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Efficiency + Demand Management

COUNCIL

Advancing Our Clean Economy

Weekly Member Policy Call

May 8, 2026

REC

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Today's Agenda

- Announcements
- Policy Updates
  - Demand Side Grid Support New Program Guidelines
  - SDG&E/PAO Motion for Settlement
  - ACC Staff Proposal
  - Quick Hits;
    - EE BPAs
    - DR Bridge Funding
    - High DER
- Legislative Priorities
- Q&A

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Announcements

Events:

May 18: SoCalGas Implementation Plan Webinar - Lg Comm'l Program

- Time: 10-11
- Webinar Slides (Download PowerPoint Slides)
- Microsoft Teams meeting
    - **Join: https://teams.microsoft.com/meet/273455636437141?p=JxQoLIELGE8HTw6mRC**
    - **Meeting ID: 273 455 636 437 141**
    - **Passcode: o9Mg9hx9**

Events:

May 18: CAEECC Virtual Workshop on Workforce Standards

- Time: 1-4 PM
- Agenda: On Workshop Webpage
- Click here to register

Events:

June 10: CEC/EPRI Electrification Summit

- Time: 8 AM - 5:30 PM
- In-person only at California Natural Resources Agency
  - 715 P Street, Sacramento
  - Space is limited, so register early
  - Registration closes May 29
- Agenda available on event page

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Policy Updates

CEC - Demand Side Grid Support

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[Docket 22-RENEW-01]

CEC adopted new Demand Side Grid Support (DSGS) Program Guidelines on 4/27 - both clean and underline/strikeout versions available on docket log

- DSGS moving from EE-adjacent incentive program toward a controlled, performance-based VPP pipeline (feeder program for RA / CAISO markets)
- Higher compliance burden for aggregators
- Better alignment with RA
- 2026 = transitional year, not expansion year

DSGS Big Policy Shifts (2026 Focus)

- Program contraction for 2026 - smaller, stricter, more experimental in 2026
  - Option 1 (Emergency Dispatch) **fully suspended**
  - New **funding caps and participation limits** across all options
- Shift toward **controlled pilots (Options 2-4)** vs. broad emergency program
- Emphasis on **“incremental”** reliability value (beyond RA + existing programs)
- DSGS as **sandbox for load flexibility/VPPs**

DSGS Funding & Market Implications

New budget constraints drive program design

- Explicit funding caps + allocation formulas
  - Option 2 - $1M cap
  - Option 3 - $19.4 M (up to $42.7 M if expanded)
  - Option 4 - monthly capacity cap (75 MW)
- Payments capped at provider level; allocated pro-rata based on performance
- Budget constrained pilot procurement - no guaranteed funding beyond appropriations

DSGS Key Regulatory/Participation Changes

- Dual compensation prohibition clarified and expanded
  - Explicit restrictions on overlapping DR/RA/value streams
- New provider attestations required
- Performance must be real and verifiable
- Option 3 restricted to existing 2025 aggregators
- Option 4 (Load Flexibility) capped (75 MW/month statewide cap)
- EV charging allowed without bidirectionality
- More site level flexibility - different resources can join different options
  - No double counting same load reduction
-

DSGS Measurement/Market Integration

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Major shift to performance-based framework

- Stronger baseline methodologies
  - Option 3 moves to measured baseline
  - Stricter submetering requirements
- More rigorous performance testing
  - Required monthly events + August stress testing (Option 3)
- Increased coordination with CAISO
  - DER market integration pathways
- Payments tied to
  - demonstrated capacity
  - weather-adjusted performance (Option 4)

CPUC A.25-04-014 (SDG&E)

A.25-04-014 - SDG&E Application to Exit Regional EE Programs

- May 1: Settlement Motion filed SDG&E/Public Advocates Office
  - SDG&E exits regional EE programs (regional EE + Codes & Standards)
  - Any new or expanded EE programs in SDG&E territory must meet IOU cost-effectiveness requirements
  - Wants to apply consistent statewide cost-effectiveness rules for all PAs
  - Reflects $300 million reduction in 2026-2031 budget
  - Claims SDG&E's EE programs consistently failed cost-effectiveness tests
  - Claims less than 0.5% of customers participate in regional programs
  - Claims rising utility costs require focus on eliminating inefficient spending
  - Argues supply-side resources deliver benefits at lower cost than current EE programs
  - CEDMC met with SDREN to discuss implications

CPUC A.25-04-014 (SDG&E)

Next Steps:

- June 1: Comments filed on settlement motions
  - Determine if CEDMC should file similar positions from our BPA Response
    - Using grounds of affordability to justify withdrawal
    - Can't subject other parties (RENs) to cost effectiveness changes in this Application
- June 16: Reply Comments filed on settlement motions
  - CEDMC could wait and reply to SDREN comments instead of filing Opening Comments - positions very similar on affordability, cost-effectiveness
- July 1: Opening briefs
- July 15: Reply briefs
- September: Proposed Decision

R.22-11-013 (DER Cost-Effectiveness)

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R. 22-11-013 (DER Cost Effectiveness/Data Access)

- April 23 ALJ Ruling
- Avoided Cost Calculator (ACC) to evaluate EE and DR
  - Staff Proposal on 2026 Avoided Cost Calculator
    - Standardize GHG valuation across sectors
    - SImplify and make ACC more transparent
    - Better align with IRP and future grid conditions
    - Improve accuracy of hourly value signals for DERs

Comments due May 13; Replies due May 18

ACC Staff Proposal

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Major Reforms: GHG Avoided Cost Methodology

- Single GHG Value across sectors
  - Use electric-sector marginal GHG cost from IRP for electric and gas
- Remove GHG Rebalancing
  - No longer needed under single value framework
- Cap GHG value at societal cost of carbon

Integrated Calculation Reform (Capacity + GHG)

- Replace “black box” model with explicit equations
- Maintain floors

ACC Staff Proposal (2)

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Generation Capacity Allocation Improvements

- Switch metric from magnitude to frequency
- Treat each outage hour equally
- Use energy prices, not temperature
- Differentiate weekdays vs weekends

Transmission Capacity Allocation Update

- Move from static historical load to dynamic forecasted load
- Use IEPR forecasts to identify constrained hours

CPUC A.26-09-009 et. al. (EE BPAs)

A.26-09-009 et.al.

CEDMC filed Response to Applications on May 1.

Next Step:

- PA Replies due May 18

Thanks to all who participated in the ad hoc EE Working Group over the last few weeks to help with issue development for the Council's Response.

CPUC R.25-09-004 (Enhance DR)

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R.25-09-004

- Council filed Opening Comments on Staff Proposal for DR Bridge Funding - April 30
  - Replies due May 21

CPUC R.21-06-017 (High DER Future)

R.21-06-017 (High DER Future)

- May 4 ALJ Ruling
  - Granted IOUs' request to extend date for workshop materials to 5/14; workshop scheduled for 5/21

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Regulatory Calendar

- May 13: Opening Comments on ACC Staff Proposal (R.22-11-013)
- May 18: PA Responses due (A.26-03-XXX)
- May 21: Replies on DR Bridge Funding (R.25-09-004)
- June 1: Opening Comments on A.25-04-014 Settlement Motion

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Legislative Updates

Legislative Priorities

- CEDMC Priority Bill List - March 2026
- Legislative Priorities and Actions
- Budget Priorities and Actions

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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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