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Efficiency + Demand Management

COUNCIL

Advancing Our Clean Economy

Weekly Member Policy Call

May 15, 2026

REC

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Today's Agenda

- Announcements
- Policy Updates
  - EE Business Plan Applications
  - Demand Response Bridge Funding Proceeding
  - High DER Future Proceeding
  - DER Cost Effectiveness
- Legislative Priorities
- Q&A

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Announcements

Events: Last Week's Spring Symposium

cedmc.org/events/spring-symposium - Wrap up in today's newsletter!

Events:

May 18: CAEECC Virtual Workshop on Workforce Standards

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

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 21: CPUC Workshop for Developing a DSO-led DER Orchestration Framework

- Time: 10 AM -5 PM
- Purpose: Discuss development of a DSO-led DER orchestration application framework, operational requirements, and next steps for stakeholder engagement and application review
- Agenda and Webex information

Events:

June 4: Demand and Distributed Energy Market Integration meeting *(Proposed Date)*

- Time: 1 -4 PM
- Purpose: Review feedback from comments on straw proposal and issue paper
- In person and online – details coming when confirmed

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

EE Business Plan Applications R.26-03-009

CEDMC Response Themes

CEDMC filed its Response on May 1 addressing key policy and portfolio issues in the 2028–2031 EE Portfolio Applications and 2032–2035 Business Plans.

Key CEDMC Themes

- Preserve and fully deploy cost-effective EE resources
- Prioritize load-shaping EE and IDSM strategies
- Support electrification and flexible demand-side resources
- Maintain existing third-party framework and 60% outsourcing requirement
- Modernize cost-effectiveness and NTG methodologies
- Streamline custom project review and implementation processes
- Use targeted EE investments to support affordability and grid reliability

Key Concern Areas

- Proposed reductions in EE budgets/spending
- Proposed changes to third-party program authority
- Potential impacts to REN structures and local program flexibility

EE Business Plan Applications R.26-03-009

Stakeholder Protest & Response Themes

Major Stakeholder Groups Filing Responses

- RENs / local governments
- CCAs
- Implementers
- Labor organizations
- Environmental organizations
- Southern California Edison
- Public Advocates Office

Key Areas of Alignment with CEDMC

- Support for expanded IDSM and load flexibility
- Interest in cost-effectiveness and NTG reform
- Support for electrification and flexible demand-side resources
- Interest in preserving effective third-party / REN delivery models
- Interest in improving affordability and grid reliability outcomes

Key Areas of Tension

- PG&E/SCE proposals to apply additional cost controls and cost-effectiveness requirements to RENs
- Concerns regarding reduced local flexibility and program autonomy
- Debate over budget reductions and portfolio restructuring

EE Business Plan Applications R.26-03-009

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Emerging Policy Dynamics / Takeaways

Emerging Themes Across Filings

- Increasing focus on affordability and ratepayer impacts
- Strong stakeholder interest in load-shaping and flexible demand resources
- Continued push toward integrated demand-side management (IDSM)
- Growing scrutiny of cost-effectiveness methodologies and portfolio performance
- Broader stakeholder concern regarding changes to REN and third-party structures

Potential Proceeding Dynamics to Watch

- REN opposition to expanded cost-control proposals
- Potential coalition alignment around IDSM and flexible load strategies
- Ongoing debate over balancing affordability, electrification, and program investment
- Potential future disputes regarding EE portfolio governance and implementation authority

Program Administrator Replies Due: May 18

Demand Response Bridge Funding Proceeding

CEDMC Opening Comments

CEDMC filed Opening Comments on April 30 regarding proposed bridge-year funding for Demand Response (DR) programs during the transition to the 2030–2034 portfolio cycle.

Key CEDMC Themes

- Support bridge-year funding to preserve reliability and program continuity
- Prioritize load-modifying and load-shifting DR strategies
- Preserve flexibility and innovation during transition period
- Continue development of flexible demand-side resources
- Improve statewide coordination and reporting

Key CEDMC Recommendations

- Dedicate 5–10% of DR funding to load-modifying / load-shifting programs
- Reserve 1–2% for pilots and innovation activities
- Extend and refine ELRP Exempt bridge-year portfolios from formal SCT requirements
- Incorporate lessons learned from DSGS and flexible load programs

Demand Response Bridge Funding Proceeding

Broad Areas of Stakeholder Alignment

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Many stakeholders supported:

- Two-year bridge period
- Continued program continuity and reliability focus
- Preservation of flexible demand-side resources
- Continued support for load flexibility and DER integration
- Ongoing pilot and innovation funding

Stakeholders Supporting Continued Pilot / VPP Funding

- CALSSA
- Tesla
- VGIC
- Olivine
- Other DER / aggregation stakeholders

Key Stakeholder Priorities

- Preserve ELRP and virtual power plant programs
- Expand load flexibility and demand-side participation
- Improve statewide coordination and data transparency
- Modernize cost-effectiveness evaluation methodologies

Demand Response Bridge Funding Proceeding

Emerging Policy Dynamics / Takeaways

Emerging Themes Across Filings

- Strong support for maintaining DR continuity during bridge years
- Growing emphasis on flexible load and VPP integration
- Increasing interest in load-modifying demand response
- Stakeholder concern regarding loss of innovation funding
- Continued evolution toward integrated DER / DR frameworks

Key Areas of Tension

- Ratepayer value
- Program accountability
- Cost-effectiveness scrutiny
- Underspending concerns

Potential Proceeding Dynamics to Watch

- Future role of ELRP and DSGS-related lessons
- Integration of VPPs into long-term DR framework
- Potential expansion of load flexibility programs
- Ongoing debate around DR cost-effectiveness evaluation

Reply Comments Due: May 21

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

DER Orchestration + EIS2 Updates

CEDMC filed comments on April 20 focused on:

- Scalable DER orchestration frameworks
- Flexible coordination of distributed energy resources
- Improved grid reliability and customer participation
- Integration of demand-side resources as electrification accelerates
- Supporting long-term DER market and operational integration

Key Areas of Focus

- Distributed energy resource coordination
- Flexible load integration
- Grid operational visibility
- Customer participation models
- Reliability and scalability considerations

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

Assigned Commissioner's Ruling Issued May 8

The CPUC issued a ruling requesting comments on the Electrification Impact Study Part 2 (EIS2) Final Reports submitted January 28.

Purpose of EIS2

- Evaluate impacts of California electrification under multiple future scenarios, including:
- Electric infrastructure needs
- Load growth projections
- Grid planning implications
- Electrification-driven system impacts

Upcoming Procedural Dates

- Opening Comments Due: May 29
- Reply Comments Due: June 5

Key Planning Significance

- Commission intends to incorporate initial EIS2 learnings into the 2027–2028 planning cycle
- EIS2 may influence future:
  - grid investment planning
  - load management strategies
  - DER integration approaches
  - electrification policy development

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

Avoided Cost Calculator (ACC) Staff Proposal

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April 23 ALJ Ruling

- CPUC issued ruling requesting comments on proposed 2026 Avoided Cost Calculator (ACC) updates.

Staff Proposal Objectives

- Improve transparency and simplify ACC methodologies
- Better align ACC with IRP assumptions and future grid conditions
- Improve hourly DER valuation signals
- Update GHG valuation methodologies
- Refine generation and transmission capacity allocation methods

Procedural Schedule

- Opening Comments Filed: May 13
- Reply Comments Due: May 18

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

CEDMC ACC Positions – GHG & Integrated Valuation

Staff Proposal Issue	CEDMC Position	Key Consideration
Maintain distinct electric/gas GHG values	**Support**	Reflects sector-specific abatement costs
Apply single GHG value across sectors	**Oppose**	May understate electrification benefits
Remove GHG rebalancing component	**Oppose**	Could weaken portfolio/decarbonization treatment
Cap GHG value at societal cost of carbon	**Oppose**	May suppress legitimate avoided-cost values
Integrated generation/GHG calculation refinements	**Support**	Subject to review of supporting workpapers
Require stronger workpapers/model transparency	**Support**	Improves testing and confidence in ACC updates

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

CEDMC ACC Positions – Capacity Allocation Methodologies

Staff Proposal Issue	CEDMC Position	Key Consideration
Use LOLH instead of EUE for generation allocation	**Support**	Better targets reliability risk timing
Use energy prices instead of temperature	**Support**	Better reflects system stress/value
Differentiate weekend vs weekday reliability values	**Support**	Reflects differing load patterns
Use IEPR forecasts instead of historical load data	**Support**	Better aligned with future system needs

Broader CEDMC Themes

- Support modernization of ACC methodologies
- Improve transparency and modeling rigor
- Preserve strong electrification valuation signals
- Better align ACC with future grid and load conditions

Regulatory Calendar

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- May 13: Opening Comments on ACC Staff Proposal (R.22-11-013)
- May 18: PA Responses due (A.26-03-009)
- May 18: Replies to ACC Staff Proposal (R.22-11-013)
- 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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