CALIFORNIA

Efficiency + Demand Management

COUNCIL

Advancing Our Clean Economy

EE + DR/DER Call

November 4, 2025

REC

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Today's Agenda

- Wrap-Up Southern California Edison Business Forum
- Full Agenda Announced - CEDMC Fall Conference on Nov. 12-13
- PD rejecting Council PfM of D.19-05-019
- Council comments on PD & APD approving CalMTA programs
- SDG&E AfR of dynamic rate guidelines decision
- Little Hoover Commission Calls for Overhaul of California's Electricity Rate Structure

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SCE-CEDMC Business Forum Wrap-Up

Last week, we held the CEDMC-Southern California Edison business forum. The day was a success with great dialogue with Council members and SCE representatives.

Click here to view the presentation slides.

Forum Topics:

- SCE Overview
  - SCE Organization Structure
  - Upcoming Business Plan
- EE-Focused Discussion
  - Revisiting Cost-Effectiveness Tests (PAC Test)
  - Updates, improvements, concerns, opinions on Statewide program coordination
- Other Topics
  - Decarbonization Programs
  - Update/Lessons Learned
- Link to full agenda

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
Full Agenda Announced!

- **November 12-13, 2025**
- **Scottish Rite Center, Oakland, CA (in-person)**
- **Registration and full agenda: https://cedmc.org/events/fall-conference/**

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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PD rejecting Council PfM of D.19-05-019

- On 10/15, the CPUC issued a proposed decision rejecting the Council's Petition for Modification (PfM) of D.19-05-019
- Background
  - D.19-05-019 (R.14-10-003) adopted the TRC test for all DERs, unless prohibited by statute or by CPUC decision, with consideration given to the PAC and RIM tests
  - The Council filed a PfM on 4/15 seeking to replace the TRC with the PAC test solely for the purpose of allocating DER budgets
- Proposed decision overview
  - Rejects the PfM b/c it does not meet the following requirements:
    - Did not include a declaration or affidavit to support the Council's claims
    - The Council filed its PfM after one year from the decision; Executive Order N-5-24, reauthorization of the MAP, and D.24-07-015 do not constitute "substantive factual evidence of shortcomings"
- Next steps: Opening comments due on 11/4 and replies on 11/9

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Council comments on PD & APD approving CalMTA programs

- 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)
  - PD approved the Room Heat Pump and Induction Cooktop MTIs; the APD approved Room Heat Pump only
- Council opening comments
  - Reiterated past comments that both MTIs comply with and advance CPUC directives and goals, are cost-effective, and reasonable
  - MTIs are far-reaching and key to accelerating electrification
  - Highlighted cost-effectiveness of both MTIs (TRC, PAC, SCT)
  - MTIs were developed through a rigorous and lengthy process
  - PD should be modified to adopt the full $250M budget to provide certainty for proposed and future MTIs

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Council comments on PD & APD approving CalMTA programs (cont.)

- Council reply comments
  - Highlighted PD support by BayREN, 3C-REN, CalMTA, CEJA, NEEA, and TURN
  - Supports several statements made by other parties:
    - CalMTA: The APD's 3 criteria are inappropriate or inaccurate: 1) TRC break-even year, 2) inaccurate facts about market saturation, and 3) the existence of other programs that promote all-electric technologies in the residential market
    - BayREN & 3C-REN: APD (1) denies a cost-effective initiative which supports California's climate objectives; (2) creates substantial procedural and administrative inefficiencies; and (3) creates new rules inconsistent with current EE policy and practice
    - CEJA: APD makes several erroneous conclusions:
      - the MTI is overly broad (in fact, it focuses on affordable 120V models)
      - other programs already promote the same technologies (i n fact, BUILD focuses on new construction)
      - CalMTA saturation estimates were understated (there is a lack of affordable 120V models)
      - a new TRC break-even year is warranted (this is not the applicable legal standard)
- Next steps: 10/30 CPUC vote was held by Cmmr. Baker until 11/20

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SDG&E AfR of dynamic rates guidelines decision

- On 9/29, SDG&E filed an AfR of D.25-08-049 (R.22-07-005) which adopted guidelines for IOU real-time pricing (RTP) proposals, requesting repeal of the decision
- Background: D.25-08-049 specified how all of the various cost components should be incorporated into RTP proposals, including marginal costs of energy, T&D losses, generation capacity, distribution capacity, and transmission capacity
- SDG&E AfR overview
  - CPUC cannot abdicate ratemaking authority to the CEC by citing the CEC's LMS as justification for its decision
  - The guidelines are so prescriptive as to be a rate design and therefore need a legal determination of just and reasonable
  - No finding made on "just and reasonable" standard of the rate guidelines, nor the affordability of the needed systems and processes
  - No consideration given of costs or cost-effectiveness so cannot be just and reasonable
  - Violates large IOUs' due process rights by singling them out
  - Decision fails to state Findings of Fact and Conclusions of Law on all material issues

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SDG&E AfR of dynamic rates guidelines decision (cont.)

- Responses filed by PG&E, SBUA, CforAT
- PG&E response overview
  - Guidelines adopted in D.25-08-049 require cost-effectiveness showing b/c RTP is a DR resource
  - CEC cannot dictate to CPUC specific retail RTP rates it should approve; IOUs cannot present these RTP proposals if they cannot testify to their cost-effectiveness or just & reasonable costs
  - Decision failed to account for CEC exempting SMUD from RTP rates due to poor cost-effectiveness prior to Decision approval
  - Decision should be modified to remove LMS policy as an absolute requirement that CPUC's RTP rates should be pursued by all utilities
  - Decision should be modified to detail a process for reviewing cost-effectiveness of proposed RTP rates
  - No evidence exists to support a 60-day timeframe for PG&E & SCE to service supplemental RTP testimony

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Little Hoover Commission Calls for Overhaul of California's Electricity Rate Structure

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Recommendations

1. Increase the income-graduated fixed charge to reduce rates and spread costs more equitably.

2. Require a feasibility study and criteria-based framework for shifting some costs to non-ratepayer funding sources.

3. Mandate timely completion of General Rate Cases before the test year begins.

4. Task the State Treasurer's Office with providing independent analysis for Cost of Capital proceedings.

5. Integrate cost-related proceedings (e.g., wildfire, cost of capital) into the General Rate Case and streamline filings.

(Continued)

Link to Report (51 pp.)

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Little Hoover Commission Calls for Overhaul of California's Electricity Rate Structure

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Recommendations (Con't)

6. Direct the State Auditor to evaluate California Public Utilities Commission staffing levels and expertise.

7. Balance fairness for home solar investors with the need to reduce the Net Energy Metering cost shift by capping program duration and benefits.

8. Redirect California Climate Credits to CARE/FERA and hot climate zone customers during summer months.

9. Expand support for low-middle income households above the CARE threshold.

10. Simplify and accelerate clean energy grant processes.

[Link to Report (51 pp.)]

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Appendix C: How to Move Costs Off Customer Bills[148]

As an example of a criteria-based method for evaluating opportunities for shifting costs off ratepayer bills, the following score-based method could be used. Each cost would receive a 0–2 score based on each of the following criteria, with higher scores favoring moving costs off customer bills. The sum out of a total of 20 is used to identify the default funding source (see scoring/funding guide below):

SCORING RUBRIC (SCORE EACH 0-2)

1. Who benefits?
0 = Mainly private bill payers.
1 = Benefits are mixed (some private, some broader public).
2 = Broad, statewide, or general public benefit.

2. What causes the cost?
0 = Directly caused by electricity use or grid connection.
2 = Caused by factors outside electricity use (e.g., public policy goals, external events).

3. Impact on fairness
0 = Moving off bills is regressive (hurts low-income more).
2 = Moving off bills would clearly make costs more progressive (fairer).

4. Impact on greenhouse gas emissions
0 = No significant change in emissions
2 = Clear, measurable greenhouse gas reductions per dollar (eligible for GGRF).

5. Effect on energy-use incentives
0 = Moving off bills would weaken helpful price signals (e.g., conservation, shifting usage away from peak hours).
2 = Moving off bills would strengthen helpful price signals (e.g., making electrification or efficiency more attractive).

6. Budget stability risk
0 = Needs steady, multi-year funding certainty.
2 = Can handle normal ups and downs in budget cycles.

7. Ease of administration
0 = Expensive or difficult to move, track, or report
2 = Easy to shift using existing systems and processes.

8. Legal or constitutional constraints
0 = Likely to face legal or constitutional barriers.
2 = Clearly allowed under existing law.

9. Time frame of cost
0 = Ongoing operations and maintenance.
2 = One-time, finite, or legacy costs.

10. How the program works best
0 = The program only works well if charges stay on the bill (customers need to see the cost in their bill to respond).
2 = The program would work better as a separate, budget-funded program—especially if it can be targeted to specific groups (e.g., low-income assistance).

SAMPLE SCORING AND FUNDING GUIDE (OUT OF 20 TOTAL)

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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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