shifting: integrated energy policy report. A veto message can be found **here**.

SB 541 by Senator Josh Becker (D-Menlo Park) – Electricity: load shifting. A veto message can be found **here**.

# SB 541 (Becker D) Electricity: load shifting: distributed resources.

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Summary: Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission), in consultation with the specified entities, to adopt a biennial integrated energy policy report containing certain information in a specified format. Existing law requires the Energy Commission, in consultation with the Public Utilities Commission (PUC) and the Independent System Operator, to adopt a goal for load shifting to reduce net peak electrical demand and adjust this target in each biennial integrated energy policy report thereafter.

This bill would require the Energy Commission, in consultation with specified entities, to analyze the cost-effectiveness of specific load flexibility resources and programs and identify both the approximate value and the cost-effectiveness of each load-shifting intervention in the next update to the biennial integrated energy policy report after January 1, 2027, as provided.

The bill would require the Energy Commission, as part of each integrated energy policy report, to estimate each retail supplier's load-shifting potential, including consideration of certain factors, as specified. The bill would require the Energy Commission, on or before July 1, 2028, and biennially thereafter, to analyze and publish the amount of load shifting that each retail supplier achieved in the prior calendar year, and the amount of load shifting that each retail supplier is aiming to achieve in future years, in comparison to the load-shifting potential estimated for each retail supplier, as specified.

**Do pass as amended to remove requirement the Energy Commission develop a strategy.**

# AB 740 (Harabedian D) Virtual power plants: load shifting: integrated energy policy report.

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Summary: Would require the State Energy Resources Conservation and Development Commission, on or before November 1, 2026, to adopt a virtual power plant deployment plan. The bill would require the Energy Commission, in developing the plan, to take certain actions, and would require that the plan meet specified requirements. The bill would require the plan adopted pursuant to these provisions to be included in the above-described integrated energy policy report.

# The Demand Side Grid Support Program:
## An Assessment of Scale and Value

**PREPARED BY**

Ryan Hledik

Kate Peters

Purvaansh Lohiya


**PREPARED FOR**

Sunrun and Tesla Energy

**AUGUST 2025**

Brattle

# Contents

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II. Introduction and Background
III. Approach
IV. Potential Scale and Benefits
V. Proven Performance
VI. Conclusion
Appendix: Additional Detail

SUMMARY

# Study overview

## BACKGROUND

The Demand Side Grid Support (DSGS) program is a taxpayer funded program run by the California Energy Commission (CEC), designed to improve the reliability of the California power system by tapping into the capabilities of behind-the-meter (BTM) resources such as batteries.

## PURPOSE OF THIS STUDY

Sunrun and Tesla Energy commissioned The Brattle Group to evaluate the benefits and costs of DSGS Option 3, which is the participation option that accommodates battery storage.

## OUR APPROACH

We evaluate the cost-effectiveness of DSGS Option 3 by simulating the optimal dispatch of DSGS residential batteries with a forward-looking focus on value the program could provide over the next four years. Our estimate of system benefits is limited to the incremental value that the participating batteries would provide beyond that of the standard cycling patterns that they would exhibit in the absence of the DSGS program.

## STUDY SCOPE

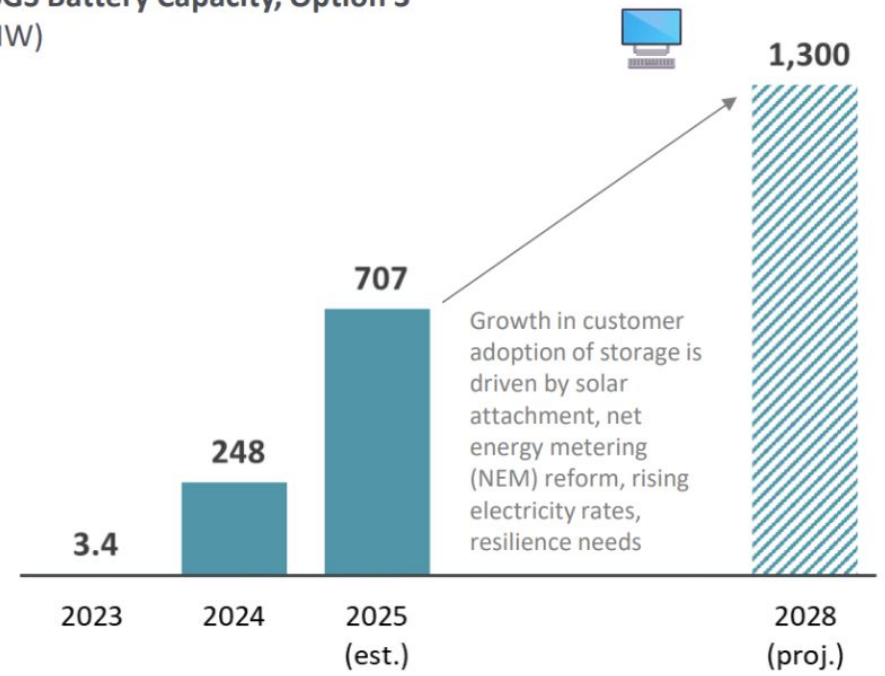
- Focuses exclusively on residential behind-the-meter batteries participating in DSGS via Option 3.
- Assumes value-maximizing use of DSGS batteries between 2025 and 2028, accounting for a reasonable level of enrollment growth during that period.
- Relies on recent historical market prices as the basis for establishing near-term future value.
- Accounts for potential energy and capacity value of the program (does not include any transmission and distribution, T&D, value).

SUMMARY

# Key findings

**DSGS storage capacity has scaled quickly, and continued growth is expected.**

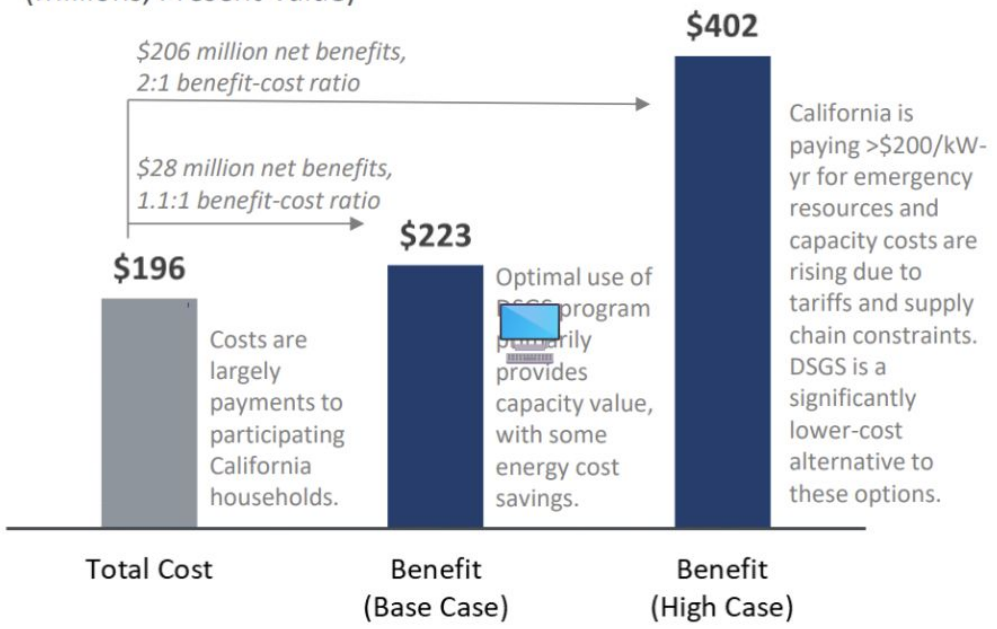
**DSGS Battery Capacity, Option 3**
(MW)




Notes: Historical (2023, 2024) capacity based on reported enrollments. 2025 enrolled capacity is as of July 2025 from Olivine. Final 2025 capacity will be available at the end of the program season. 2028 enrollment projections assume one half of residential forecasted distributed battery capacity participates in DSGS Option 3. Forecasted capacity based on the 2024 IEPR Storage Forecast mid-case adjusted with 2024 actuals and 2023 IEPR Residential Storage Forecast share. All values reflect historical or estimated enrollment capacity that is further subject to program baseline and accreditation protocols.

**DSGS can provide significant net cost savings to California, especially in a suddenly inflationary environment.**

**DSGS Benefit and Cost Estimate, 2025-2028**
(Millions, Present Value)




Notes: Costs include performance payments and DSGS program administration costs. Benefits are the capacity and net energy value of DSGS batteries that are strictly incremental to their baseline cycling patterns (i.e., cycling patterns in the absence of a DSGS event). We assume batteries are dispatched in the highest priced 35 events per season. High case assumes more expensive capacity than the base case (see appendix for further detail).

SUMMARY

# Takeaways

## SIGNIFICANT SCALE

In less than three years, DSGS Option 3 has scaled to reach 700 MW of nameplate battery capacity, similar in size to a gas plant.

## GROWTH POTENTIAL

If the DSGS program is continued, we expect growth to persist. Given the recent success of the program and the trend toward organic adoption of residential behind-the-meter batteries in California, we estimate that enrolled capacity in DGSS Option 3 could reach 1,300 MW by 2028.

## NET BENEFITS

The value of that capacity is significant. Over the next four years, DSGS Option 3 could deliver up to $206 million in net savings to all California ratepayers. The net cost savings will benefit all California customers, and participants in the program will be compensated for the services that they provide to the power system.

## PROVEN PERFORMANCE

Residential batteries are dependable grid assets. Our analysis of a recent test event in California estimated that residential batteries participating in the event provided over 500 MW of capacity. Performance was consistent throughout the event and largely incremental to baseline battery operations.

## LOOKING AHEAD

If the DSGS program is continued, opportunities to maximize the value of the program include increasing the flexibility of the event trigger, incorporating the program into resource planning initiatives, and optimizing the dispatch patterns of participating batteries to provide a broader range of grid services.

# EE PAs' reply to PAO protest of PG&E AL 5095-G/7664-E et al

- On 8/28, the EE PAs replied to PAO's protest of the "Equity and Market Support Goal Constructs Report" submitted in PG&E AL 5095-G/7664-E et al
- The Report:
  - Proposed goal construct options for equity and market support segments
  - Recommended a process for proposing and adopting equity and market support segment goals
  - Proposed study scopes and an associated budget
- PAO protest overview
  - Equity segment goal constructs not aligned with all equity segment objectives
  - Market support construct does not provide flexibility for PAs to establish their own goal constructs
  - $1 million budget not justified for the work laid out in the AL
- Response summary
  - D.23-06-055 did not require goal constructs to address all 4 objectives in the advice letter
  - OP 25(b), which was cited by PAO, does not prohibit any PA-specific goals
  - Clarified that the $1 million set-aside required by OP 25 is a budgetary cap



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# CPUC approves DER IDSM programs

- On 9/18, the CPUC issued Resolution E-5387 which approved the multi-DER IDSM frameworks and programs of PG&E, SCE, SoCalGas, BayREN, I-REN, MCE, SoCalREN, and 3C-REN, pursuant to D.23-06-055
- Background
  - D.23-06-055 authorized EE PAs to propose processes for customers to implement multi-DER projects & receive rebates from other programs through their EE programs; Tier 3 ALs were filed on or before 3/15/24
  - Each EE PA may use $4-$15 million on pilot basis but must result in permanent load shifting or load reduction
- Resolution Overview
  - **Reporting:** PAs to follow latest instructions provided by EE Reporting Project Coordination Group (PCG) re: reporting components of the multi-DER IDSM programs to CEDARS
  - **Implementation plan requirements:** Pilot programs to describe ex ante counting method



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# CPUC approves DER IDSM programs (cont.)

- Overview (cont.)
  - **Load shapes:** PAs should use either DEER load shapes or an NMEC metered load shape; if no load shape, PAs can propose their own
  - **Technical Assistance (TA):** Clarified that RENs' use of TA can include audits, education, project design specifications, procurement and funding support, financial analyses, and project implementation
  - **IOU proposals:** IOUs only submitted frameworks, so the Resolution provides filing guidance on their future program proposals
  - **Cost Effectiveness:** PG&E, SCE, SoCalGas directed to propose cost-effectiveness approaches through the EE Reporting PCG
  - **Ex Ante/Ex Post values:** IOUs to specify their methodologies in their proposals



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# New demand response rulemaking

- On 9/29, the CPUC issued a new OIR to Enhance Demand Response in California.
- Preliminary scope includes:
  - Updating DR guiding principles and goals (staff proposal attached)
  - Policies to make DR more consistent, predictable, and cost-effective, including:
    - Dual participation
    - Valuation methodologies and evaluation metrics
    - CAISO market integration topics
    - Resource Adequacy valuation and slice-of-day implementation
  - New/improved standardized data systems, communication protocols, and data transfer processes
- Next steps: Parties to file opening comments on scope and schedule by 11/13



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# New demand response rulemaking (cont.)

- Staff proposal for guiding principles
  - Demand response shall be **predictable and reliable** in order to be incorporated into the State's forecasting and planning frameworks and be depended on in both system planning and real-time grid operations.
  - **Standard and consistent** valuation methodologies and evaluation metrics, along with standardized data formats, communication protocols, and data access processes, shall be adopted to enhance the transparency, comparability, and effectiveness of demand response resources and programs across the State.
  - Demand response resources in California shall be **cost-effective** and demonstrate clear value by delivering measurable system and ratepayer benefits.
  - Demand response resources and programs shall continue to support California's **energy and environmental goals** and prohibit use of fossil fuel generation except under strictly limited conditions.



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# PDs approving EE market transformation initiatives

- On 9/23, the CPUC issued a Proposed Decision and Alternate Proposed Decision (Baker) on the CalMTA's application for two Market Transformation Initiatives (MTI)
- Background
  - PG&E filed application o.b.o. CalMTA on 12/20/24 for Room Heat Pump and Induction Cooktop MTIs, pursuant to D.19-12-021
  - Prioritizes ESJ & DACs
  - Provides EE and decarb benefits, addresses technology gap for low-income customers
  - Requested full $250 million budget to develop future MTIs
- Proposed Decision overview
  - Approves both MTIs w/ $102.5 million total budget for 2026-2031 collected from electricity rates only; rejects release of full $250 million budget
  - Finds both MTIs cost-effective
  - Dismissed concerns re: program overlap; CalMTA is statewide market transformation effort
  - CalMTA may proposal additional MTIs in the future via application
  - A Non-Profit Transition plan must be filed via Tier 2 AL by end of 2028



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# PDs approving EE market transformation initiatives (cont.)

- Alternate PD differences w/ Proposed Decision
  - Approves the Room Heat Pump MTI only; rejects the Induction Cooking MTI for following reasons:
    - TRC break-even year is 2042 (vs. 2035 for Room Heat Pump)
    - CalMTA underestimates the market saturation of induction cooktops
    - CEC's Building Initiative for Low-Emissions Development (BUILD) program promotes similar technologies
  - Approves $54.87M budget over a six-year period (2026-2031)
  - CalMTA may re-apply for Induction Cooktop funding in the future but it must reduce the TRC break-even period and increase cost-effectiveness
  - New application must include Sensitivity Analyses to support forecasts for Total Market Adoption and Baseline Market Adoption models; must demonstrate how non-ratepayer funds have been sought for an MTI project
  - The Non-Profit Transition Plan must include:
    - An amended contract between PG&E and CalMTA granting CPUC a perpetual, no-cost license to use CalMTA's internal cost-effectiveness tool developed for the MTIs;
    - Details on how CalMTA will pursue both ratepayer and non-ratepayer funding arrangements for future MTI applications; and
    - Results of an annual audit report from the Commission's Audit Branch
  - The primacy of the CalMTA programs over any other EE program will be addressed in R.25-04-010



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# Quick hits

- **Resolution E-5400:** On 9/5, the CPUC approved the revised the 2024-2027 EE portfolio business plans for the Northern California Rural REN (NREN) and Central California Rural REN (CCR REN)
- **Workshop on 2024 DSGS Program performance:** The CEC will hold a 10/15 workshop to review 2024 DSGS program performance
- **October 7 CEC EPIC Symposium:** CEC will hold an EPIC symposium to "explore how next-generation electric vehicle charging innovations, among other exciting investments, are helping California reach its ambitious clean energy goals affordably and equitably"



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# Discussion and Questions

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## 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



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